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TECHNICAL PAPER
RAC-TP-278

NOVEMBER 1967

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RESEARCH ANALYSIS CORPORATION

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International Economic and US Military Assistance Programs and Agencies

by
Irving Heymont

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ECONOMICS AND COSTING DEPARTMENT
TECHNICAL PAPER RAC-TP-278
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DEPARTMENT OF THE ARMY
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WASHINGTON, D.C. 20310


SUBJECT: RAC-TP-278, "International Economic and US Military Assistance Programs and Agencies."

TO:

1. Transmitted herewith is (are) _____ copy (copies) of RAC-TP-278.
2. This document was produced by the Research Analysis Corporation, McLean, Virginia, in conjunction with the contract study "Cost Analysis of Counter-Insurgency Land Combat Operations."
3. This document identifies and briefly describes the major programs and agencies active in international economic assistance and US military assistance. It does not evaluate the effectiveness of either the agencies or programs described. Conclusions and recommendations represent the views of the Research Analysis Corporation, and the document is not an official Department of the Army publication.

FOR THE CHIEF OF RESEARCH AND DEVELOPMENT:

1 Incl
as


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Publish 1 November 1967
by
RESEARCH ANALYSIS CORPORATION
McLean, Virginia 22101

FOREWORD

The period since WWII has been marked by a phenomenal extension of economic and military assistance among nations and the creation of many bilateral and multilateral programs and agencies to furnish capital and technical assistance. The extension of such assistance has given rise to many problems involving economics, politics, and the coordination within and among programs. To provide a partial basis for studies of these problems, including coordination of US economic and military assistance programs, this document identifies and briefly describes the major programs and agencies active in international economic assistance and US military assistance. Selected source documents and information on sources of further detailed data are included.

The paper does not evaluate the effectiveness of the programs or agencies described.

Arnold Proshan
Head, Economics and Costing Department

ACKNOWLEDGMENTS

This compilation of data could not have been made without the unstinting cooperation of the staffs of the agencies described in this publication. Space does not permit acknowledging by name all of the individuals who contributed.

The document was reviewed by Dr. Edmond C. Hutchinson, former Assistant Administrator, Agency for International Development, Bureau for Africa; GEN Robert J. Wood, former Director of Military Assistance, Department of Defense; and Mr. Richard M. Preece, of RAC. Their comments were most helpful, but the responsibility for the contents remains with the author.

Within RAC, Mr. Robert Greathouse of the library staff and Mrs. Patricia Lipp were most helpful in their thorough and persevering research to uncover source material. The manuscript was prepared by Mrs. Martha Breon.

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**International Economic
and US Military Assistance
Programs and Agencies**

ABBREVIATIONS

ADB	Asian Development Bank
AfDB	African Development Bank
AID	Agency for International Development
ASD/ISA	Assistant Secretary of Defense, International Security Affairs
CABEI	Central American Bank for Economic Integration
CIAP	Inter-American Committee for Alliance for Progress
COFACE	Compagnie Française d'Assurance pour le Commerce Extérieur
CWS	Church World Service, Inc.
DAC	Development Assistance Committee
DMA	Director of Military Assistance
DOD	Department of Defense
ECA	Economic Commission for Africa
ECAFE	Economic Commission for Asia and the Far East
ECLA	Economic Commission for Latin America
EDF	European Development Fund
EEC	European Economic Community
EIB	European Investment Bank
EPTA	Expanded Program of Technical Assistance
EXIMBANK	Export-Import Bank of Washington
FAC	Fund for Aid and Cooperation
FAO	Food and Agriculture Organization
FOA	Foreign Operations Administration
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IDB	Inter-American Development Bank
IFC	International Finance Corporation
ILN	International Logistics Negotiations
ILO	International Labor Organization
IMF	International Monetary Fund
ITU	International Telecommunication Union
JCS	Joint Chiefs of Staff
MAAG	Military Assistance Advisory Group
MAP	Military Assistance Program
NAC	National Advisory Council on Financial Policies
OAS	Organization of American States
OECD	Organization for Economic Cooperation and Development
PTC	Program of Technical Cooperation
TIAS	Treaties and International Agreements
UNDP	United Nations Development Program
UNESCO	United Nations Educational, Scientific, and Cultural Organization
UNSF	United Nations Special Fund
USAF	US Air Force
WHO	World Health Organization
WMO	World Meteorological Organization

GLOSSARY

appropriation. An amount made available for obligation and expenditure for a given governmental purpose.

authorization. A law required as a basis for appropriations.

commercial rates. The terms of loans currently available in the open market.

economic assistance. The transfer of nonmilitary resources by grants or loans generally at lower than commercial rates (does not include government-guaranteed private export credits with maturity of 5 years or less).

grant. A transfer of resources without obligations for repayment.

loan. A transfer of resources that will be repaid by the borrower at a stipulated time.

technical assistance. Provision of training, advisory and planning services, or associated equipment.

Chapter 1

INTRODUCTION

PURPOSE

The purpose of this paper is to identify and describe significant sources of foreign assistance and their interrelations, with emphasis on the US programs of assistance to less-developed nations. It is designed to provide a partial basis for further studies on coordination and effectiveness of these programs including problems associated with coordination of US economic and military assistance programs (MAPs).

SCOPE

The paper covers programs and agencies extending capital grants and loans, investment guarantees, technical assistance, and other forms of economic assistance primarily to less-developed countries. Public sources such as governments, UN agencies, and US voluntary agencies are described. The International Monetary Fund (IMF) is also covered because of its role in stabilizing currencies that otherwise would endanger national development programs although it is not a source of economic aid in direct support of development programs. Military assistance is included only to the extent of the US program because of problems in coordinating US economic and military assistance. Agencies and organizations engaged in religious and short-term welfare and relief activities are not covered.

The portrayals of interrelations within and among the programs and sources are those described in public documents and open literature. It is recognized that the formal interrelations described may not accurately reflect the actual working arrangements.

Selected source documents are included.

The paper does not evaluate the programs or agencies described.

GENERAL

Since WWII governments rather than private investors have been the major sources of international financial and technical assistance for postwar

recovery and economic development. For example, it is estimated that in 1962 the capital receipts of the less-developed countries in terms of loans and grants from other governments and multilateral agencies amounted to \$6.41 billion compared to \$2.2 billion from private sources.¹ Public international assistance has been extended through both multilateral agencies and bilateral arrangements. Examples of multilateral agencies are the World Bank Group and other UN specialized agencies. Under bilateral arrangements assistance is rendered by the donor country directly to the recipient country. The dollar value of loans made through multilateral agencies has been increasing as compared to those made under bilateral arrangements.

Along with growth in the number and variety of agencies concerned with international economic assistance, there has been a proliferation of agencies concerned with the coordination and exchange of information on such assistance.

MULTILATERAL AGENCIES

The multilateral agencies involved in international economic assistance provide capital or technical assistance or a combination of both. Some of

TABLE 1
Scope of Operations of Multilateral Agencies

Agency	Operations		
	World-wide	Regional	Technical assistance only
Asian Development Bank (ADB)		x	
African Development Bank (AfDB)		x	
Central American Bank for Economic Integration (CABEI)		x	
European Development Fund (EDF) ^a	x		
European Investment Bank (EIB) ^a	x		
Food and Agriculture Organization (FAO)	x		x
Inter-American Development Bank (IDB)		x	
International Bank for Reconstruction and Development (IBRD) (World Bank)	x		
International Development Association (IDA)	x		
International Finance Corporation (IFC)	x		
International Labor Organization (ILO)	x		x
International Monetary Fund (IMF)	x		
Organization of American States (OAS) ^b		x	x
United Nations Development Program (UNDP)	x		x
Expanded Program of Technical Assistance (EPTA)	x		x
United Nations Special Fund (UNSF)	x		x
United Nations Educational, Scientific, and Cultural Organization (UNESCO)	x		x
International Telecommunication Union (ITU)	x		x
World Health Organization (WHO)	x		x
World Meteorological Organization (WMO)	x		x

^aAgencies of the European Economic Community (EEC).

^bProgram of Technical Cooperation (PTC).

these agencies provide assistance only to nations in a given region. Many of the multilateral agencies are banks that operate on either a worldwide or regional basis. Although regional banks support nations in a given area the stockholders are usually not limited to nations of that area.

The multilateral agencies discussed in this paper are listed in Table 1. Detailed data on each agency are in Chap. 3. Lists showing members of each multilateral agency are in App A.

Figure 1 shows the dollar value of funds for economic assistance authorized by the major multilateral agencies for the period 1 July 1960 to 30 June 1966.²

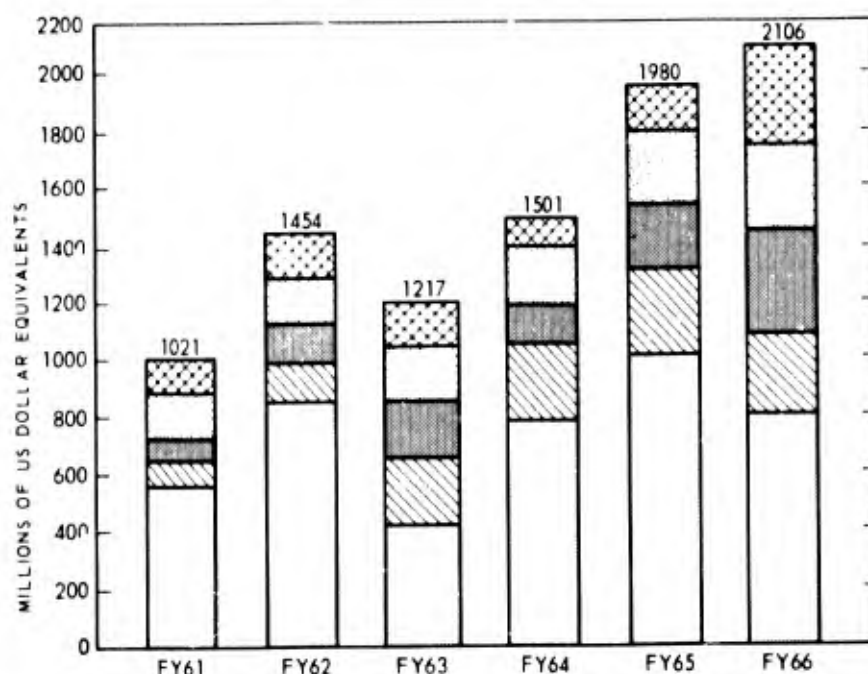
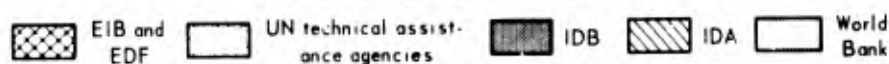


Fig. 1—Economic Assistance Provided by Multilateral Agencies, FY61–FY66²

Totals include small values for IFC.



BILATERAL PROGRAMS (NONMILITARY)

Bilateral programs are direct arrangements between the recipient and donor countries. Many of these programs are based on prior agreement or coordination within one or more of the coordinating agencies concerned with foreign assistance. Although there is a trend toward increased use of multilateral agencies, most foreign assistance is currently extended through bilateral programs.

Bilateral assistance may include loans on commercial terms (or less) of interest and repayment schedules, grants, credit and investment guarantees,

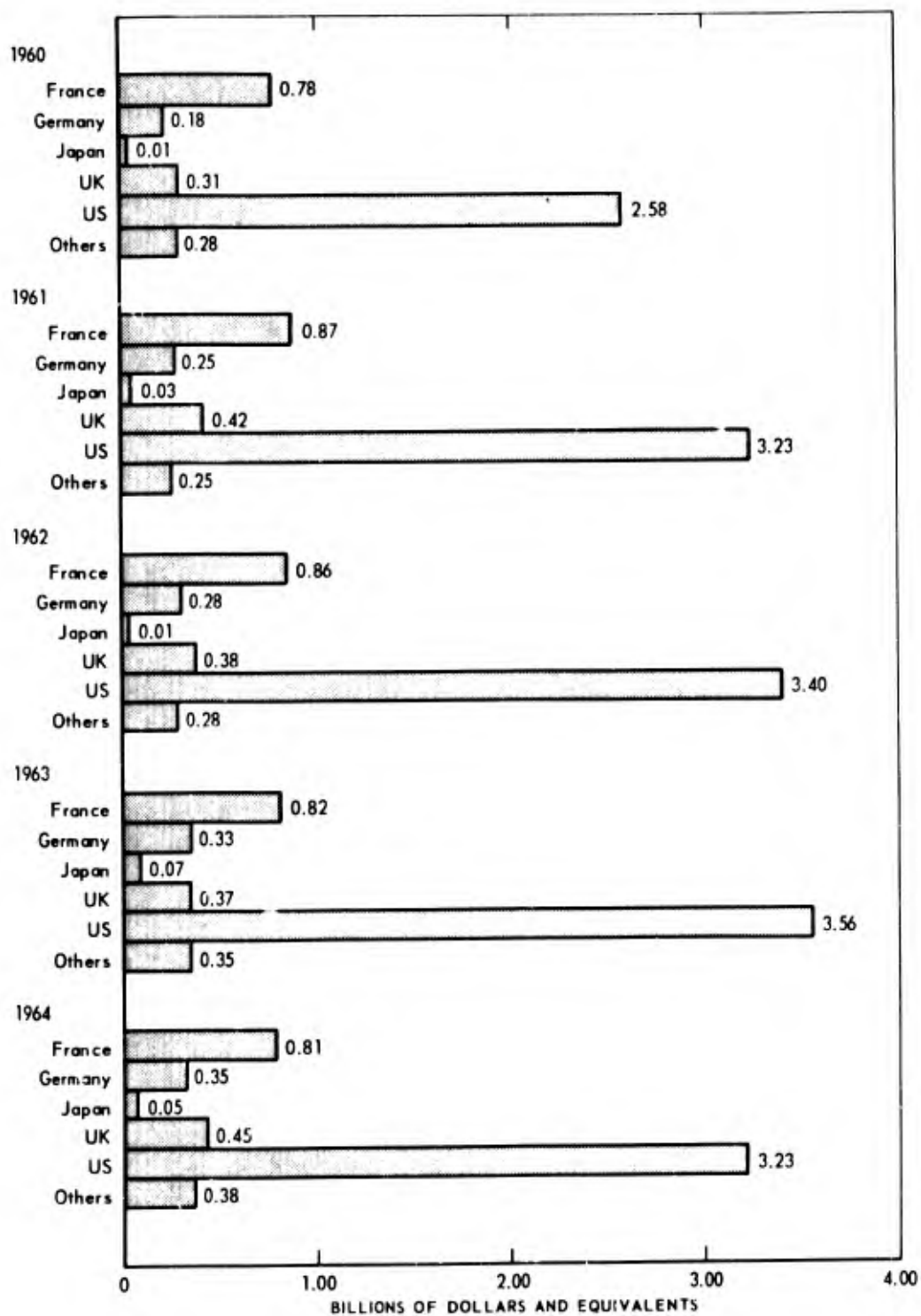


Fig. 2—Value of Bilateral Economic Assistance Programs of DAC Members⁵
Minus repayments and reparations and indemnities.

technical assistance, and cash sales on terms lower than commercial sales. Bilateral programs support the foreign policy of the donor country and generally favor the areas of greatest concern to the donor. The proposed US bilateral program for FY67 allocated 84 percent of all US development loans to 8 countries.³ In 1964 the British allocated 86 percent of their bilateral grants and 90 percent of their bilateral loans to other Commonwealth countries.⁴

Figures 2 and 3 show and compare the approximate dollar value of the bilateral programs of the Development Assistance Committee (DAC) members (most of the non-Soviet Bloc nations) for the period 1960-1964.⁵ Soviet Bloc foreign assistance is discussed in Chap. 4.

In some cases a multilateral agency may be used to manage a bilateral program. For example, the US Inter-American Social and Economic Cooperation Program (Social Progress Trust Fund), part of the Inter-American Committee for Alliance for Progress (CIAP), is administered by the IDB.

Most donor countries use a number of agencies to carry out their bilateral programs. Details on these agencies and bilateral economic assistance programs are in Chaps. 3 and 4. Recipients of certain bilateral programs are listed in App A.

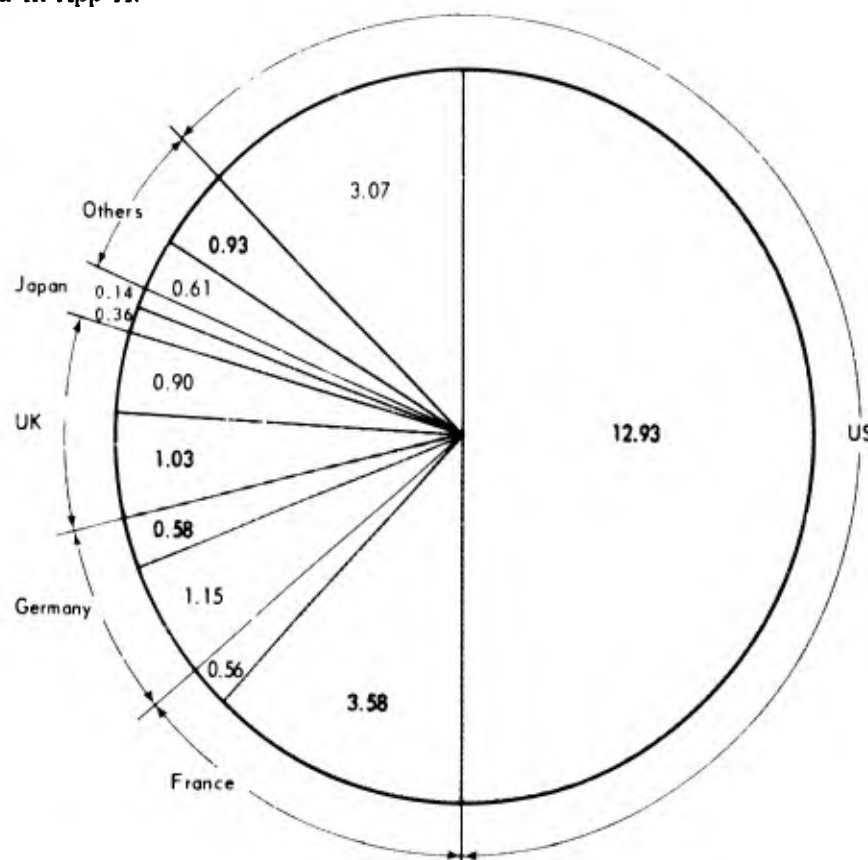


Fig. 3—Comparison of Bilateral Economic Assistance Programs of DAC Members, 1960-1964⁵

In billions of dollars and equivalents.

Loans Grants and soft sales

INTERNATIONAL COORDINATION

The major purposes of the international coordination agencies are to exchange data and to provide organizational means to coordinate the individual national assistance plans to achieve greater effectiveness for both the donor and the recipient. These agencies vary from permanent organizations with worldwide or regional interests to relatively informal ad hoc groups representing nations assisting a specific country. Titles such as "consortia," "consultative groups," and specifically named committees or plans are ordinarily used. Multilateral agencies often participate in the activities of coordination agencies, even though they are not usually formal members.

The information on monetary value of assistance programs reported by coordinating agencies consists of compilations of assistance included in multilateral and bilateral programs. For example, the Colombo Plan is not a source of economic assistance but a vehicle for coordinating multilateral and bilateral assistance plans for a region in Asia. The economic assistance data reported under the Colombo Plan are a compilation of the assistance coordinated under the plan and represents some of the multilateral and bilateral programs of the donor members.

TABLE 2
Scope of Operations of Principal International
Coordination Agencies

Agency	Scope		
	World- wide	Regional	Individual country
Alliance for Progress		x	
Colombo Plan		x	
Consortium for Greece			x
Consortium for India			x
Consortium for Pakistan			x
Consortium for Turkey			x
Consultative Group for Ceylon			x
Consultative Group for Colombia			x
Consultative Group for Nigeria			x
Consultative Group for Sudan			x
Consultative Group for Thailand			x
Consultative Group for Tunisia			x
DAC	x		
Indus River Project		x	
CIAP		x	
Intergovernmental Group for Indonesia			x
Mekong Committee		x	

Table 2 lists the major international coordination and information-exchange agencies. Detailed data are in Chap. 5.

PRIVATE VOLUNTARY AGENCIES

There are about 500 private voluntary agencies involved in foreign assistance. This paper describes only US agencies that have annual total budgets of more than \$2 million or expenditures of more than \$1 million in one country and are engaged in activities contributing to economic development, as distinguished from religious and short-term welfare work. The operations of these agencies and US governmental support of such agencies are described in Chap. 7.

DATA

The data presented in this paper are those available as of 1 June 1967, and they cover only programs and agencies in existence at that time.

Financial data are reported in terms of dollars. In many instances the data represent only dollar equivalents and not actual dollars. Many of the sources from which the data were obtained do not state the rate of exchange used to determine the dollar equivalency.

Appendix A lists, by country, membership in international organizations associated with foreign assistance and recipients of certain assistance programs.

Sources of further detailed data on the scope, dollar value, and characteristics of the programs covered in this paper are described in App D.

Chapter 2

MULTILATERAL AGENCIES

GENERAL

Sources of multilateral international economic assistance can be divided into two groups depending on the type of assistance furnished. The first group, which consists of banks and funds, provides primarily capital assistance in the form of loans and some development planning services; the second group provides primarily technical assistance and some capital assistance on a grant basis in the form of equipment and supplies, usually training items, required to support technical assistance programs. The IMF does not belong to either group but is included because its work in stabilizing currency and easing temporary balance-of-payments problems is often tied in with assistance given by other multilateral economic assistance agencies.

Organizational ties among the multilateral economic assistance agencies are relatively few with the exception of the World Bank (IBRD) Group. Although most multilateral agencies are independent entities, they do maintain close working relations. Their role in consortia, consultative groups, and comparable agencies is discussed in Chap. 5.

MULTILATERAL BANKS AND FUNDS

The multilateral banks and funds can be further divided according to whether their loan activities are world-wide or restricted geographically or restricted to countries with certain economic links. Most banks place no geographic restriction on subscribers to capital stock.

The financial operations of the multilateral banks and funds vary widely in the types of loans offered, entities eligible for loans, and capitalization. Usually, voting power in multilateral banks and funds is approximately proportional to capital subscription.

Table 3 shows the major characteristics of the multilateral banks and funds described in fact sheets at the end of this chapter. Membership lists, voting power, and loan recipients, by country, are in App A.

TABLE 3
Characteristics of Multilateral Banks and Funds, 1966
(In millions of dollars or equivalent)

Multilateral banks and funds	Characteristics							
	Total authorized capitaliza- tion	Paid-in or due capitaliza- tion	Total US paid-in or due subscription	US percentage of total vote	Commercial- rate loans	Less-than- commercial- rate loans	Total outstanding loans and equity	Loans and equity buys in FY66
Worldwide								
IBRD	24,000	2,400	635	25.5	x		6,299	839
IDA	1,687	1,687	424	26.05		x	1,365	284
IFC	100	100	35	29.6	x		84	36
IMF (year ending 30 April 1966)	19,400	19,400	5,160	23.82			5,200	2,817
Other								
IDB ordinary operations (1965)	1,770	382	150	42.47	x		656	122
IDB Special Fund	1,119	1,119	900	42.47		x ^a	366	197
EDF ^a	1,311	1,311	0	0		x ^a	823 ^a	na ^b
EIB (1965)	1,000	250	0	0	x	x ^c	614	102
ADB	1,000	500	100	17.23	x		0	0
AFDB	250	125	0	0	x		0	0
CABEI	20	10	0	0	x		78	40

^aData as of 31 March 1966; grants only, no loans made as yet.

^bNot available.

^cSpecial loans only to Turkey; \$70 million in loans authorized, but not yet made, to those eligible for E.D.F. assistance.

MULTILATERAL TECHNICAL ASSISTANCE

The multilateral technical assistance agencies can also be divided into two groups according to whether their activities are worldwide or restricted to a geographical area. Within both groups the financing of the technical assistance agencies varies. Those that are UN specialized agencies are financed by assessments levied on the member states. Other technical assistance agencies are financed by voluntary contributions from the member states.

The organizational relations among the technical assistance agencies also vary. Some agencies carry out programs both in their own right and as executive agents for other agencies. The degree of coordination among all technical assistance agencies and multilateral banks and funds is not established but is surmised to be highly variable with the best coordination existing among UN agencies.

Table 4 shows the major characteristics of the multilateral technical assistance agencies⁶ described in fact sheets at the end of this chapter. Lists of membership and technical assistance recipients, by country, are in App A).

TABLE 4
Characteristics of Multilateral Technical
Assistance Agencies, 1966^a

Agency	Total budget thousands of dollars	Percentage of US contribution
Worldwide		
UNDP ^a		
UNSF	109,254	38 ^b
EPTA	61,410	38 ^b
WHO	43,521	31
UNESCO	23,988	30
FAO	23,830	32
ILO	20,338	25
ITU	5,143	10
WMO	2,167	24
Other		
PTC (OAS)	4,312 ^c	66

^aIncluded in UNSF and EPTA.

^bVoluntary contribution; all others are assessments.

^cApril 1966 to June 1967.

FACT SHEETS ON MULTILATERAL AGENCIES

International Bank for Reconstruction and Development	14
International Development Association	17
International Finance Corporation	19
International Monetary Fund	21
Inter-American Development Bank	23
European Development Fund	25
European Investment Bank	27
Asian Development Bank	29
African Development Bank	31
Central American Bank for Economic Integration	33
UN Development Program	35
United Nations Special Fund	36
UN Expanded Program of Technical Assistance	38
World Health Organization	40
UN Educational, Scientific, and Cultural Organization	42
UN Food and Agriculture Organization	44
International Labor Organization	46
International Telecommunication Union	48
World Meteorological Organization	49
OAS Program of Technical Cooperation	51

**International Bank for Reconstruction and Development
(IBRD, World Bank)**

PURPOSE

To facilitate capital investment for productive purposes and to promote private foreign investment that will assist in the national development of its less-developed member nations.

PROGRAM

The IBRD makes long-term loans for development purposes at commercial rates when private capital is not available on reasonable terms. Funds for loans are obtained from capital subscriptions and from borrowings in financial markets. Loans may be made only to member states, their political subdivisions, or private enterprises in the territories of members. Loans to private enterprise or to subordinate political authorities must be guaranteed by the government in whose territory the project is situated, by the member's government, central bank, or comparable agency satisfactory to the IBRD. The greatest number of loans have been made for development of electric power, transportation, communications, agriculture and forestry, and industrial expansion. Normally the IBRD will lend only 50 to 60 percent of the cost of a project.

The IBRD provides development planning services, sponsors consortia and consultative groups (see Chap. 5), and conducts training programs in banking operations and development planning.

All powers of the IBRD are vested in a Board of Governors, with one governor appointed by each member country, which meets annually to review operations. The Board of Governors has delegated most of its powers to the 20 executive directors of whom 5 are appointed, 1 by each of the five members having the largest numbers of capital-stock shares. The remaining 15 executive directors are elected by the other members. The voting power of the members is approximately proportionate to their capital subscriptions.

The IFC and the IDA are affiliates of the IBRD. The three organizations are frequently called the World Bank Group. The IBRD makes loans to the IFC and contributes some of its net income to the IDA.

FUNDING

The authorized capital stock of the IBRD was \$24 billion as of May 1966, divided into 240,000 shares (par value \$100,000 each) that are available to members by subscription. Only one-tenth of the authorized capital is paid in. The remainder is subject to call as required to meet obligations arising out of borrowings or guarantees. Members whose own currency is not freely convertible pay subscriptions with at least 10 percent in freely convertible currencies and the remainder in local currency; such local currency is used for loans only with the consent of the member concerned.

SCOPE

The membership in the World Bank is currently 103 countries (see App A). As of 30 June 1966 the bank had made loans totaling more than \$9 billion as shown in the accompanying tabulation.

Geographic area	Amount, millions of dollars
Africa	1244.6
Asia and Middle East	3175.8
Australasia	519.8
Europe	2081.4
Western Hemisphere	2561.9
Total	9583.6

MISCELLANEOUS

The articles of agreement for the IBRD⁷ were formulated at the UN Monetary and Financial Conference in Bretton Woods, N. H. in 1944. The text of the articles of agreement is in App B.

The IBRD is a UN specialized agency. Membership is limited to members of the IMF and must be approved by a vote of 51 percent of the governors having two-thirds of the voting power.

The annual report of the IBRD⁸ is published in conjunction with that of the IDA and includes a résumé of loans, income, reserves, and borrowing.

ADDRESS

International Bank for Reconstruction and Development, 1818 H Street NW, Washington, D. C. 20433

US PARTICIPATION

Statutory authority is the Bretton Woods Agreement Act,⁷ as amended (PL 171, as amended). The text is in App B.

The governor, alternate governor, and executive director, appointed by the President with confirmation by the Senate to represent the US in the IBRD, also serve in the same capacities in the IFC, the IDA, and the IDB. The actions of the US representatives to the IBRD are coordinated by and with the National Advisory Council (NAC) on International Monetary and Financial Policies (see Chap. 2), the Treasury Department, and the Agency for International Development (AID).

The US paid-in subscription as of 30 June 1966 was \$635 million and represented 25.5 percent of the total voting power.

**International Development Association
(IDA)**

PURPOSE

To promote the economic development of the less-developed member states by providing financial capital on terms that are more flexible and bear less heavily on the balance of payments than those of conventional loans.

PROGRAM

Loans are made on a high-development-priority basis, usually for specific projects, when financing on reasonable terms cannot be obtained from a private source or by loans of the type made by the World Bank.

Credits extended to date have been for 50-year terms, bearing no interest. Repayment is in convertible currency. After a 10-year period of grace, 1 percent of the principal is repayable annually for 10 years, and 3 percent is payable annually for the final 30 years. A service charge of 0.75 percent per annum is payable on the amounts withdrawn and outstanding. Principles similar to those of the World Bank are used in appraising projects and granting credits.

The IDA finances a wider range of projects than the World Bank. It also finances projects that are not revenue producing or directly productive. Credits have been extended for the purposes shown in the accompanying tabulation.

Purpose of loan	Amount, millions of dollars
Electric power	119.7
Transportation	563.8
Communications	75.0
Agriculture and forestry	247.5
Industry	411.3
Water supply	63.4
Education projects	97.3
Project preparation	1.5
Total	1579.5

The organization of IDA closely resembles that of the World Bank. Each member country of IDA is represented by the same governor and executive director who represent it for the World Bank, and IDA also has the same officers

and staff as the World Bank. Members are divided into two groups: Part I countries are those that are more advanced economically and Part II countries are the less-developed nations. Only Part II countries are eligible to receive IDA credits; those assisted may receive a blend of World Bank loans and IDA credits; and still others, depending on the circumstances, may be assisted by IDA credits only. Dependent and associated territories of Part I countries may also receive IDA credits. The voting powers of all member countries are approximately proportionate to their subscriptions.

FUNDING

IDA's resources are made up of subscriptions and supplementary contributions from its member states and grants from the World Bank's net income and earnings. A Part I country pays its entire subscription in freely convertible currency, all of which is available for lending. A Part II country pays only one-tenth of its subscription in freely convertible funds; the remaining nine-tenths is paid in the member's own currency and may not be used without the member's consent. IDA also is authorized to accept supplementary contributions.

SCOPE

Membership in the IDA currently stands at 96 (see App A). As of 30 June 1966 the cumulative total of usable funds made available to the association amounted to \$1.687 billion. Of this amount \$1.365 billion had been committed leaving only \$322 million for new credits.

MISCELLANEOUS

The text of the Articles of Agreement of the IDA⁷ is in App B.

The IDA was established late in 1960. The impetus for its establishment came from the US (Senate Resolution 264, 85th Congress, 2d Session).

The IDA is a UN specialized agency. Only members of the World Bank are eligible to join.

The IDA publishes an annual report⁸ in conjunction with the World Bank that includes a résumé of loans, income, reserves, and borrowing.

ADDRESS

International Development Association, 1818 H Street NW, Washington, D. C. 20433

US PARTICIPATION

Statutory authority is in PL 86-565,⁷ as amended. The text is in App B.

The US paid-in contribution as of 30 June 1966 was \$424.29 million and represented 26.05 percent of the total voting power.

Other aspects of US participation are as described in the fact sheet on the World Bank.

**International Finance Corporation
(IFC)**

PURPOSE

To further economic development by helping to promote the growth of the private sector of the economics of member countries, particularly in the less-developed areas.

PROGRAM

The distinctive features of IFC operations, as differentiated from World Bank operations, are investment without governmental guarantees and concentration on investment in private enterprises.

Financing may be in the form of investment in capital shares, conventional loans, loans with equity features, or a combination of these. The IFC invests individually or jointly with domestic or foreign investors or both in a wide range of industrial enterprises, primarily manufacturing or processing. It also assists the growth of capital markets and of private enterprise. The IFC has principal responsibility in the World Bank Group of institutions for administering projects for the establishment of new-industrial-development finance companies (mostly private) and for furnishing financial and technical planning assistance to existing companies.

Investments are made primarily in the less-developed member countries and generally only in local-participation ventures. IFC funds are available for foreign exchange as well as for local-currency expenditures and for acquiring fixed assets or for working-capital purposes. The IFC normally finances less than half the cost of a new project, although it may provide more than half the capital required for the expansion of an existing enterprise. The IFC does not undertake direct financing of imports or exports or investment in government-owned companies. Interest rates on loans are negotiated, along with the other terms, for each investment.

Although legally separate and with its own operational staff, the IFC is an affiliate of the World Bank and is authorized to use its facilities, personnel, and services. The president of the World Bank serves ex-officio as chairman of the corporation's Board of Directors and has been appointed by the directors to be president of the IFC. All powers of the IFC are vested in the Board of Governors who have delegated most of the powers to the Board of Directors.

FUNDING

Subscribed share capital is approximately \$100 million. The IFC is authorized to borrow up to four times its subscribed share capital from the IBRD for use in lending operations. The corporation's reserve against losses amounted to approximately \$32 million on 31 December 1966.

SCOPE

The membership of the IFC is currently 81 (see App A). As of 30 June 1966 IFC investment, standby, and underwriting commitments totaled more than \$203 million as shown in the accompanying tabulation.

Geographic area	Number of commitments	Amount committed, dollars
Australia	3	975,000
Africa	16	29,314,036
Asia and Middle East	24	44,558,323
Europe	17	16,701,202
Western Hemisphere	71	112,056,787
Total	131	203,605,348

MISCELLANEOUS

The IFC came into existence on 24 July 1956. The official impetus for establishment of the IFC was the UN General Assembly Resolution No. 823, adopted on 11 December 1954. The text of the articles of agreement governing the IFC⁷ is in App B.

The IFC is a UN specialized agency. Membership is limited to members of the World Bank, and both banks have the same governors and executive directors.

The IFC publishes an annual report⁸ that includes a resume of investments, income, reserves, and borrowing.

ADDRESS

International Finance Corporation, 1818 H Street NW, Washington, D. C. 20433

US PARTICIPATION

Statutory authority is in PL 350,⁷ as amended. The text is in App B.

The US paid-in subscription as of 30 June 1966 was \$35.168 million and represented 29.6 percent of the total voting power.

Other aspects of US participation are as described in the fact sheet for the World Bank.

International Monetary Fund
(IMF)

PURPOSE

To promote convertibility of currencies by providing relative-exchange-rate stability, free of exchange restrictions, by providing a pool of gold and national currencies.

PROGRAM

The IMF provides balance-of-payment assistance to countries experiencing temporary difficulties in their international payments relations. As necessary, the IMF supervises alterations in rates of exchange (more than 10 percent) limiting the changes to the countries in need of corrective action.

Each member country has a currency quota that it makes available for purchase by fund members. The country quotas are paid, with some minor exceptions, one-fourth in gold and three-fourths in the currency of the member country. A part of a member's quota that is due and payable in the member's currency and that the IMF finds it does not need for its operation, may be in the form of non-interest-bearing demand notes.

Purchases of currencies from the fund are really short-term loans (up to 5 years) among the members. Borrowers (purchasers) pay interest rates up to 5 percent depending on the amount involved and the length of time outstanding. There is also a uniform service charge of 0.50 percent on all purchases (loans). Currently members are limited to loans not exceeding 25 percent of their quotas in 1 year and to an outstanding total of 125 percent of their quotas.

The highest authority of the IMF is vested in a Board of Governors, one governor and an alternate representing each member country. Most of the fund's operating decisions are made by a Board of Executive Directors, of whom 5 are appointed by the five member countries having the largest quotas (US, UK, France, India, and West Germany), and 15 are elected by the other countries. The IMF management is under a managing director and a deputy managing director.

FUNDING

The IMF program is financed by quota assignments to member nations. As of 30 April 1966, the quotas of IMF members totaled \$14.8 billion.

SCOPE

Membership in the IMF at the end of April 1966 was 103 (see App A). For the year ending 30 April 1966, \$2.187 billion (equivalent) was purchased (borrowed) from the fund and \$406 million repurchased (repaid).

MISCELLANEOUS

The Articles of Agreement for the IMF⁷ were formulated at the UN Monetary and Financial Conference, Bretton Woods, N. H. in 1944. The text of the Articles of Agreement is in App B.

The IMF is a UN specialized agency. Membership is open to all nations.

The IMF publishes an annual report⁸ that includes a review of the international economy and a résumé of loans, income, and reserves.

ADDRESS

International Monetary Fund, 1850 H Street NW, Washington, D. C. 20431

US PARTICIPATION

Statutory basis is PL 171,⁷ as amended. The text is in App B.

As of 30 April 1966 the US quota was \$5.16 billion and represented 23.82 percent of the total voting power. The US purchases for the year ending 30 April 1966 were \$550 million.

Other aspects of US participation are as described in the fact sheet for the World Bank.

**Inter-American Development Bank
(IDB)**

PURPOSE

To contribute to the economic development of the member countries (Latin American) individually and collectively by promoting public and private investment and providing capital for development and technical assistance.

PROGRAM

The IDB operates two programs. The ordinary capital-resources program operates in a manner comparable to that of the World Bank (see fact sheet on the World Bank). The second program is the Fund for Special Operations, which was set up by the agreement establishing the bank as a completely separate fund.

The Fund for Special Operations makes loans on terms and conditions appropriate for dealing with special circumstances arising in specific countries or with respect to specific projects. Such terms and conditions generally include lower interest rates and longer maturities than those applied to the capital-resources program and repayment in whole or in part in local currency.

Interest rates on ordinary capital-resources-program loans have been 5.75 or 6 percent as compared with 2.25 to 4 percent for most Fund for Special Operations loans.

The IDB also administers the Social Progress Trust Fund for the US (see Chap. 2).

All the powers of the IDB are vested in a Board of Governors consisting of one governor and one alternate appointed by each member country. Each governor or alternate exercises the voting power of his country. The Board of Governors has delegated most of its powers to the Board of Executive Directors, which has seven members. One is appointed by the US and the remaining six are elected by the other governors. Each executive director is entitled to cast the number of votes of the member country that appointed him or, if elected, the number of votes that counted toward his election. All matters before the Board of Governors or Board of Executive Directors are decided by a majority of the total voting power except for a few cases provided for in the agreement..

FUNDING

The total authorized callable capital is \$1.388 billion in US dollar equivalents, of which \$382 million has been paid in. The difference in callable capital serves as a guarantee for borrowings in the capital markets; \$285 million has been so borrowed.

The Fund for Special Operations is funded by contributions from member countries in their own currencies.

SCOPE

The membership currently stands at 20 (see App A).

As of 31 December 1965 the IDB had made ordinary capital loans totaling \$655.684 million and had borrowed \$285 million. Loans made in 1965 totaled \$121.512 million.

As of 31 December 1965 the Fund for Special Operations had received donations equal to \$1,119,474,000 and had made loans totaling \$366,400,000.

MISCELLANEOUS

The text of the agreement establishing the IDB⁷ is in App B.

The IDB came into being at the end of 1959. The preliminary work leading to its establishment was accomplished by a committee of government representatives convoked by the Inter-American Economic and Social Council of the OAS.

The IDB publishes an annual report⁸ that also covers the Fund for Special Operations and the Social Progress Trust Fund. The annual report includes a résumé of loans, income, reserves, and borrowing.

ADDRESS

Inter-American Development Bank, 808 17th Street NW, Washington, D. C. 20577

US PARTICIPATION

Statutory authority is in PL 86-147,⁷ as amended. The text is in App B.

The US subscription to the capital stock as of 31 December 1965 was \$761.760 million with \$150 million paid in and the remainder callable. The US has 42.47 percent of the total voting power.

Other aspects of US participation are as described in the fact sheet on the World Bank.

**European Development Fund
(EDF)**

PURPOSE

To further the economic and social development of Malagasy and the African countries associated with the EEC and overseas departments and territories of EEC members.

The EDF is an agency of the EEC.

PROGRAM

About 75 percent of the EDF's grants are for economic purposes and about 25 percent are for social purposes. Grants include interest subsidies for commercial-rate loans from the EIB. Short-term advances up to a total of \$50 million are also authorized for stabilization of prices of basic tropical products.

The EDF is also authorized to make loans totaling \$50 million at less than commercial rates for periods up to 40 years. No such loans have yet been made.

FUNDING

In 1957 the initial 5-year endowment of the EDF under the Treaty of Rome was \$581 million. Another endowment of \$730 million was made in 1963, under the Yaounde Convention, for a second 5-year period. Contributions to the EDF have been made by the members of the EEC as shown in the accompanying tabulation.

EEC member	Amount contributed to EDF, millions of dollar equivalents	
	1957	1963
Belgium	70	69
Germany	200	246.5
France	200	246.5
Italy	40	100
Luxembourg	1.25	2
Netherlands	70	66
Total	581.25	730

SCOPE

The EDF has concentrated its grants for communications, water projects, schools, and hospitals primarily in Africa. More than a quarter of the funds for the current 5-year period are allocated for aids to production and economic diversification.

MISCELLANEOUS

The EDF began under the Treaty of Rome of 1957 and was continued by the Yaounde Convention of 1963.

ADDRESS

European Development Fund, European Community Information Service, Overseas Division, 56, Rue du Marais, Brussels, Belgium. The information offices in the US are: European Community Information Service, Suite 808, Farragut Building, 900 12th Street NW, Washington, D. C. 20006, and European Community Information Service, 2207 Commerce Building, 144 E 44th Street, New York, N. Y. 10017

**European Investment Bank
(EIB)**

PURPOSE

To make loans within the EEC, to its overseas territories, and to its associated states for projects of interest to the Community.

It finances projects designed to contribute to the development of the less-developed regions of the Community and makes loans in cases where the Common Market forces certain industries either to modernize or convert. It finances projects of common interest to several member states that cannot otherwise be entirely financed by normal resources.

The EIB may grant loans to public or private entities in any sector of the economy. Loans cover only a part of the total cost of any project (the average participation to date has been 22 percent). In principle, loans are made in the currencies available at the EIB and are repaid in the same currency. The rates of interest are fixed by the EIB in accordance with the conditions at which it can obtain loans on the capital market. At the end of 1965 the interest rates for ordinary loans were 6.25 to 6.75 percent, depending on maturity. The duration of loans varies with the normal duration of the technical amortization of each project but contracts may include provision for a period of grace. The EIB requires the borrower to provide the usual bankers' security or a state guarantee.

The EIB also administers a separate special fund for loans to Turkey as part of the Organization for Economic Cooperation and Development (OECD) Consortium for Turkey (see Chap. 4).

The EIB is controlled by a Board of Governors consisting of the Ministers of Finance or the Treasury of the six member countries. The Board of Directors consists of 12 directors and 12 alternates. France, Italy, and the Federal Republic of Germany appoint three directors and three alternates each; the Benelux countries appoint two directors and two alternates; and the commission of the EEC appoints one director and one alternate.

FUNDING

The EIB has a capital of \$1 billion, of which \$250 million has been paid in by the member states. Each payment has been made one-fourth in gold or US dollars and three-fourths in national currency. The balance is callable as required. A reserve fund is being built up until it amounts to 10 percent (\$100 million) of the capital.

SCOPE

The membership of the EIB is the same as that of the EEC: Germany, Belgium, France, Italy, Luxembourg, and the Netherlands. The association of nonmember countries with the Community has led to the extension of the EIB's operations to Greece, Turkey, Africa, and Madagascar.

By the end of 1965 the EIB had made ordinary and special fund loans to less-developed countries as shown in the accompanying tabulation.

Recipient of EIB loan	Amount, millions of dollars, through 1965
Greece	36.8
Ivory Coast	1.0
Cameroon	2.4
Turkey (Special fund)	54.2

MISCELLANEOUS

The EIB was founded in 1958 under the terms of the Treaty of Rome establishing the EEC. The text of the pertinent parts of the treaty and the Statute of the Bank are in App B.

The EIB publishes an annual report that includes a survey of the economic situation affecting the EEC, an account of EIB activities, an analysis of the balance sheet, and an account of profits and losses.

ADDRESS

European Investment Bank, 11, Mont des Arts, Brussels 1, Belgium

**Asian Development Bank
(ADB)**

PURPOSE

To foster economic growth and cooperation in Asia and to help accelerate the economic development of member countries in the region, collectively and individually.

PROGRAM

The ADB makes long-term loans on commercial terms to those members located in Asia. Priority is given to projects that contribute to the economic growth of the region as a whole with special regard to the smaller or less-developed member countries. The ADB assists in the coordination of development policies and plans for the utilization of resources. It promotes expansion of foreign trade, particularly intraregional, and provides planning services for development projects.

The ADB is authorized to establish a special fund for loans at lower rates of interest. This fund is to be derived from separate donations or by earmarking up to 10 percent of the paid-in capital for that purpose.

All powers of the ADB are vested in a Board of Directors that consists of a governor and an alternate appointed by each member. The Board of Governors controls admission of new members and the amount of capital stock and determines the reserves and net profit of the ADB. 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, the Board may determine which countries or members are to be regarded as developed or developing countries.

A Board of Directors, composed of 10 members elected by the Board of Governors, is responsible for the general operations of the ADB. Seven of the directors must be from Asian countries. The US is allocated one of the three non-Asian directorships because of the size of its subscription.

Voting power is approximately in proportion to subscription to the ADB capital.

FUNDING

The authorized capital is \$1 billion with \$650 million available for subscription only by Asian members. Half the authorized capital is callable.

Subscriptions to the paid-in capital stock are payable in five equal annual installments. During the first year of operation (1967), approximately \$70 million will be available for lending purposes.

At least 50 percent of the paid-in subscriptions by developing members must be in freely convertible currency without restrictions on its use. The remaining paid-in subscriptions are in national currencies that may be restricted in use by the contributing development member.

SCOPE

The ADB currently has 19 Asian and 13 non-Asian members (see App A). No loans have yet been made; the first loans will probably not be announced before September 1967.

MISCELLANEOUS

The Articles of Agreement for the ADB⁷ were formulated at a conference of 27 states in Manila in 1965. The text is in App B. The ADB itself came into being in August 1966.

Because of its recent organization, ADB has yet to publish an annual report.

ADDRESS

Asian Development Bank, Metropolitan Building, Ayala Avenue, Makati, Rizal, Philippines

US PARTICIPATION

Statutory authority is PL 89-369.⁷ The text is in App B.

The total US subscription is \$200 million.

The President appoints, with Senate confirmation, a bank governor, an alternate, and a director. An annual report to the Congress with respect to US participation is required.

Other aspects of US participation are described in the fact sheet for the IBRD.

**African Development Bank
(AfDB)**

PURPOSE

To contribute to the economic and social development of its members, individually and collectively.

PROGRAM

The AfDB makes long-term loans on commercial terms to members in Africa and has limited equity-investment authority. Priority is given to those projects or programs that concern several members or make the economies of its members more complementary. The program of the AfDB is not yet fully developed, and the AfDB has not yet made any loans, although a number of applications are under study. Because most of the AfDB's resources must be invested in directly productive projects and because of the need in many African countries for infrastructure projects that require financing at less than commercial rates, the AfDB has invited nonmember governments to participate in the establishment of a multilateral special fund for such purposes.

All powers of the AfDB are vested in a Board of Governors that consists of a governor and an alternate appointed by each member. The Board of Governors has the power to decrease authorized capital stock, establish special funds, and select auditors.

A Board of Directors, composed of nine members elected by the Board of Governors, is responsible for the general operations of the AfDB.

Each member has 625 votes and, in addition, one vote for each share of capital stock held by that member.

FUNDING

The total authorized capital is \$250 million, half to be paid in and half to be callable. As of January 1967, about \$40 million of the paid-in capital had actually been received with the remainder to be paid in installments.

Initial subscriptions are made in gold or convertible currency.

SCOPE

The membership currently stands at 29 (see App A).
No loans have been made yet.

MISCELLANEOUS

The text of the AfDB charter¹⁰ is in App B.
The AfDB was established on 4 November 1964.

ADDRESS

African Development Bank, B.P. 1387, Abidjan, Ivory Coast, West Africa

US PARTICIPATION

Although the US has made no definite commitments to the AfDB, the President's 1967 foreign aid message to Congress¹¹ stated that the US was considering making a contribution to a proposed special fund.

**Central American Bank for Economic Integration
(CABEI)**

PURPOSE

To promote the economic integration and balanced economic development of Costa Rica, Guatemala, El Salvador, Honduras, and Nicaragua.

PROGRAM

The CABEI makes loans at commercial rates to both the public and private sectors, with emphasis on projects to ensure regional development.

All powers of the CABEI are vested in a Board of Governors that consists of two representatives from each member state: the member's Minister of Economic Affairs (or equivalent) and the president or manager of the national central bank.

A Board of Directors, composed of one representative from each member state, is elected by the Board of Governors and delegated to carry out the functions of the CABEI.

FUNDING

The original authorized capital was \$20 million, half of which was paid in. Capital subscriptions were \$4 million for each member, with paid-in subscriptions made in local currency. Steps were recently taken to increase the authorized capital to \$40 million and to provide that a large part of the increase be paid in by the five member governments. The CABEI also receives loans and grants through US economic assistance programs, the IDB, and the governments of Spain and Mexico.

SCOPE

From its inception in 1961 to 30 June 1966 the CABEI has made loans totaling \$77.615 million as shown in the accompanying tabulation.

Recipient of loan	Amount. millions of dollars
Private sector	32.619
Manufacturing	1.510
Services	2.063
Housing	2.063
Public sector	
Infrastructure studies	2.205
Investment	30.000
Services	1.153
Education	.066
Housing	7.937

MISCELLANEOUS

The text of the convention establishing CABEI¹² is in App B.

The bank was established by a treaty signed in 1960 and commenced operations in September 1961.

ADDRESS

Central American Bank for Economic Integration, APDO, Postal 772,
Tegucigalpa, D. C. Honduras, C. A.

UN Development Program (UNDP)

PURPOSE

To simplify and increase the effectiveness of the UNSF and EPTA by providing centralized direction and control.

PROGRAM

See fact sheets on the UNSF and UN EPTA.

For the time being, the UNSF and the EPTA retain their separate identities within the UNDP.

The UNDP maintains resident directors in many countries to coordinate its programs.

ORGANIZATION AND MEMBERSHIP

In 1966 the UNDP had 112 members (see App A). It is governed by a 37-member Governing Council consisting of 19 members from developing countries, 17 from developed countries (including 3 from Eastern European countries), and 1 serving on a rotating basis.

An interagency consultative board composed of the heads of the participating UN specialized agencies advises the UNDP.

FUNDING

The UNDP is financed by voluntary contributions. See fact sheets on UNSF and UN EPTA.

ADDRESS

United Nations Development Program, United Nations, New York, N. Y.
10017

**United Nations Special Fund
(UNSF)**

PURPOSE

To provide systematic and sustained assistance in the fields essential to technical, economic, and social development of the less-developed countries.

To provide a bridge between the relatively small-scale advisory and training projects offered under the EPTA and the provision of development capital by the World Bank and similar institutions.

The UNSF provides for surveys of resources and research to locate investment opportunities coupled with training programs to develop competent personnel to carry on development work.

PROGRAM

The UNSF promotes projects of a preinvestment nature in the following areas:

- (a) Feasibility of investment in the development of natural resources, agriculture, and industry
- (b) Establishment and strengthening of institutions of applied research
- (c) Development of human resources through advanced education and technical training
- (d) Improvement of development planning and implementation through regional and national institutes

The work of the UNSF is carried out both by use of its own resources and by use of the UN specialized agencies and the World Bank. For example, as of January 1966 the UN specialized agencies and the World Bank were the executing agencies for 481 of 604 UNSF projects.¹³

ORGANIZATION

See fact sheet on UNDP.

FUNDING

The program of UNSF is financed by voluntary contributions by member states. The total pledged for 1966 was \$109.25 million. Local costs of projects such as personnel, buildings, and equipment are paid by the recipient country.

ADDRESS

UN Special Fund, United Nations, New York, N. Y. 10017

US PARTICIPATION

Statutory authority is 22 USC 1896. The US contribution in 1966 was \$41,631,500, which represented 38.11 percent of the total for the year. The US limits its combined contribution to the UNSF and the EPTA to 40 percent of the total contributions, including assessed and audited local costs.

Principal liaison agencies are: Department of State, Bureau of International Organization Affairs, and the AID.

**UN Expanded Program of Technical Assistance
(EPTA)**

PURPOSE

To provide technical assistance to help developing countries build up their industries and attain higher levels of economic and social well-being for their peoples.

To assist governments in formulating development plans and building up responsible governmental administration machinery; and to aid them in the fields of agricultural and industrial production, health, education, power, transport, communications, etc.

PROGRAM

The work of the EPTA is carried out both by use of its own resources and by use of the UN specialized agencies. For example, for the period 1950-1963 about 78 percent of EPTA expenditures were made through the UN specialized agencies.¹⁴

ORGANIZATION

See fact sheet on UNDP.

FUNDING

The EPTA is financed by voluntary contributions by member states. The total pledged for 1966 was \$61.41 million. Local costs of projects such as personnel, buildings, and equipment are paid for by the recipient country.

ADDRESS

UN Expanded Program of Technical Assistance, United Nations, New York, N. Y. 10017

US PARTICIPATION

Statutory authority is 22 USC 1896. The US contribution in 1966 was \$23,368,500, which represented 38.05 percent of the total for the year. The US limits its combined contribution to the EPTA and the UNSF to 40 percent of the total contributions including assessed and audited local costs.

Principal liaison agencies are: Department of State, Bureau of International Organizations, and AID.

**World Health Organization
(WHO)**

PURPOSE

To act as a coordinating authority on international public health work; to help build strong national health services capable of meeting essential health needs independent of outside aid; to stimulate and work with governments on programs to eradicate epidemic and other widespread diseases; to promote activities in the improvement of nutrition, environmental sanitation, maternal and child care, and mental health; to promote and encourage research in the field of health. WHO assists governments in setting up or reorganizing the structures of their health services; works for the standardization of diagnostic procedures; promotes the adoption of international standards with respect to food, biological, and pharmaceutical products; and furnishes advice and direct aid to governments in emergencies. It provides fellowships and training services so that trained local personnel will be available to governments for necessary public health work.

PROGRAM

The WHO provides primarily technical assistance on its own behalf and as executive agent for the UNDP.

ORGANIZATION

In 1966 WHO had 124 members (see App A).

It is governed by an Executive Board composed of persons designated by 23 nations elected by the membership. The WHO is a UN specialized agency.

FUNDING

The agency is financed by assessment of member nations. The budget in 1966 was \$43.521 million.

ADDRESS

World Health Organization, Palais des Nations, Geneva, Switzerland. The American Regional Office: Pan-American Health Organization, 525 23rd Street NW, Washington, D. C.

US PARTICIPATION

Statutory authority is TIAS 1808. The US share of the budget in 1966 was 31.20 percent. Statutory limitation on US contribution is 22 USC 290b.

Principal liaison agencies are: Department of Health, Education, and Welfare; US Public Health Service; AID; State Department; and Bureau of International Organization Affairs.

**UN Educational, Scientific, and Cultural Organization
(UNESCO)**

PURPOSE

To promote collaboration among member states in the fields of education, science, and culture; to advance mutual knowledge and understanding by international conferences, expert studies, and the dissemination of factual information concerned with education, the natural sciences, the social sciences, cultural activities, and mass communications; to promote the free flow of ideas by word and image; to encourage the exchange of persons, publications, and other materials of information; to ensure conservation and protection of books, works of art, and monuments of historical and scientific significance; and to collaborate with member states at their request in developing educational, scientific, and cultural programs.

PROGRAM

UNESCO furnishes primarily technical assistance in its own behalf and as executive agent for the UNDP. It acts as the technical arm of the World Bank in the field of education.

ORGANIZATION

In 1966 UNESCO had 120 members (see App A).

It is governed by an Executive Board composed of persons designated by 30 nations elected by the membership. The term of office is 4 years. Only two consecutive terms of office are permitted. UNESCO is a UN specialized agency.

FUNDING

UNESCO is financed by assessment of member nations. The budget in 1966 was \$23.988 million.

ADDRESS

United Nations Educational, Scientific, and Cultural Organization, Place de Fontenoy, Paris 7^e, France.

US PARTICIPATION

Statutory authority is PL 565, as amended (22 USC 287m-287t).

The US share of the budget in 1966 was 30 percent.

Principal liaison agencies are: Department of State, Bureau of Educational and Cultural Affairs; and the US National Commission for UNESCO (Department of State, Washington, D. C. 20520).

**UN Food and Agriculture Organization
(FAO)**

PURPOSE

To raise levels of nutrition and standards of living, to secure improvements in the efficiency of production and distribution of all food and agricultural products, and to better the condition of rural populations.

To collect, analyze, interpret, and disseminate information relating to nutrition, food, and agriculture; to promote and, where appropriate, recommend national and international action with respect to (a) scientific, technical, social, and economic research relating to nutrition, food, and agriculture; (b) the improvement of education and administration relating to nutrition, food, and agriculture, and the spread of public knowledge of nutritional and agricultural science and practice; (c) the conservation of natural resources and the adoption of improved methods of agricultural production; (d) the improvement of processing, marketing, and distribution of food and agricultural products; (e) the adoption of policies for provision of adequate agricultural credit, national and international; and (f) the adoption of international policies with respect to agriculture commodity arrangements; and to furnish such technical assistance as governments may request.

PROGRAM

FAO furnishes primarily technical assistance on its own behalf and as executive agent for the UNDP and acts as the technical arm of the World Bank in the field of agriculture.

ORGANIZATION

In 1966 the FAO had 110 members and 4 associate members (see App A). The FAO is a UN specialized agency.

It is governed by a council composed of persons designated by 31 nations elected by the membership for overlapping 3-year terms.

FUNDING

The agency is financed by assessment of member nations. The budget in 1966 was \$23.83 million.

ADDRESS

Food and Agriculture Organization, Viale delle Terme di Caracalla, Rome, Italy. The North American regional office is at 1325 C Street SW, Washington, D. C. 20250.

US PARTICIPATION

Statutory authority is TIAS 1554.

The US share of the budget in 1966 was 31.91 percent. Statutory limitation on US contribution is 33.33 percent of the total (22 USC 289a).

Principal liaison agencies are: Department of Agriculture; AID; Department of State, Bureau of Educational and Cultural Affairs and Bureau of International Organization Affairs; and US-FAO Interagency Committee.

International Labor Organization (ILO)

PURPOSE

To assist in the raising of labor standards and in the improvement of working conditions. The work of the organization covers hours of work, minimum age for employment, working conditions of women and young workers, workmen's compensation, social insurance, minimum-wage machinery, labor standards in non-self-governing territories, industrial safety, statistics, migration for employment, conditions of work of seamen, the right of workers and employers to organize into associations of their own choosing, trade-union rights, and forced labor.

The ILO has begun to emphasize national and regional training programs, advisory missions, surveys, and other activities of direct assistance to member states. It also prepares and makes available technical information on labor questions.

PROGRAM

The ILO provides primarily technical assistance on its own behalf and as executive agent for the UNDP.

ORGANIZATION

In 1966 the ILO had 115 members (see App A).

The governing body consists of representatives of 48 member nations, of which 24 represent governments, 12 represent employers, and 12 represent workers. All member nations of the governing body are elected except Canada, China, France, Federal Republic of Germany, Italy, Japan, USSR, UK, and the US, who hold nonelective seats for government representatives because they are states of chief industrial importance. The ILO is a UN specialized agency.

FUNDING

The ILO is financed by assessment of member nations. The budget in 1966 was \$20.338 million.

ADDRESS

International Labor Organization, 154, Rue de Lausanne, Geneva, Switzerland

The ILO has a branch office at 917 15th Street NW, Washington, D. C. 20005.

US PARTICIPATION

Statutory authority is TIAS 1868.

The US share of the budget in 1966 was 25 percent. Statutory limitation on US contributions is 25 percent of the total as stated in 62 Stat. 1151, as amended, 22 USC 272a.

Principal liaison agencies are: Department of Labor, Bureau of International Labor Affairs; Department of State, Bureau of International Organization Affairs; and Interdepartmental Committee on International Labor Policy.

**International Telecommunication Union
(ITU)**

PURPOSE

To maintain and extend international cooperation for the improvement and rational use of telecommunication of all kinds; to promote the development of technical facilities and their efficient operation with a view to improving the efficiency of the telecommunication services, increasing their usefulness, and making them, so far as possible, generally available to the public; and to harmonize the actions of nations to the attainment of common ends.

PROGRAM

The ITU provides technical assistance as an executive agent for the UNDP.

ORGANIZATION

In 1966 the ITU had 129 members (see App A).

It is governed by an Administrative Council composed of persons designated by 29 nations elected by the membership.

The ITU is a UN specialized agency.

FUNDING

The ITU is financed by assessment of member nations. The budget in 1966 was \$5,143,000.

ADDRESS

International Telecommunication Union, Place des Nations, Geneva,
Switzerland

US PARTICIPATION

Statutory authority is TIAS 4892. The US share of the budget in 1966 was 10 percent.

Principal liaison agencies are: Federal Communications Commission and Department of State, Bureau of Economic Affairs and Bureau of International Organization Affairs.

**World Meteorological Organization
(WMO)**

PURPOSE

To coordinate, standardize, and improve world meteorological activities and to encourage an efficient exchange of meteorological information between countries.

To encourage research and training in meteorology and to assist in coordinating the international aspects of such research and training.

PROGRAM

The WMO provides technical assistance and also acts as an executive agent for the UNDP.

ORGANIZATION

In 1966 the WMO had 126 members (see App A).

It is governed by an Executive Committee that consists of:

1. The president and the two vice-presidents of the organization (elected by member countries).
2. The presidents of the six regional associations, which convene normally once each 4 years.
3. Nine directors of meteorological services of members of the organization, or their alternates (elected by the congress of the organization).

The WMO is a UN specialized agency.

FUNDING

Funds are obtained by assessment of member nations. The budget in 1966 was \$2.167 million.

ADDRESS

World Meteorological Organization, Avenue Giuseppe Motta, Geneva, Switzerland

US PARTICIPATION

Statutory authority is TIAS 20502. The US share of the budget in 1966 was 24 percent.

Principal liaison agencies are: Department of Commerce, Weather Bureau, and Department of State, Bureau of International Affairs.

OAS Program of Technical Cooperation (PTC)

PURPOSE

To assist members of the OAS in their economic development by providing technical education at regional training centers and educational institutions, and to provide limited direct technical assistance to individual governments.

PROGRAM

Various projects are operated in Argentina, Bolivia, Brazil, Colombia, Mexico, Peru, Uruguay, and Venezuela.

Many individual projects are carried out by other agencies as collaborating entities. This system is comparable to the EPTA working through the UN specialized agencies (see fact sheet on EPTA).

ORGANIZATION

The program is organized and administered under the authority of the Inter-American Economic and Social Council of the OAS, which approves the annual program and budget for projects. The Executive Director of the PTC is the Director of the Department of Technical Cooperation of the Pan American Union and is responsible to the Assistant Secretary for Economic and Social Affairs.

FUNDING

Since 1 January 1965 this program, as well as others, has been funded by the Special Development Assistance Fund, which is supported by voluntary contributions from members of the OAS. Previously the program was funded directly by voluntary contributions from members of the OAS. As of March 1966 the total amount pledged for the Special Development Assistance Fund for the PTC was \$4.312 million for the period 1 April 1966 to 30 June 1967.

ADDRESS

OAS Program of Technical Cooperation, Department of Technical Cooperation, Pan American Union, 17th Street and Constitution Avenue NW, Washington, D. C. 20006

US PARTICIPATION

Statutory authority is 22 USC 1926.

The US contribution to the Special Development Assistance Fund is limited to 66 percent of the total. The US contribution in 1965 was \$4.067 million.

Principal liaison agency is the office of the US representative to the Inter-American Economic and Social Council, which is staffed by the Department of State, Bureau of American Affairs, and the AID.

Chapter 3

US BILATERAL ECONOMIC ASSISTANCE PROGRAMS

GENERAL

Before WWI the US was a net recipient of substantial private foreign investment capital for economic development. Between the two world wars the US was a significant source of international economic assistance, primarily in the form of private commercial loans. Since the end of WWII the US has become the world's largest single public source of international economic and military assistance. Figure 4 shows the magnitude of the net US public foreign assistance for the period FY46-FY66.¹⁵

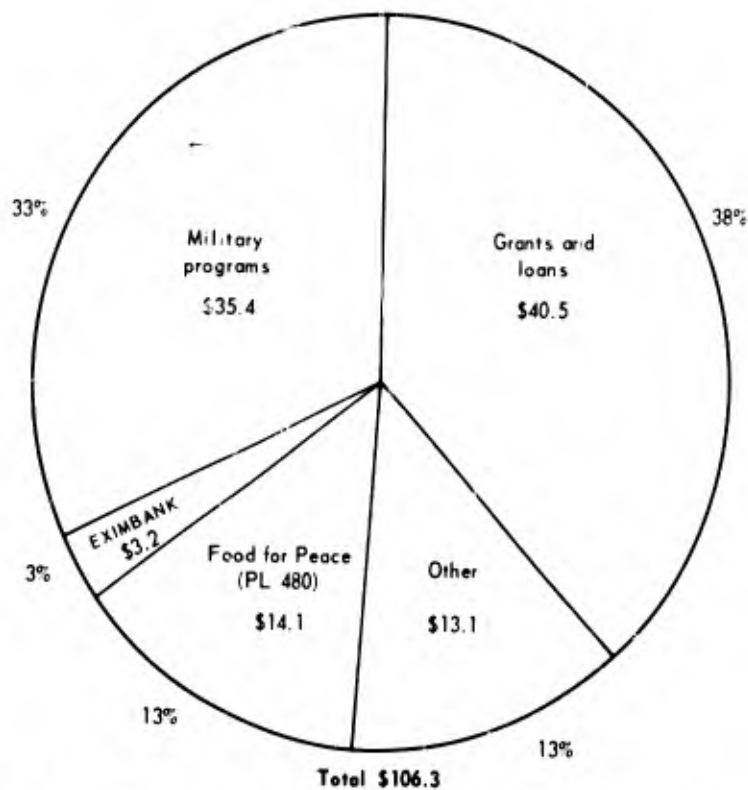


Fig. 4—Net US Expenditure for Public International Assistance, FY46-FY66¹⁵

The US foreign economic assistance supports the foreign policy of the US, and the geographical areas of concentration of the assistance have fluctuated accordingly. Immediately after WWII the bulk of US economic assistance was concentrated in western Europe. With the economic recovery of Europe and the increased US concern with developments in Asia and Latin America, there was a shift in the geographical distribution of US assistance. As a rule the bulk of assistance has been concentrated in the few countries of greatest interest to the US. Figure 5 shows the fluctuations in the geographical distribution of US economic assistance.¹⁰

A distinct trend in US foreign assistance programs is the tying of aid to purchases in the US in an effort to reduce adverse balance of payments and drain on US gold stocks. This trend is illustrated in Fig. 6.

Other major trends in US foreign assistance programs are greater participation in multilateral assistance agencies and wider preplanning with international coordination and information-exchange agencies. President L. B. Johnson, in his message to Congress on foreign aid, 9 February 1967, stated, "I propose . . . a statutory objective that at least 85% of our development loan funds be spent on a regional or multilateral framework."¹¹

US BILATERAL ECONOMIC PROGRAMS

US bilateral economic assistance programs take a variety of interrelated forms. Dollars or local currencies (currency of the recipient country) held by the US are lent or granted to help finance development. US specialists and advisors are financed, usually on a grant basis, to teach skills, demonstrate techniques, conduct surveys, and advise on developmental programs. Grant funds also finance the training of recipient-country officials and specialists in the US or in other countries. US surplus agricultural commodities, under the provisions of PL 480,⁷ are sold at world-market prices for local currency or deferred payment in dollars or may be granted at no cost. Under AID programs capital goods and consumer commodities may be financed by the US at no financial cost to the government of the recipient country or on a deferred-payment basis. US assistance programs also draw on excess US government property including equipment and supplies of considerable value to developing countries.

The AID and the Export-Import Bank (EXIMBANK)¹⁷ also make use of a variety of tools to encourage private investment in developing countries. These tools include investment guarantees, investment surveys and feasibility studies, dollar and local-currency loans, and capital and technical assistance to development banks and investment centers.

In administering economic assistance the US makes use of two types of assistance--project assistance and program assistance. Project assistance is directed to the planning and execution of individual capital projects, such as a dam or a steel mill, or to individual technical assistance activities. Program assistance is linked to an assessment of the overall requirements and resource availabilities of a country, and it finances imports to close the resource gap without tying these to specific projects. Most US economic assistance programs for a given country are a combination of both program and project

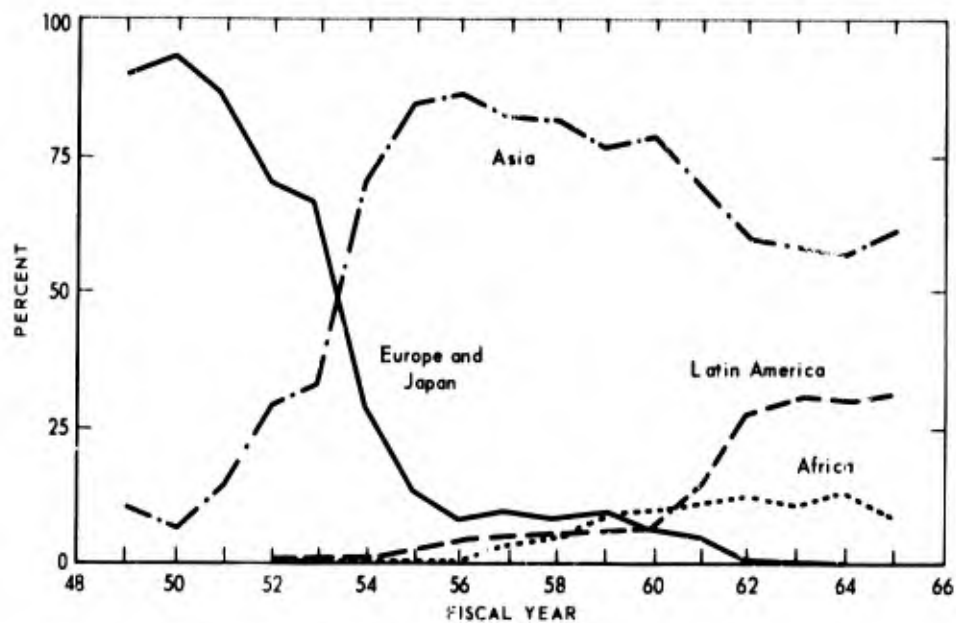


Fig. 5—Geographic Distribution of US Bilateral Economic Assistance¹⁶

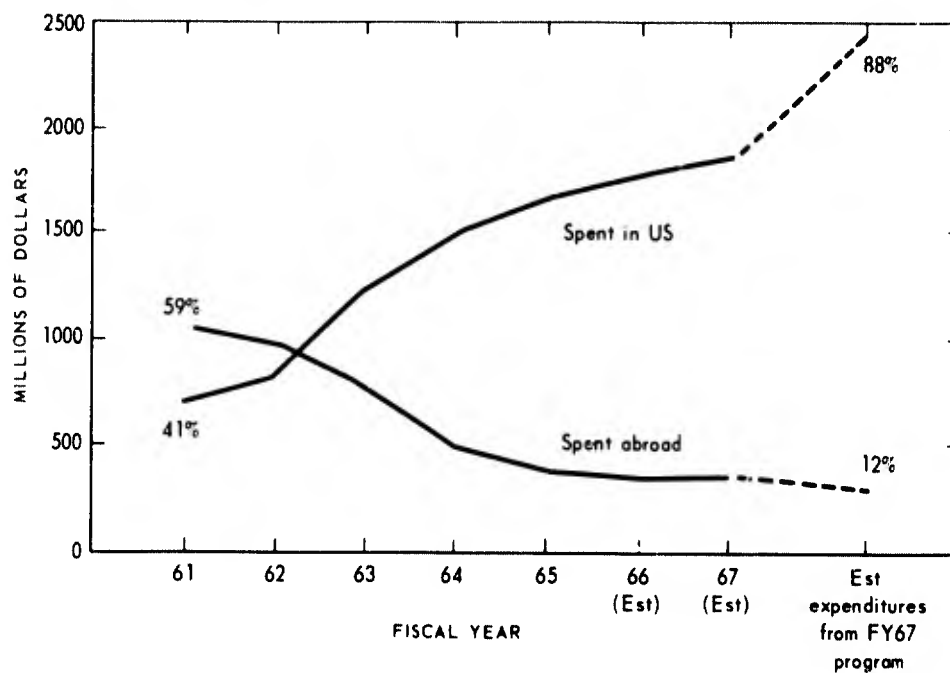


Fig. 6—US Bilateral Economic Assistance Expenditures in the US and Abroad³

TABLE 5
Major Features of US Bilateral Economic Assistance Programs

Assistance program	Type of assistance provided						
	Technical assistance services, less development planning	Development planning services	Agricultural commodity grants	Nonagricultural commodity grants	Dollar loans at commercial rates	Dollar loans or sales at less than commercial rates	Local currency grants, loans, or sales
EXIMBANK		x			x		
PL 480			x			x	x
Development Loan Fund					x	x	
Development grants and technical cooperation	x	x		x			
Alliance for Progress	x	x		x		x	
Supporting assistance				x		x	x
Peace Corps	x						
Counterpart funds							x
Social Progress Trust Fund		x				x ¹¹	x

¹¹Dollar loans repayable in local currency, which is then available for further loans.

TABLE 6
Selected US Bilateral Economic Assistance Programs, FY66^a
(In millions of dollars)

Region	FY66 commitments, millions of dollars							
	Total	Development and Alliance for Progress loans	Supporting assistance	Technical cooperation development grants including Alliance for Progress	Contingency Fund	EXIMBANK long-term loans ¹⁴	PL 480 loans, grants, sales	Social Progress Trust Fund
Grand total	5,086.0	1,232.4	702.6	312.5	209.1	793.0	1,726.0	23.8
Near East and South Asia	1,496.8	576.2	34.8	43.8	8.3	9.8	823.9	
Latin America	1,136.5	505.4	44.8	78.5	55.4	226.4	202.2	23.8
East Asia	1,258.8	80.0	592.4	44.5	140.5	108.8	292.6	
Africa	362.9	70.4	23.5	81.2	1.7	44.3	141.8	
Other areas and miscellaneous	831.0	0.4	7.1	64.5	3.2	403.7	265.5	

^aBased on AID "Operations Report" except as indicated.¹⁸

assistance. The general procedure used for carrying out project assistance is described in fact-sheet form at the end of this chapter.

The US bilateral economic assistance programs are listed below according to their major appropriation or authorization category. Special US pro-

grams such as the investment-guarantee program and informational-media-sales investment-survey subsidies in less-developed countries are not covered. Each program listed below is described in fact-sheet form at the end of this chapter.

- (a) EXIMBANK loans and guarantees
- (b) PL 480 programs
- (c) Peace Corps
- (d) Social Progress Trust Fund
- (e) AID-administered programs
 - (1) Development loans
 - (2) Development grants and technical cooperation
 - (3) Alliance for Progress
 - (4) Supporting assistance
 - (5) Contingency Fund

Table 5 shows the major features of the US bilateral economic assistance programs. Specific characteristics for each program are contained in the fact sheets at the end of this chapter and in the text of the statutory authority in App C. Counterpart funds are discussed in the next section.

Table 6 shows the FY66 commitments of US bilateral economic assistance programs by region.¹⁸

Table 7 shows the 10 highest (dollar value) recipients of US bilateral economic assistance commitments in FY66. A complete list of the underdeveloped countries receiving US economic assistance and the amounts committed is in App A.

COUNTERPART FUNDS

US grants of nonmilitary commodities usually require the recipient country to deposit to a special account the local-currency proceeds of the sales of these commodities or a sum commensurate with their dollar value. These deposits are known as counterpart funds. Counterpart funds generated from US grants belong to the assisted country, but their expenditure must have the concurrence of the US. An exception is the small percentage (usually less than 10 percent) that the US may use to defray in-country administrative expenses.

Proceeds from sales of agricultural commodities for local currency under PL 480⁷ are generated in the same manner as counterpart funds, but these funds are the exclusive property of the US for use within the recipient country and are known as US-owned local currency. Most of these funds are usually lent and rarely granted to public or private agencies for use in the recipient country's development programs. In some cases these funds are granted to the assisted nation for budget support and in-country military expenditures.

Table 8 shows the responsible agencies and uses of local-currency funds generated under the provisions of PL 480.

MANAGEMENT OF BILATERAL ASSISTANCE PROGRAMS

The management of US bilateral economic and military assistance programs has undergone many changes since WWII as a result of continuing ef-

TABLE 7
Highest-Dollar-Value Recipients of US Bilateral Economic Assistance
Commitments in FY66
(In millions of dollars)

Recipient country	FY66 commitments, millions of dollars							
	Total	Development and Alliance for Progress loans	Supporting assistance	Technical cooperation development grants including Alliance for Progress	Contingency Fund	EXIM-BANK credits	PL 480 loans, grants, sales	Social Progress Trust Fund
India	905.5	300.0	—	9.9	—	—	595.6	—
Vietnam	714.6	—	468.0	8.9	114.2	—	123.5	—
Brazil	380.4	228.7	—	14.4	—	18.8	118.5	—
Korea	250.9	80.0	60.0	5.5	1.3	—	104.1	—
Turkey	154.2	129.0	—	4.5	—	—	20.7	—
Pakistan	149.5	120.0	—	7.2	—	—	22.3	—
Mexico	128.2	—	—	0.2	—	127.9	0.1	—
Chile	112.6	90.0	—	3.2	—	0.1	17.8	1.5
Colombia	110.9	81.5	—	4.0	1.5	3.4	20.5	—
Dominican Republic	91.3	14.5	13.1	7.4	37.3	8.8	10.2	—

TABLE 8
Agencies Responsible for Administering the Expenditure of Foreign Currencies under PL 480

Authority	Currency use	Responsible agency
Section 104:		
a	Payment of US obligations	Any authorized US government agency
b-1	Agricultural market development	Department of Agriculture
b-2	International educational exchange	Department of State
b-3	Scientific, medical, cultural, and educational activities	National Science Foundation, Department of State, Smithsonian Institution, and other appropriate agencies
b-4	Buildings for US Government use	Department of State
b-5	Translation of books and periodicals	US Information Agency
b-5	Acquisition, indexing, and dissemination of foreign publications	Library of Congress
c	Common defense	Departments of Defense and State (AID)
d	Purchase of nonfood items for emergency use	Department of State (AID)
e	Loans to private enterprise	Department of State (AID)
f	Grants and loans for economic development	Department of State (AID)
g	Purchase of goods for other countries	Department of State (AID)
h	Population growth	Department of State (AID)
i	American educational institutions	Department of State
j	Sales for dollars to US citizens for travel and other purposes	Treasury Department

forts to achieve greater efficiency and better coordination among individual programs and with foreign policy. The Mutual Defense Act of 1949 established the Mutual Defense Assistance Program (MDAP) for military assistance. This program and the economic assistance programs were administered by separate government agencies with relatively little coordination among them.

The Mutual Security Act of 1951 consolidated administration of military and bilateral economic assistance programs under a Director of Mutual Security in the Executive Office of the President. The Director of Mutual Security supervised the military, economic, and technical assistance programs that were administered by the Department of Defense (DOD), the Mutual Security Agency, and the Technical Cooperation Administration of the Department of State.

In 1953 the Mutual Security Agency was replaced by the Foreign Operations Administration (FOA). The Director of the FOA was responsible for the general direction and coordination of all the foreign assistance programs, including military assistance. The Technical Cooperation Administration of the Department of State was placed under the new FOA.

The Mutual Security Act of 1954 abolished the FOA in 1955 and transferred its functions to the International Cooperation Administration (ICA), a semiautonomous agency established within the Department of State.

The Foreign Assistance Act of 1961⁷ revised the conduct and administration of both military and economic assistance. It made the Secretary of State responsible for supervision and general direction of bilateral economic and military assistance programs and placed in-country programs under the leadership of the chief of the US diplomatic mission. As a result of the act the AID was created within the State Department as a semiautonomous agency. This agency was made responsible for a series of previously loosely connected programs: technical assistance; defense support and special assistance; coordination of economic and military assistance; development lending; Cooley loan operations; and the programming of overseas projects financed by proceeds from sales of agricultural surplus under PL 480. These programs and others are described in the following section. The text of the Foreign Assistance Act of 1961, as amended, and the amplifying Executive Order Number 10973⁷ are in App C.

COORDINATION OF US ECONOMIC ASSISTANCE PROGRAMS

The US economic assistance programs are coordinated at various levels by statutory and other agencies. The major coordinating agencies and their primary areas of responsibility are:

National Advisory Council on International Monetary and Financial Policies

Cabinet-level policy coordination of US bilateral economic assistance programs and guidance for US members of multilateral economic programs.

Development Loan Committee

Interdepartmental review of loans made by the AID.

War on Hunger Policy Committee

Review and coordination of policies pertaining to PL 480.

Interagency Staff Committee on Food for Freedom

Development and review of PL 480 programs.

Advisory Committee on PL 480

Advice to the President on agreements, programs, and operations stemming from operations of PL 480.

Detailed data on these agencies are in fact-sheet form at the end of this chapter. Coordination of US economic and military assistance is covered in Chap. 6.

In addition to the coordinating agencies listed above the AID makes use of a number of special advisory committees composed of prominent and especially qualified citizens. These committees and their functions are:

Advisory Committee on Economic Development

Advice on research, evaluation, and planning assistance, and provision of a channel of communications between AID and professional scholars concerned with developing countries.

Advisory Committee on Housing and Urban Development

Advice and guidance on investment guarantees for housing projects in accordance with sections 221 and 224 of the Foreign Assistance Act of 1961, as amended, and in the development and administration of the AID program for housing and urban development.

Advisory Committee on Private Enterprise in Foreign Aid

Review of programs for encouraging private investment and study of proposals for guarantees, additional means of protecting investments, and new patterns of business-government cooperation.

AID Advisory Committee on Research

Advice on the development and administration of research policies and programs on the problems of developing countries.

Cooperative Advisory Committee

Advice on agricultural cooperative programs.

General Advisory Committee on Foreign Assistance Programs

Advice on improving the effectiveness of foreign assistance programs.

The Interagency Police Group

Advice on coordination and direction of US police assistance programs.

Labor Advisory Committee on Foreign Assistance

Advice assistance on labor programs, policies, and problems.

Subcommittee on AID Matters of the Foreign Exchange Committee of New York Banks

Advice on the development of financing procedures and the drafting of regulations.

Advisory Committee on Voluntary Foreign Aid

Coordination of governmental and private programs in the field of foreign relief and rehabilitation.

Within each country receiving significant US assistance, in-country economic programs are coordinated by a US Operations Mission; MAPs are coordinated by a US Military Mission or Military Assistance Advisory Group (MAAG); and the Peace Corps programs are coordinated by a Peace Corps representative. All US in-country assistance programs [REDACTED] are coordinated by the chief of the US diplomatic mission.

Many of the executive departments of the US government have an agency to coordinate the departmental efforts in economic assistance programs primarily in the areas of technical assistance. One example is the International Agriculture Development Service of the Department of Agriculture.

FACT SHEETS ON US BILATERAL ECONOMIC ASSISTANCE PROGRAMS

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**Export-Import Bank of Washington
(EXIMBANK)**

PURPOSE

To facilitate and finance US exports in cooperation with private enterprise.

PROGRAM

EXIMBANK has four basic programs: (1) Loan of dollars on long term to cover costs of US goods and services needed by foreign borrowers (both governmental and private) to establish industries, expand existing plants, modernize transportation and communications, etc. (2) Cooperation with some 70 private insurance companies comprising the Foreign Credit Insurance Association by participating in short- and medium-term credit and political-risk insurance for exporters. (3) Guarantee of commercial bank medium-term loans to exporters, provided the commercial bank releases the exporter of that portion of his obligations so financed, should the overseas buyer fail to pay. (4) Loans to US commercial banks that are financing exports.

Additionally the EXIMBANK on occasion: makes loans to countries suffering temporary dollar shortages to ensure continuity of US trade; finances, guarantees, and insures the export of various agricultural commodities and US goods on consignment or exhibit abroad; and guarantees payment for engineering surveys and other services exported and repayment of long-term capital loans extended by commercial banks to borrowers abroad.

All loans are repayable in US dollars in the US at commercial rates of interest. Maturity of a loan depends on the nature of the project. EXIMBANK finances only dollar costs of projects.

FUNDING

Capital stock is obtained by borrowing from the US Treasury and the private capital market and by retaining earnings. All of the \$1 billion of capital stock is held by the Treasury and the bank may borrow from the Treasury up to \$6 billion. It is authorized to have outstanding loans, guarantees, and insurance of up to \$9 billion.

SCOPE OF PROGRAM

Up to 1966 the EXIMBANK's net authorization for loans, guarantees, and insurance had aggregated over \$16 billion. Highlights of FY65 and FY66 are shown in the accompanying tabulation.

EXIMBANK program items	Amount, millions of dollars	
	1965	1966
Authorizations	1859.0	2142.0
Sales of bank paper	614.7	853.2
Loan disbursements	403.2	683.1
Loan repayments	300.4	519.9
Net earnings after interest	113.7	114.2
Dividend payment to US Treasury	50.0	50.0
Retained income reserve for contingencies and defaults	943.9	1008.1
Uncommitted lending authority	3298.5	3083.9

COORDINATION

NAC on International Monetary and Financial Policies.

MISCELLANEOUS

Address: 811 Vermont Avenue NW, Washington, D. C. 20571

EXIMBANK is an independent agency of the US, originally established in 1934. The current statutory authority is PL 173, 79th Congress, as amended.⁷ The text, as amended through 31 December 1965, is in App C.

Public Law 480

(Agricultural Trade Development and Assistance
Act of 1954, Food for Peace; Freedom from Hunger;
Food for Peace Act of 1966; Food for Freedom)

PURPOSE

To develop and expand export markets for US agricultural commodities; to use the agricultural productivity of the US to combat hunger and malnutrition and to encourage economic development in the developing countries, with particular emphasis on assistance to those countries that are determined to improve their own agricultural production; and to promote in other ways the foreign policy of the US.

PROGRAM

Title I of the act authorizes sales of US farm products for local currencies and for dollar credits. Title II authorizes famine relief and donations of food, both on government-to-government basis and through voluntary organizations. Title III authorizes barter of US farm products for materials and services from abroad. Title IV stipulates that the program will be used to help those friendly countries that seriously try to cope with their own problems of food and population. Title IV also provides criteria for determining selection of commodities to be used in the program.

Responsibility for administering Titles I, III, and IV is assigned to the Secretary of Agriculture, except that the Secretary of State is responsible for foreign-policy matters and conducts the international negotiations. The basic responsibility for administering Title II is assigned to the AID.

Other government agencies are involved in the administration of paragraph 104 of PL 480, which prescribes the use of local currencies resulting from the operations of the act. Authorized uses include grants for defense purposes; grants for economic development; and loans to private industry (US and foreign affiliates) for projects that increase consumption of and markets for US agricultural products (loans to both US and foreign firms are sometimes referred to as "Cooley Loans"); payment of in-country US obligations; loans to promote trade and development; and grants for miscellaneous cultural, research, and educational purposes. A detailed listing of the authorized use of local currencies and responsible agencies is in App C.

PL 480 programs are coordinated by the Interagency Staff Committee on Food for Freedom, the War on Hunger Policy Committee, and the Advisory Committee on PL 480, which are described in separate fact sheets.

FUNDING

PL 480 programs are funded by appropriations by Congress.

SCOPE OF PROGRAM

Up to and including FY65 the net dollar value of expenditures under PL 480 was about \$12.8 billion in support of about 70 countries. About 66 percent of all US wheat exports and about 41 percent of US milled-rice exports have been made under the provisions of PL 480.

MISCELLANEOUS

The text of PL 480 and an outline of the sequence of events in international sales under PL 480 are in App C.

An annual report on the operations of PL 480 entitled "Food for Peace, Annual Report" is issued by the Secretary of State.¹⁹ The report is for sale by the Superintendent of Documents, US Government Printing Office, Washington, D. C. 20402, for \$1.25.

Peace Corps

PURPOSE

To provide technical assistance to less-developed nations.

PROGRAM

The Peace Corps makes available to less-developed countries the assistance of US citizens to:

- (a) Help less-developed countries meet their needs for trained manpower.
- (b) Promote a better understanding of the American people on the part of the peoples served.
- (c) Promote a better understanding of other peoples on the part of the people of the US.

The Peace Corps is administered from Washington, D. C., as a separate executive agency. The State Department coordinates foreign-policy matters. In each country with a Peace Corps program, a Peace Corps representative is in full charge of the program, subject to overall coordination by the chief of the US diplomatic mission.

The work of the Peace Corps is primarily in the fields of education, rural and urban community development, health, and agriculture.

FUNDING

The Peace Corps is financed by annual appropriation by Congress. Materials used in the host country by Peace Corps members are furnished by the host government. Fiscal information on the Peace Corps is given in the accompanying tabulation.

Fiscal year	Budget appropriation, millions of dollars	Cost per volunteer, dollars ^a
1962	30	9074
1963	59	8214
1964	97.56	7809
1965	104.1	7867
1966	110.0	7317

^a Maintenance in the field, including transport and pre-service training expenses.

By November 1966, 25,000 Peace Corps volunteers had been sent overseas and were serving in the countries listed below:

Afghanistan	Ghana	Nigeria
Antigua	Grenada	Pakistan
Barbados	Guatemala	Panama
Bechuanaland	Guyana	Paraguay
Bolivia	Honduras	Peru ●
Botswana	India	Philippines
Brazil	Iran	Senegal
British Honduras	Ivory Coast	Sierra Leone
Cameroon	Jamaica	Somalia
Central America	Kenya	St. Kitts
Chad	Korea	St. Lucia
Chile	Liberia	St. Vincent
Colombia	Libya	Tanzania
Costa Rica	Malawi	Thailand
Dominica	Malaysia	Togo
Dominican Republic	Mauritania	Tunisia
Ecuador	Micronesia	Turkey
El Salvador	Morocco	Uganda
Ethiopia	Nepal	Uruguay
Gabon	Niger	Venezuela

MISCELLANEOUS

The statutory authority for the Peace Corps is PL 87-293.⁷ The text is reproduced in App C.

Social Progress Trust Fund
(Special Inter-American Fund for Social Progress)

PURPOSE

To provide capital resources and technical assistance to Latin American countries on flexible terms, repayable in local currency, and to relend repaid funds and interest. The fund is designed to support Latin American countries that are prepared to initiate or expand effective institutional improvements and to adopt measures to employ efficiently their own resources to achieve greater social progress and more-balanced economic growth.

PROGRAM

Loans are made for:

- (a) Land settlement and improved land use
- (b) Housing for low-income groups
- (c) Community water supply and sanitation facilities
- (d) Supplementary financing of facilities for advanced education and training related to economic and social development

Loans are made at lower than commercial rates to public and private agencies. Loan applicants must bear an appropriate share of the total program or project costs. Loans are tied to purchase of US goods and services unless an exception is made by the US. Technical assistance grants for preparation of loan requests are authorized.

FUNDING

The program is funded by annual appropriation by Congress.

SCOPE OF PROGRAM

The total loans approved are shown in the accompanying tabulation.¹⁸

Fiscal year	Loans. millions of dollars
1962	225.959
1963	127.357
1964	42.290
1965	101.087
1966	23.800
Total	520.493

MISCELLANEOUS

Statutory authority for the Social Progress Trust Fund is contained in the Latin American Development Act (PL 86-735), as amended.⁷ The administration of the fund by the IDB is covered by the Social Progress Trust Fund Agreement.²⁰ The texts of both are in App C.

Data on annual operations of the Social Progress Trust Fund are included in the annual report of the IDB.

Development Loans*

PURPOSE

To promote the economic development of less-developed friendly countries and areas with emphasis on assisting long-range plans and programs to develop resources and increase productive capacities.

PROGRAM

Development loans are made in dollars and only for projects and programs where there are reasonable prospects of repayment. The criteria considered for each loan include:

- (a) Availability of complete or partial financing on reasonable terms from other friendly sources including private US sources.
- (b) The economic and technical soundness of the proposed activity, including capacity of the recipient to repay at a reasonable interest rate.
- (c) The contribution of the project to the development of economic resources of the country concerned.
- (d) Relation of the activity to other developmental activities and long-range development objectives.
- (e) The extent of the recipient country's responsiveness to the economic, political, and social concerns of its people and determination to use self-help measures.
- (f) Effects of the proposed loan on the US economy with special reference to areas of labor surplus.

The Development Loan Fund is administered by the AID.

Loans are authorized to both US and foreign private enterprise and governmental or quasi-governmental organizations and are used, to the extent practicable, to promote development of private enterprise in the borrowing country. Loans to intermediate credit institutions for relending to the private sector and for development of suitable cooperatives are strongly supported. Joint ventures between private investors, to include third-country investors, are encouraged. Loans are also authorized for: (a) programs and projects, (b) promotion of social development, (c) correction of emergency balance-of-payments situations to reverse temporary payments problems, (d) research activities, and (e) reconstruction needs resulting from catastrophes.

* Technically called "Development Loan Fund" for appropriation purposes but does not include Alliance for Progress funds.

Loans are usually made only to finance the dollar cost of programs and projects. Procurement under loans is limited to goods and services of US origin with few exceptions.

All loans are currently repayable in dollars. Loans to private instrumentalities abroad may be repayable in local currency to the local government, which in turn repays AID in dollars. The interest rates charged on loans are set by Congress. The rates to governmental and quasi-governmental agencies are generally lower than commercial rates with repayment over a long period. Loans to private investors are generally at commercial rates. Ten percent of the development loan funds shall be available for transfer to only the IDA, IBRD, or IFC for loans, as the President determines, in accordance with the statutes governing these institutions and US participation in them. This authority has never been used.

The granting of development loans is coordinated primarily through the Development Loan Committee and the NAC on International Monetary and Financial Policies.

FUNDING

Development loans are funded by annual appropriation by Congress.

SCOPE OF PROGRAM

For FY67, Congress appropriated \$500 million for development loans.

The Foreign Assistance Act of 1961, as amended in September 1966, limits Development Loan Fund loans to 10 countries in any fiscal year unless the President reports to Congress that loans to additional countries are in the national interest.

MISCELLANEOUS

Statutory authority for the development loans is contained in Chap. 2, Title I, of the Foreign Assistance Act of 1961, as amended.⁷ The text is in App C.

Development Grants and Technical Cooperation*

PURPOSE

To promote the economic development of less-developed friendly countries and areas, with emphasis on the development of human resources through such means as programs of technical cooperation and development.

PROGRAM

This program provides for the training of technicians and other specialists required in developing countries, either in the US or in other developed countries, or by US specialists and advisors sent abroad. Grants are made for building institutions such as schools, public health systems, trade and credit associations, cooperatives, and labor unions and may include necessary equipment. Development grants are also used to finance surveys, research, and assistance in development planning.

Development grants are not used where development loans are more appropriate or for capital projects that earn foreign exchange directly or are financially self-liquidating. The same general criteria used in evaluating development loans (see separate fact sheet) are used in evaluating proposed expenditures of development and technical-cooperation funds.

FUNDING

The program is financed by annual appropriation by Congress.

SCOPE OF PROGRAM

The Foreign Assistance Act of 1961, as amended in September 1966,⁷ limits development grants and technical-cooperation expenditures to 40 countries. Aid to additional countries may be furnished when the President considers it to be in the national interest and gives 30-day notification to Congress. For FY67, \$200 million was appropriated for development grants and technical cooperation.

MISCELLANEOUS

Statutory authority for development grants and technical assistance is contained in Chap. 2, Title II of the Foreign Assistance Act of 1961, as amended. The text is in App C.

*Does not include Alliance for Progress funds.

Alliance for Progress

PURPOSE

To promote the development of the economic and human resources of Latin America by combining self-help and assistance from abroad.

PROGRAM

The Alliance for Progress program includes grants and technical cooperation and development loans, which are funded separately and are described in the appropriate fact sheets. In addition, 15 percent of the funds appropriated for the Alliance for Progress may be made available, as the President determines, through the IDB, the World Bank, IFC, and IDA.

Development loans and development grants and technical cooperation operate in the manner described in the appropriate fact sheets, but the loans must be consistent with the findings and recommendations of the CIAP (see Chap. 5). Other principles governing Alliance for Progress loans are contained in the Act of Bogota and the Charter of Punta del Este.⁷ The texts of these two documents are in App C.

FUNDING

The Alliance for Progress program is funded by annual appropriation by Congress.

SCOPE

Alliance for Progress net expenditures for FY65 and FY66 are shown in the accompanying tabulation.¹⁸

Expenditure item	Amount, millions of dollars	
	FY65	FY66
Loans	232.588	312.531
Grants and technical cooperation	76.435	84.269

MISCELLANEOUS

Statutory authority is contained in the Foreign Assistance Act of 1961, as amended, Title VI.⁷ The text is in App C.

Supporting Assistance

PURPOSE

To further urgent US national-security and foreign-policy objectives where the usual criteria for development loans or grants cannot be met.

PROGRAM

Supporting-assistance funds are used to meet the economic requirements of countries facing major political or military threats. They are also used to avert economic crisis in countries of strategic importance to the US as an alternative to excessive Communist Bloc dependence or to help ensure access to strategic US overseas facilities.

Supporting-assistance funds are administered by the AID. Supporting assistance may take the form of a loan or grant to finance: (a) capital projects; (b) commodities and services for emergency or refugee relief projects; (c) police and internal-security activities; (d) general commodity imports; and (e), in very exceptional cases, cash transfers. Commodity procurement financed by supporting-assistance funds is confined to the US and a limited group of developing countries where such procurement will assist development. (See separate fact sheet of the Commercial Import Program.)

The terms and conditions for supporting assistance are determined by the President.

FUNDING

This program is funded by annual appropriation by Congress.

SCOPE OF PROGRAM

The Foreign Assistance Act of 1961, as amended, limits supporting assistance to 13 countries in any fiscal year unless the President reports to Congress that assistance to additional countries would be in the national interest. In FY66, \$702.653 million was committed for supporting assistance. For FY67, \$690 million was appropriated.

MISCELLANEOUS

Statutory authority for supporting assistance is contained in Chap. 4 of the Foreign Assistance Act of 1961, as amended.⁷ The text is in App C.

Contingency Fund

PURPOSE

To provide an emergency reserve fund for meeting requirements for economic assistance that cannot be foreseen or accurately defined or costed in advance.

PROGRAM

The Contingency Fund provides for economic assistance arising from earthquakes, floods, or other disasters or from requirements that are either unforeseen or not possible to define clearly or cost accurately.

The President is authorized to draw on the fund for any purpose of economic assistance covered in the Foreign Assistance Act.

SCOPE

For FY67, \$35 million was appropriated for the Contingency Fund.

MISCELLANEOUS

The statutory basis is Chap. 5 of the Foreign Assistance Act of 1961, as amended.⁷ The text is in App C.

Program Assistance

(Known as the Commercial Import Program (CIP) when applied to South Vietnam, as the Non-Project Program for South Korea, and as the US Import Program (USIP) for Laos)

PURPOSE

To provide a mechanism for financing general imports, normally through commercial channels, either as grant aid or as loans to the country assisted.

OPERATIONS

The US specifies the broad categories of goods that may be included in the program. These categories are for the most part the kinds of goods normally circulating through private commercial channels in the country. With few exceptions the US is the designated source of procurement.

Procedurally the US prefers to act as the financing agent only, leaving the actual procurement to the importers. AID issues procurement authorizations permitting the purchase of approved commodities and sets up dollar credits against these authorizations in US banks. Importers of the supported countries, who are authorized by their governments to import under this program, invite bids from exporters in the US or other countries authorized by AID. Before ordering from a successful bidder the importer obtains a letter of credit from his local bank and an import license from his government. The US bank where AID has set up the dollar credits makes payment to the exporter upon presentation of appropriate documents including a shipper's bill of lading. On arrival of the commodity the importer pays his bank local currency equivalent to the dollar cost of the commodity. The local bank pays the local currency received from the importer into a counterpart fund that is jointly controlled by the US and the local government. These counterpart funds may be used to support the military effort and economic programs of the local government.

**National Advisory Council on International Monetary and Financial Policies
(NAC)**

PURPOSE

To review proposed individual loan, financial, exchange, or monetary transactions to the extent necessary or desirable to ensure coordination of US policies.

To instruct US representatives to international financial organizations.

MEMBERSHIP

The members of NAC are:

Secretary of the Treasury (chairman)

Secretary of State

Secretary of Commerce

Chairman of the Board of Governors of the Federal Reserve System

President of EXIMBANK

Representatives of agencies not represented on the council may be invited by the chairman to participate in meetings and deliberations concerning matters within their jurisdiction.

MISCELLANEOUS

The current statutory basis is Executive Order No. 11269, dated 14 February 1966.⁷ The text is in App C.

The NAC makes an annual report that includes a detailed survey of US bilateral economic assistance programs and of international financial organizations to which the US belongs.²¹ This report is issued by the Secretary of the Treasury and may be obtained from the Superintendent of Documents, US Government Printing Office, Washington, D. C. 20402.

Development Loan Committee

PURPOSE

To establish standards and criteria for operations of the Development Loan Fund in accordance with the foreign and financial policies of the US.

MEMBERSHIP

The membership of the Development Loan Committee is determined by the President. Currently the members are:

- Administrator, AID (chairman)
- Assistant Secretary of State for Economic Affairs
- Chairman of the Board of the EXIMBANK
- Assistant Secretary of the Treasury
- Assistant Administrator, Office of Development Finance and Private Enterprise, AID

MISCELLANEOUS

The statutory authority is Section 204 of the Foreign Assistance Act of 1961, as amended. The text is in App C.

War on Hunger Policy Committee

PURPOSE

To review and coordinate policies pertaining to PL 480 as well as to capital and technical assistance; to support research related to food production and distribution, voluntary population-control programs in developing countries, and agricultural self-help in such areas.

MEMBERSHIP

The members of the committee are:
Secretary of State (chairman)
Secretary of Agriculture
Director of the Bureau of the Budget
Administrator, AID

MISCELLANEOUS

The Policy Committee is authorized to set up a subordinate advisory executive committee headed by an assistant administrator of AID.

The Executive Order establishing this committee had not been published by 23 June 1967.

Interagency Staff Committee on Food for Freedom

PURPOSE

To develop and review proposed programs under PL 480 and to coordinate the activities of the departments concerned with the execution of PL 480.

MEMBERSHIP

The members are representatives of the following departments and agencies (the representative from the Department of Agriculture is designated as the chairman):

- Department of Agriculture
- Department of State
- Treasury Department
- Commerce Department
- Defense Department
- Bureau of the Budget
- AID

MISCELLANEOUS

This committee is the expected successor to the Interagency Staff Committee on Agricultural Surplus Disposal that is described in Executive Order No. 10900.⁷ The text is in App C.

Advisory Committee on PL 480

PURPOSE

To survey and advise the President on the general policies relating to the administration of PL 480, including the implementation of self-help provisions, uses of foreign currencies resulting from Title I of the Act, rates of exchange, interest rates, and terms of dollar-credit sales.

MEMBERSHIP

The members of the committee are:

- Secretary of State
- Secretary of the Treasury
- Secretary of Agriculture
- Director of the Bureau of the Budget
- Administrator, AID
- Chairman, vice-chairman, and the two ranking minority members of the House Committees on Agriculture and Foreign Affairs
- Chairman and next ranking majority member and the two ranking minority members of the Senate Committees on Agriculture and Forestry and on Foreign Relations

MISCELLANEOUS

The statutory authority for the Advisory Committee is in PL 480, as amended, Section 407.⁷ As of 1 April 1967 the committee had not been organized.

Chapter 4

NON-US BILATERAL ECONOMIC ASSISTANCE PROGRAMS

GENERAL

This chapter describes briefly the bilateral economic assistance programs of the UK, France, the Federal Republic of Germany, Japan, the Soviet Union, the East European Communist Bloc, and Communist China and the principal governmental agencies that carry out the programs. The recipients of these programs are listed in App A.

In general the bilateral programs of these nations have the characteristics of comparable US programs, e.g., complementarity with foreign policy, concern with balance-of-payments problems, emphasis on loans, and geographic concentration. A notable exception is France, which provides more grant aid than loans.

In addition to bilateral economic assistance programs, the countries discussed in this chapter, with the exception of the Soviet Union, carry out programs comparable to the US Peace Corps and have private voluntary agencies involved in forms of economic assistance to the less-developed countries. These additional programs are not described in detail because of their relatively small magnitude.

UNITED KINGDOM

Economic assistance is concentrated within the British Commonwealth. About 81 percent of all British aid is divided among British colonies (62 percent) and members of the British Commonwealth (19 percent). About 10 percent of the total British economic assistance goes to countries outside the Commonwealth and the remaining 9 percent is contributed to multilateral agencies.²²

British economic assistance has been about evenly divided between loans and grants with about half tied to procurement of material and services from British sources. The terms of loans to developing countries have been progressively eased from commercial rates and terms. Maturity terms now vary from 20 to 30 years. Grace periods with no repayment of capital for periods as long as 7 years and waiving of interest for similar periods are not uncommon. Since June 1965 interest-free loans have been authorized, and in 1966

90 percent of the bilateral loans committed were interest free.²³ Figure 7 shows the magnitude of the British net bilateral economic assistance program.

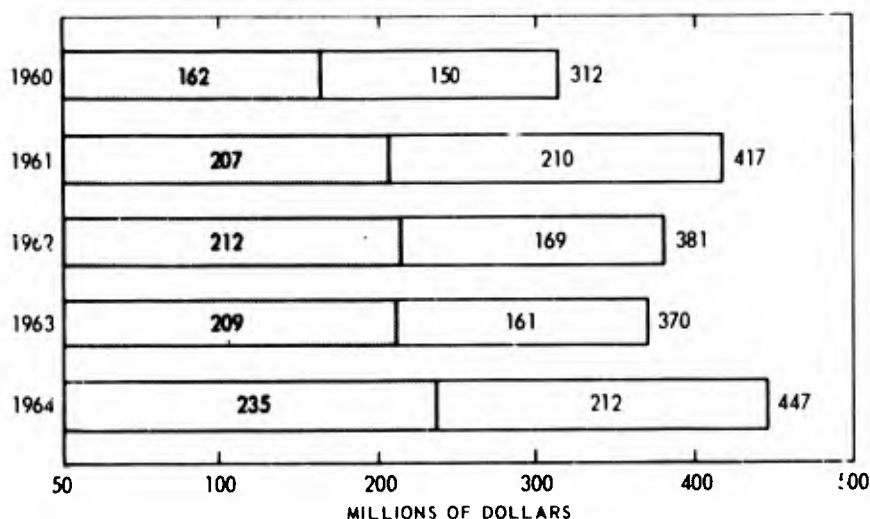


Fig. 7—British Net Bilateral Economic Assistance Program, 1960–1964⁵
In millions of US dollar equivalents.

Net grants Net loans

Figure 8 shows the 20 largest recipients of bilateral British economic aid. The total for these countries represents 73 percent of all British bilateral aid for the period.

The major governmental agencies involved in British bilateral economic assistance programs are described in subsequent paragraphs.

Ministry of Overseas Development

This is the major governmental agency for international economic aid. It manages the national program including bilateral programs and assistance through multilateral agencies. This agency is responsible for management of both capital and technical assistance and, in general, is comparable to the US AID in functions.

Commonwealth Development Corporation

This is an independent statutory corporation that operates as a commercial organization to promote and invest in development projects in Commonwealth territories. The members of the board of the corporation are appointed by the Minister of Overseas Development. The corporation is empowered to borrow up to £760 million from the Treasury, banks, and other financial institutions. At the end of 1965 the corporation had made commitments totaling £132.6 million. The corporation's investment methods are flexible. It finances its own projects, invests in equities, and makes loans to statutory bodies and to governments.

Commonwealth Development Finance Company

The company assists in financing, on a commercial basis, productive developments in Commonwealth countries and dependencies. Its authorized capital is £30 million. The shares are held by private companies, the Bank of England, and other central banks. In addition to its own contribution the company can raise funds from private sources. The company helps form national development finance companies and makes direct commercial investments.

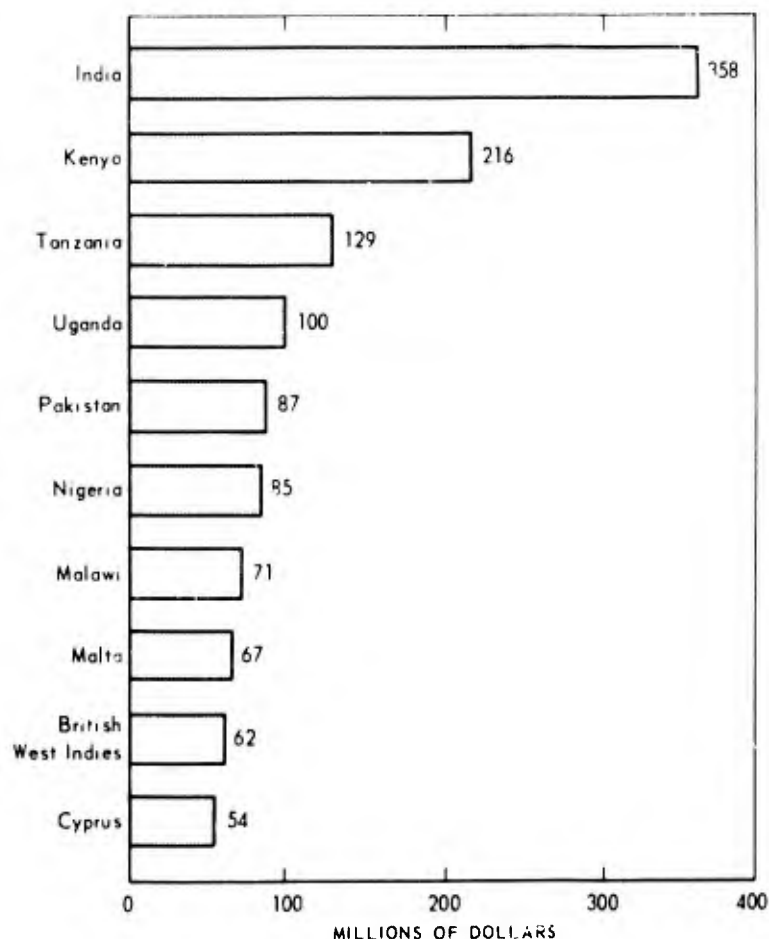


Fig. 8—Geographic Distribution of British Bilateral Aid, 1960-1964⁵
In millions of US dollar equivalents.⁶

Export Credits Guarantee Department

This agency is comparable in operations to the US EXIMBANK. It is directly responsible to the president of the Board of Trade and is run on commercial lines. The development loans made to overseas governments are at commercial rates.

FRANCE

French economic assistance is given primarily, but not exclusively, within France's former overseas territories. French bilateral assistance is unusual in that most of it is in the form of grants rather than loans. Loans are usually made at less than commercial rates such as 1.5 percent interest for over 20 years. There are usually no provisions tying loans to procurement of French materiel or services. However, the operation of trade agreements with the recipient usually acts as leverage for procurement from French sources. Figure 9 shows the magnitude of the French net bilateral economic assistance program.

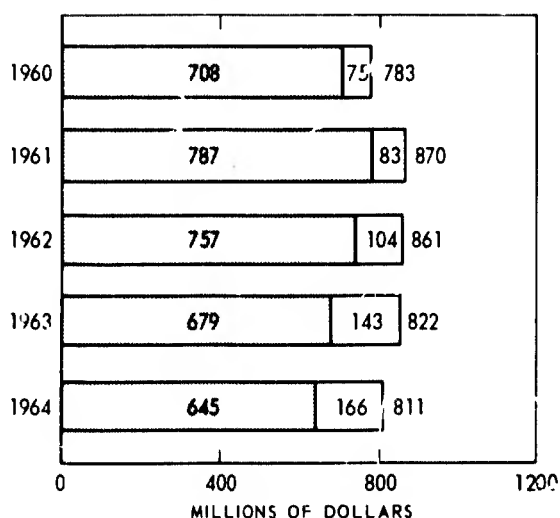


Fig. 9—French Net Bilateral Economic Assistance Program, 1960–1964⁵

In millions of US dollar equivalents.

Net grants Net loans

Figure 10 shows the geographic distribution of the French bilateral economic aid in the period 1962–1964.

The major governmental agencies involved in French bilateral economic assistance programs are described below.

Ministry for Foreign Affairs

This ministry exercises general policy supervision over bilateral economic assistance programs in coordination with the Ministry of Finance and Economic Affairs and directly supervises cultural and technical assistance programs and all economic assistance programs not specifically assigned to the subordinate Secretariat of State for Algerian Affairs and the Ministry for Cooperation for African Countries South of the Sahara. These agencies are described in subsequent paragraphs.

Secretariat of State for Algerian Affairs

This agency handles bilateral assistance to Algeria. A subordinate agency, the Equipment Fund for Development of Algeria (CEDA), handles bilateral assistance to Algeria for specific purposes.

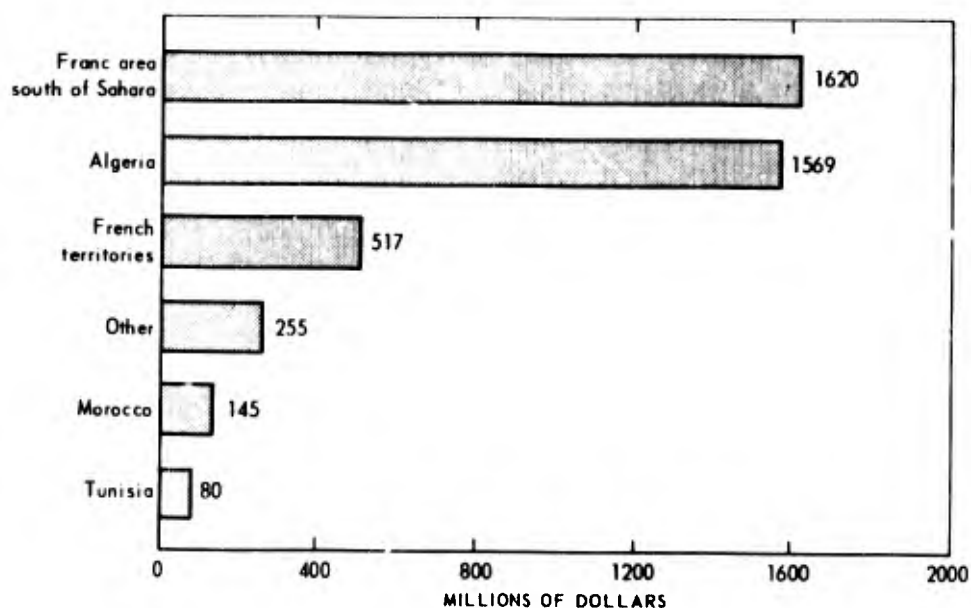


Fig. 10—Geographic Distribution of French Bilateral Aid, 1960–1964⁵
In millions of US dollar equivalents.

Ministry for Cooperation for African Countries South of the Sahara

This agency handles bilateral assistance programs for the 14 African and Malagasy States that belonged to the French Community and the former trust territories of Cameroon and Togo. The programming of the assistance is carried on through a department called Fund for Aid and Cooperation [Fonds d'Aide et de Coopération (FAC)], which is actually administered by the Central Bank for Economic Cooperation described later.

Secretariat of State for Overseas Departments and Territories

The secretariat is responsible for economic assistance to French Overseas Territories or Departments (Comora Islands, French Polynesia, French Somaliland, French Southern and Antarctic Islands, New Caledonia, Saint-Pierre and Miquelon, and Wallis and Futuna Islands). The funds for economic assistance Investment Fund for the Economic and Social Development of the Overseas Territories (FIDES) and Investment Fund for the Overseas Departments (FIDOM), are administered by the Central Bank for Economic Cooperation, which is described in the following paragraph.

Central Bank for Economic Cooperation

This bank [Caisse Centrale de Cooperation Economique (CCCE)] is the principal agency for administering French bilateral assistance. It is a semi-autonomous public body designed to be self-supporting. Profits are reinvested in further loans. The bank makes loans on a variety of terms to governments, public corporations, and private concerns in independent countries of French-speaking Africa. The bank administers the FAC of the Ministry for Cooperation and two other funds, FIDES and FIDOM, which are the channels for economic and social assistance to French overseas territories and departments.

Insurance Company for Foreign Trade

This is a government agency that guarantees credits granted by French exporters to overseas customers. The French name of the company is "Compagnie Française d'Assurance pour le Commerce Extérieur" (COFACE). The general functions of COFACE are comparable to the credit-guarantee functions of the US EXIMBANK.

FEDERAL REPUBLIC OF GERMANY

Germany started to grant bilateral technical assistance in 1956 and capital assistance in 1960. Bilateral economic assistance predominates over multilateral assistance, and loans predominate over grants. In the earlier

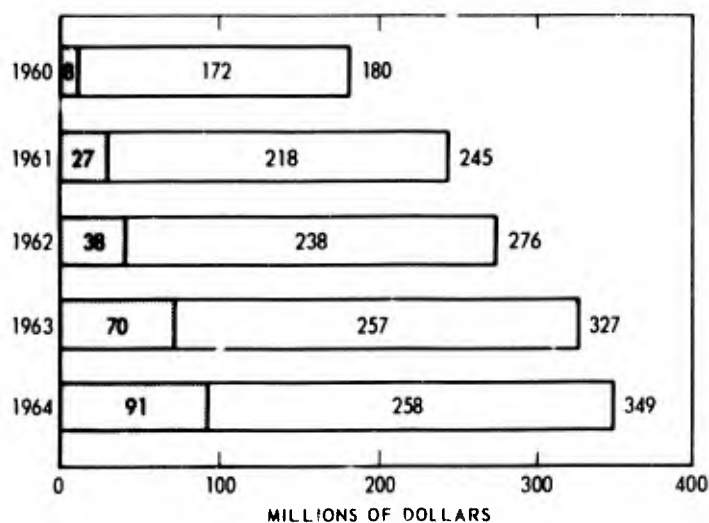


Fig. 11—Federal Republic of Germany Net Bilateral Economic Assistance Program, 1960–1964⁵
In millions of US dollar equivalents.

Net grants Net loans

years loans were generally at commercial rates. Loan terms have softened recently and are currently at 1 to 5.5 percent interest with 5 to 30 years maturity and 2 to 10 years grace. About 80 percent of the proceeds have been

spent in Germany. Figure 11 shows the magnitude of the German net bilateral economic assistance program exclusive of reparations and indemnity payments.

Figure 12 shows the distribution of German bilateral economic assistance among the principal recipients exclusive of reparations and indemnity payments.

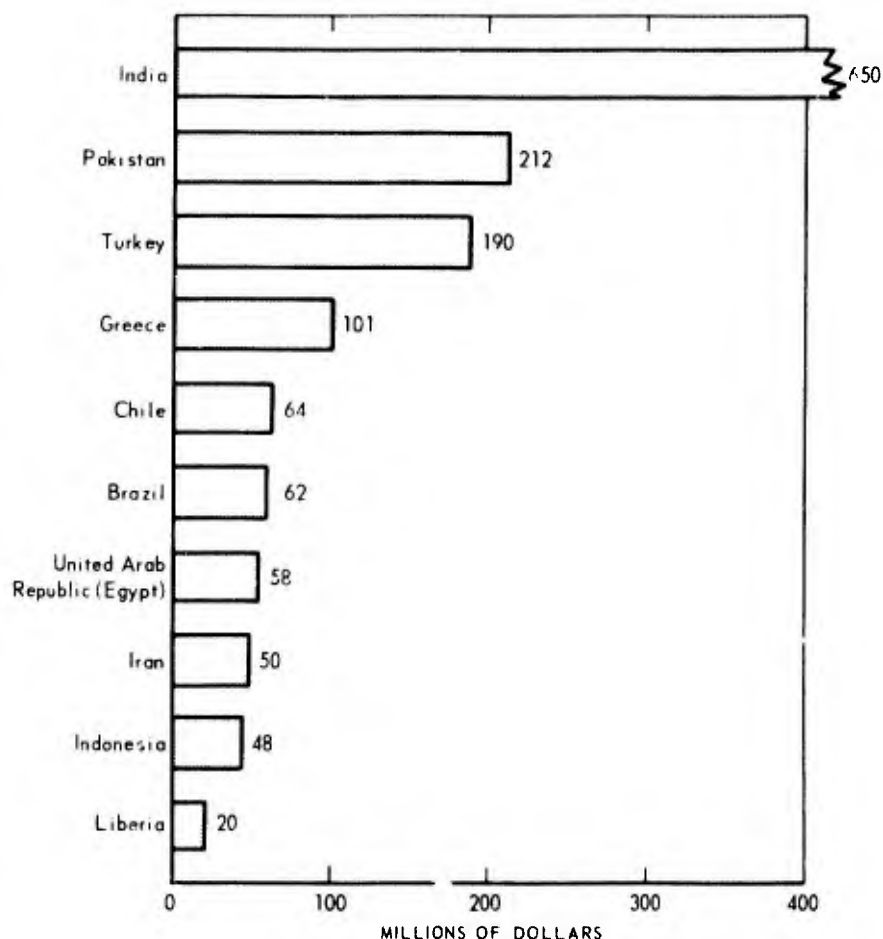


Fig. 12—Geographic Distribution of German Bilateral Aid, 1960–1966²⁴
In millions of US dollar equivalents.

The major governmental agencies and private companies involved in German bilateral economic assistance programs are described in subsequent paragraphs.

Federal Foreign Office

Applications for bilateral development aid are submitted to the Federal Foreign Office through the German embassies in the countries concerned. The Federal Foreign Office is in charge of the political and foreign-policy aspects of development assistance.

Federal Ministry for Economics

This ministry is in charge of capital aid.

Federal Ministry of Economic Cooperation

This ministry is in charge of technical assistance and is responsible for the principles, the programming, and the coordination of development policy and aid.

Interministerial Committee for Development Policy of the Federal Government

This is the principal decision-making body of German development policy and aid except in those instances when the cabinet itself decides. In most cases the Interministerial Committee for Development Policy delegates the decision making to the interministerial working committees for capital aid and technical assistance. The ministries listed above and other authorities such as the Federal Ministry of Finance and the Deutsche Bundesbank (German Central Bank) that are involved in a particular case are represented in these committees.

Credit Loan Corporation

The corporation [Kreditanstalt für Wiederaufbau (KfW)] was originally established to administer the Marshall Plan funds granted to Germany. One of its present functions is to act as financial and technical agent for the German government in regard to German development aid. The corporation in this respect can act only under a mandate from the German government or the committees mentioned above. In addition to the government budgetary funds that it administers, the corporation issues bonds and negotiates loans in the private capital market.

German Development Company

The company (Deutsche Gesellschaft für Wirtschaftliche Zusammenarbeit) shares in small and medium-sized firms in developing countries established for ownership and operation by indigenous and German private entrepreneurs. Most of the capital of the company originates with the federal government budget; it is, however, a company under private civil law.

JAPAN

Japan is the fifth largest provider of bilateral economic assistance outside the Soviet Bloc. Japanese bilateral economic assistance consists of both technical and capital assistance with loans predominating over grants when reparations and indemnities are excluded. Loans have generally been on commercial terms. Figure 13 shows the magnitude of the Japanese bilateral economic assistance program exclusive of reparations and indemnities.

Japanese economic assistance has been concentrated in Asia. By the end of 1966 Asian countries had received 68 percent of the total Japanese loans

Central and South America 17 percent, Europe 8 percent, and Africa 3 percent. Figure 14 shows the three largest recipient countries for the period 1960–1964, exclusive of reparations and indemnities.²⁵

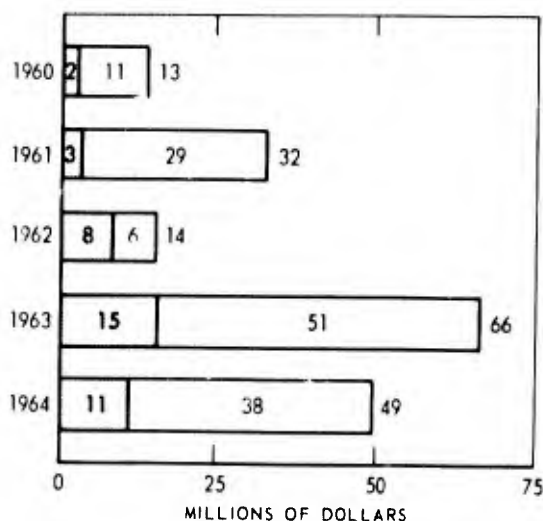


Fig. 13—Japanese Net Bilateral Economic Assistance Program, Exclusive of Reparations and Indemnities, 1960–1964²⁵

In millions of US dollar equivalents.

Net grants Net loans

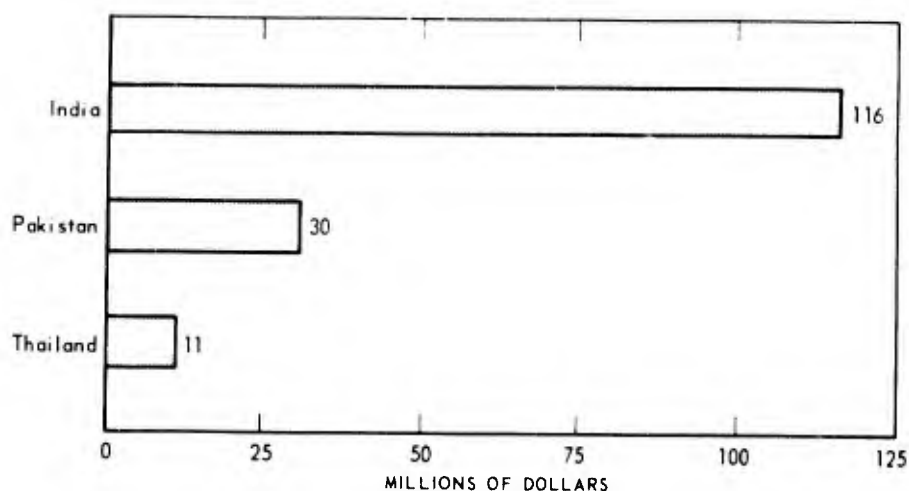


Fig. 14—The Three Largest Recipients of Japanese Bilateral Aid, Exclusive of Reparations and Indemnities, 1960–1964²⁵

In millions of US dollar equivalents.

The major governmental agencies involved in Japanese bilateral economic assistance programs are described in subsequent paragraphs.

Foreign Office

The Foreign Office makes grants and sets general policies for international assistance together with the Ministry of Finance and the Ministry of International Trade and Industry.

Export-Import Bank of Japan

This bank, generally comparable to the US EXIMBANK, makes loans only to governments and Japanese exporters. Interest rates vary but are usually not less than 4 percent. Most loans are tied to the purchase of Japanese products. The bank finances only up to about 70 to 80 percent of any loan authorized by the Japanese government. The remainder of the loan is made either by private banks or by the Overseas Economic Development Fund.

Overseas Economic Development Fund

This governmental organization handles loans or residual loans not made through the Export-Import Bank of Japan. Loan rates are usually lower than those charged by the Export-Import Bank of Japan.

Overseas Technical Cooperation Agency

This semigovernmental agency is in charge of technical assistance to less-developed countries. The agency sends technicians to less-developed countries and receives trainees from overseas for training in Japan. It also dispatches survey missions to improve the use of agricultural and natural resources. The agency sponsors the Japanese counterpart of the US Peace Corps. The budget for the fiscal year ending 31 March 1967 was approximately \$10 million. Its address is: 42 Ichigayahonmuracho Hinjuka, Tokyo, Japan.

SOVIET UNION

The bilateral economic assistance programs of the Soviet Union are an integral part of foreign policy. Bilateral aid is extended when favorable opportunities exist to reduce the political influence of non-Communist nations. The geographic distribution of Soviet bilateral assistance is variable, depending on political developments and other factors. For example, more than 80 percent of the assistance commitments made in 1965 went to Iran, Turkey, and Pakistan who previously had received only very modest Soviet economic assistance. Also in 1965, no additional credits were granted to countries in Africa.

The Soviet economic assistance programs consist primarily of lines of credit extending over a period of years for general economic development. About 53 percent of these credits have been allocated to the industrial sector; about 22 percent to reclamation, irrigation, and hydroelectric projects; and about 14 percent to transportation and communications.

About three-fourths of the total credits granted by the Soviet Union have been for specific projects or purchases. Interest on credits has been about 2.4 to 3.0 percent with repayment in annual installments over a period of 12 years. A few credits have been extended at no interest and with repayment

over 50 years. It is assumed that repayments are made in local products, but most agreements allow the Soviets the option of demanding repayment of some fraction of the total in convertible currency.

Technical assistance is generally provided in conjunction with capital assistance. Almost all technical assistance is paid for by the recipient with credit funds.

Figure 15 shows the magnitude and geographic distribution of the Soviet bilateral economic assistance program.

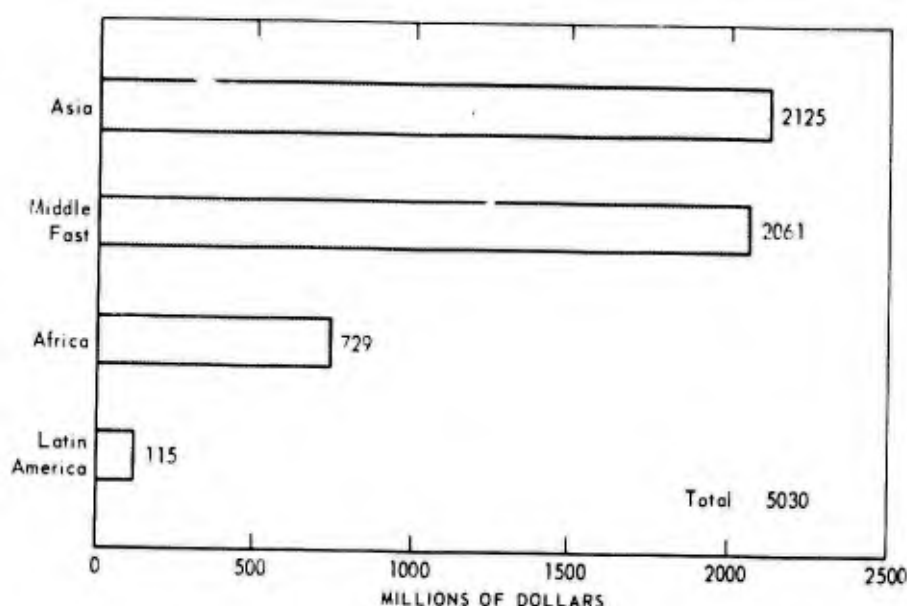


Fig. 15—Geographic Distribution of Soviet Bilateral Aid, 1954–1965²⁶
In millions of US dollar equivalents.

Figure 16 shows the countries that have received the equivalent of \$100 million or more in credits and grants from the Soviet Union.

There is little information available on the governmental agencies involved in the bilateral economic assistance programs of the Soviet Union. It is known that there is a Foreign Economic Relations Committee under the Council of Ministers. It is surmised that this committee is a planning agency and that it also coordinates the work of other ministries in carrying out economic assistance programs.

EAST EUROPEAN COMMUNIST BLOC

The term "East European Communist Bloc" is used to refer collectively to Hungary, Poland, Czechoslovakia, East Germany, Rumania, and Bulgaria. However, each country conducts its own bilateral program.

The bilateral economic assistance programs of the East European Communist Bloc generally parallel the programs of the Soviet Union but with a

greater variation of credit terms. Some extensions of credit have carried relatively high rates of interest and other provisions that were close to prevailing commercial terms.

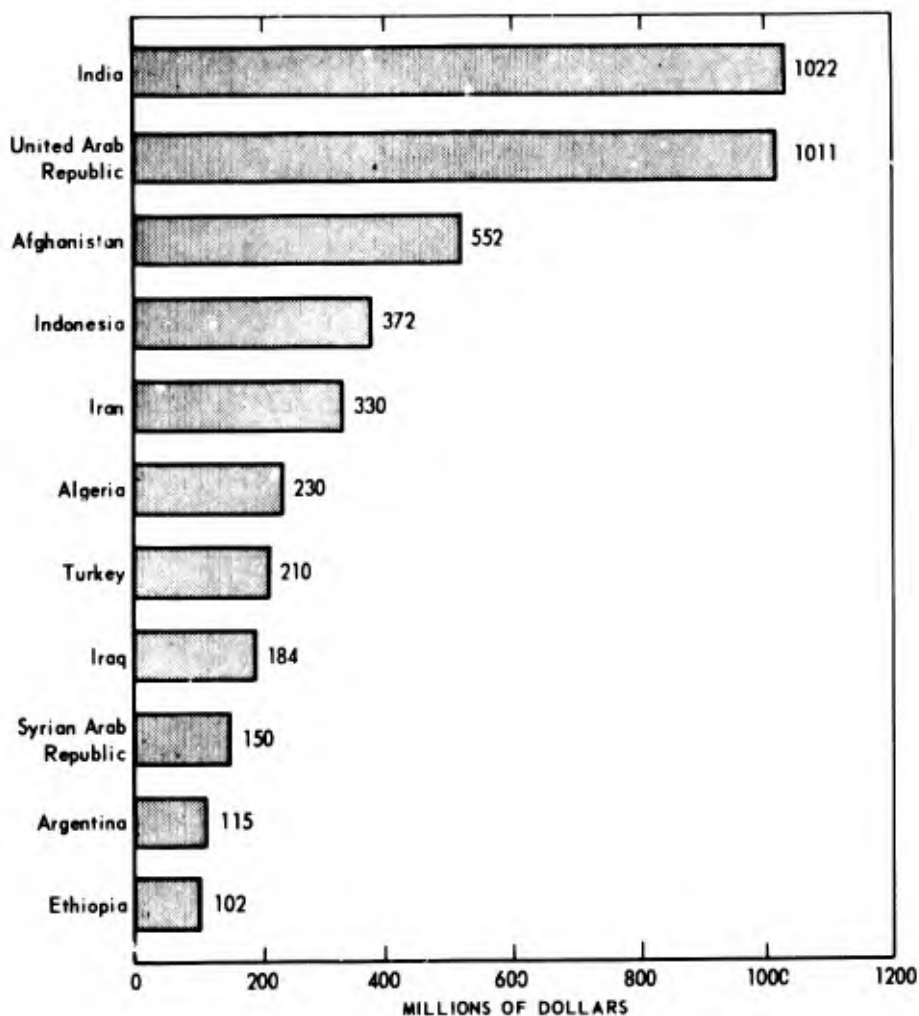


Fig. 16—Recipients of More Than \$100 Million Equivalent of Soviet Bilateral Economic Aid, 1954–1965²⁵

Figure 17 shows the magnitude and geographic distribution of the East European Communist Bloc bilateral economic assistance programs.

Figure 18 shows the countries that have received the equivalent of \$45 million or more in credits and grants from the East European Communist Bloc.

There is no information available on the governmental agencies involved in the bilateral economic assistance programs of the East European Communist Bloc.

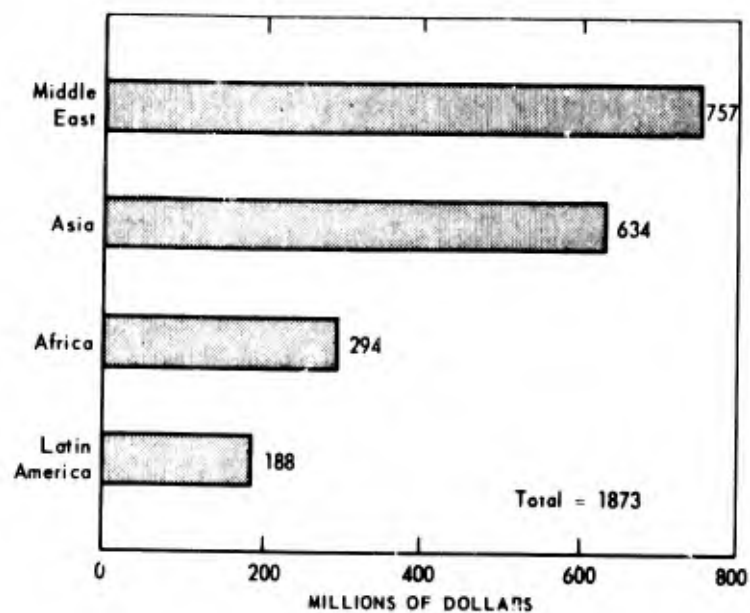


Fig. 17—Geographic Distribution of East European Communist Bloc Bilateral Aid, 1950-1965²⁵
In millions of US dollar equivalents.

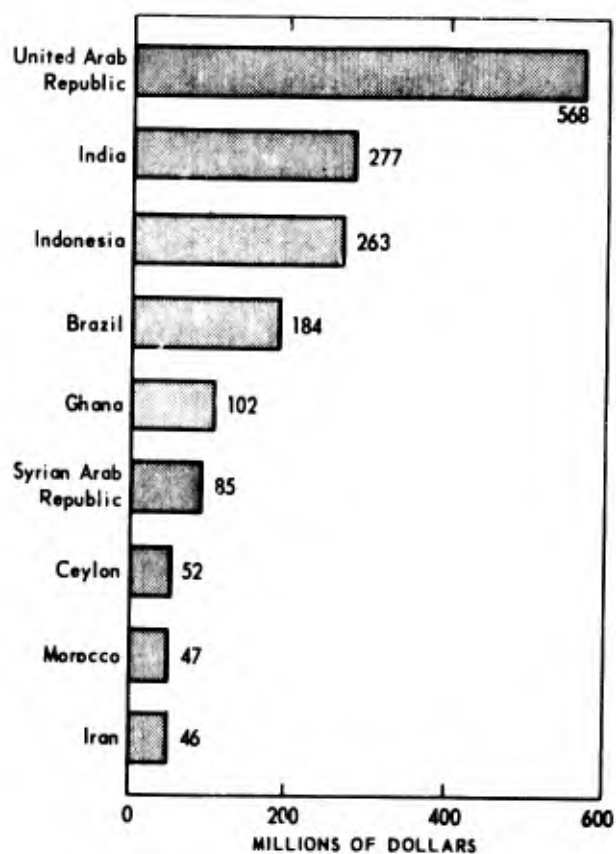


Fig. 18—Recipients of More Than \$45 Million Equivalent of East European Communist Bloc Bilateral Economic Aid, 1954-1965²⁵

COMMUNIST CHINA

The bilateral economic assistance programs of Communist China have generally paralleled those of the Soviet Union.

Communist Chinese interest rates have generally been lower than the 2.5 percent offered by the Soviet Union and the higher rates sometimes charged by the East European Communist Bloc. In some cases the Communist Chinese have not charged any interest on their credits. Repayment terms are generally more liberal than those of the Soviet Union. Repayment is often extended over a long period of time with a 10-year grace period before final payment. In some cases payment may be made in either commodities or currency.

Figure 19 shows the magnitude and geographic scope of the Communist Chinese bilateral economic assistance programs.

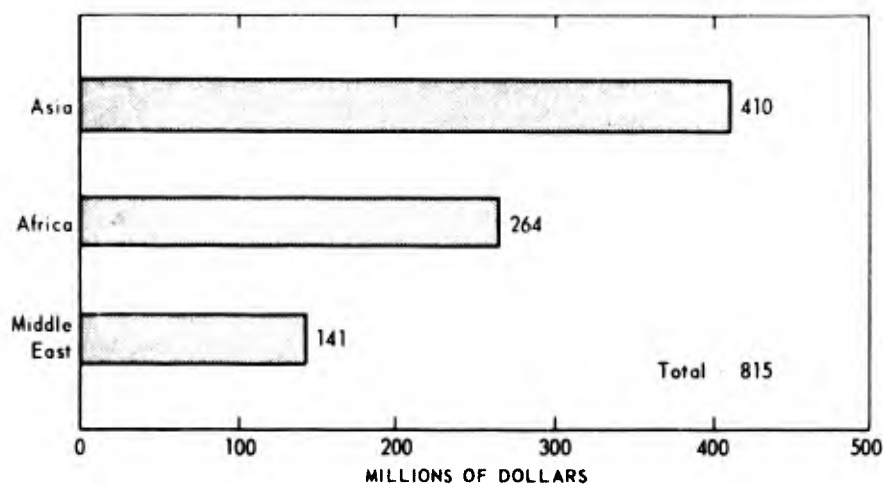


Fig. 19—Geographic Distribution of Communist Chinese
Bilateral Aid, 1954-1965²⁵
In millions of US dollar equivalents.

Figure 20 shows the countries that have received the equivalent of \$40 million or more in credits and grants from Communist China.

There is no information available on the governmental agencies involved in the bilateral assistance programs.

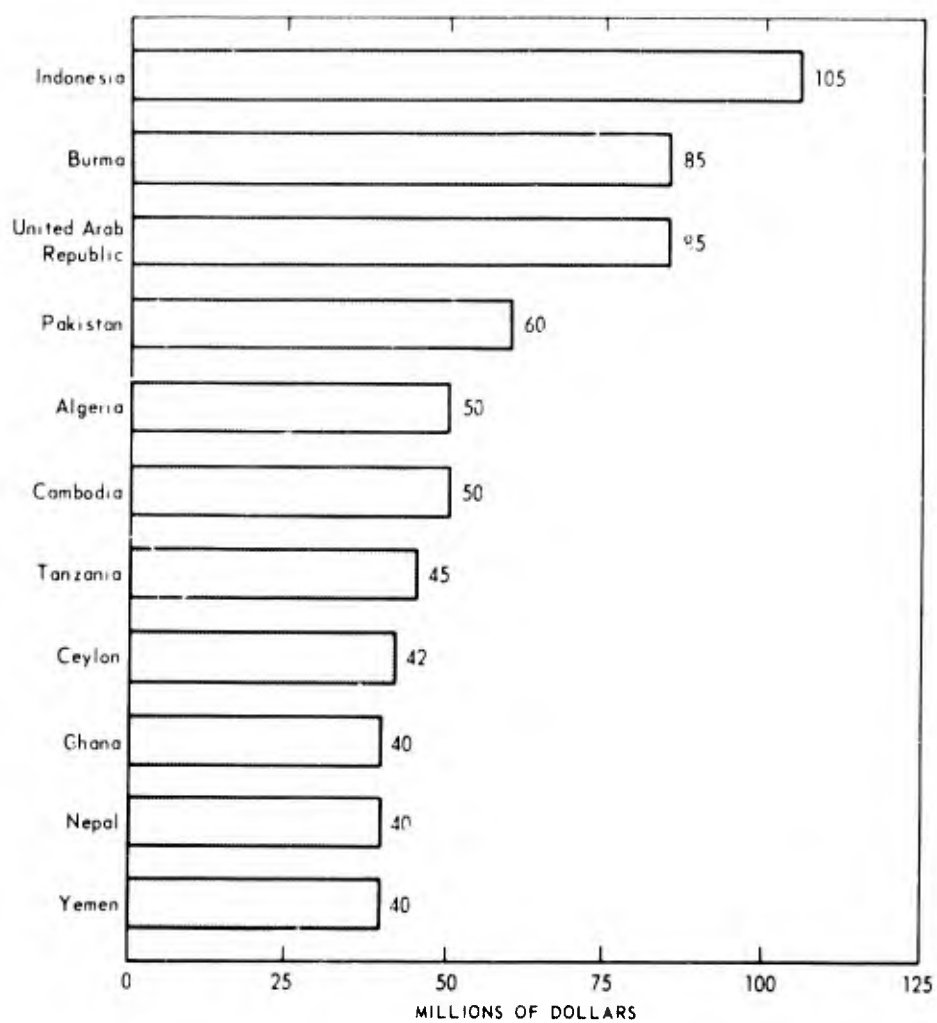


Fig. 20—Recipients of More Than \$40 Million Equivalent of Communist Chinese Bilateral Economic Aid, 1954-1965²⁵

Chapter 5

INTERNATIONAL COORDINATION AGENCIES

GENERAL

The accepted general objective of international coordination of economic assistance is to improve the effectiveness of the assistance extended. However, participants in international coordination agencies frequently have unstated objectives as well. Some of these objectives include aggrandizing the position of a specific agency, securing larger amounts of assistance, or having a greater share of assistance provided by another participant. These and other implicit objectives are not discussed further.

The agencies involved in coordination of international economic assistance can be categorized in many ways. They are treated here under the following fundamental headings:

- (a) Coordination of multisource assistance to a specific country
- (b) General coordination of bilateral policies among donors
- (c) Coordination of multisource assistance for very large projects
- (d) Coordination of assistance on a regional basis
- (e) UN Regional Economic Commissions

International financing agencies such as the World Bank Group in addition to being sources of assistance funds also constitute a category of coordination agencies because of their sponsorship of some consortia and consultative groups, which are described later.

The above categorizations are given for clarity in presentation and should not be construed to mean there is little or no cooperation among the agencies involved. There is a significant degree of collaboration among all international coordination agencies, and the categories of coordination listed are not mutually exclusive. The international economic assistance extended to a specific country may be coordinated simultaneously by a number of different agencies that are included in more than one category. For example, various aspects of economic assistance to Peru are coordinated by an agency coordinating multisource assistance (consultative group) and a regional coordinating agency (CIAP). These agencies are described subsequently.

Coordination of Multisource Assistance to a Specific Country

The principal vehicles for coordinating international multisource assistance to a specific country are the consortium and the consultative group. The

primary difference between a consortium and a consultative group is the degree of commitment. In joining a consortium, governments undertake to attend meetings at which specific pledges of assistance for the particular recipient are made. In a consultative group, no such commitment is implied. Assistance commitments by members of a consultative group are arranged bilaterally with the recipient country. Both consortia and consultative groups are sponsored by international finance agencies such as the World Bank, the IDB, or the DAC.

Consortia and consultative groups serve to give donor countries a comprehensive and objective view of the economic problems of the less-developed countries that they wish to assist. Since much of the research and analysis they otherwise might have to undertake themselves is done by the sponsoring agency, the participants achieve a certain economy of effort. The recipient country is also spared the burden of providing the same basic information to a multiplicity of donors on different occasions.

Consortia and consultative groups meet only as required rather than on a regular schedule. In addition to the regular members the UNDP, the IMF, and other interested agencies are usually represented at the meetings.

The principal consortia and consultative groups are shown in Table 9. All are sponsored by the World Bank unless otherwise indicated. Dates of organization are shown in parentheses.

General Coordination of Bilateral Policies among Donors

The sole agency carrying out this form of coordination is the DAC of the OECD. Through recommendations based on studies, the DAC seeks to improve the terms, volume, and effectiveness of international economic assistance. It provides a means for member countries to compare and coordinate their bilateral programs. The DAC also sponsors consortia for Greece and Turkey.

Details on the DAC are contained in a fact sheet at the end of this chapter.

Coordination of Multisource Assistance for Very Large Projects

This form of coordination is used primarily to finance specific projects that, because of their cost, are too large for any particular bilateral assistance program or one financial institution. In most cases these projects are components of larger projects involving more than one country. At times the bilateral contributions of donor countries to joint projects of this type take the form of loans or grants for the costs of contracts let in the donor country as a result of competitive international bidding.

The Indus Basin Development Fund, the Nam Ngum Development Fund, and the Mekong River Project are examples of coordination of assistance for very large projects. These projects are described in fact-sheet form at the end of this chapter.

Coordination of Assistance on a Regional Basis

This form of coordination covers the assistance extended by bilateral and multilateral sources to several countries in a geographical region. The degree of coordination varies from exchange of information to formulation of specific assistance policies to be followed by the participants and review of country

TABLE 9
Consortia and Consultative Groups and National Members

Donor nation	Recipient nation ^a														
	Consortia				Consultative groups										
	Greece ^b (1962)	India (1958)	Pakistan (1960)	Turkey ^b (1962)	Ceylon (1966)	Colombia (1963)	Ecuador ^c (1965)	Korea (1966)	Malaysia (1965)	Nigeria (1963)	Peru (1966)	Sudan (1963)	Thailand (1965)	Tunisia (1965)	Morocco (1966)
Argentina							x								
Australia					x			x	x				x		
Austria	x	x		x											
Belgium	x	x	x	x		x			x	x	x		x		x
Brazil															
Canada	x	x	x	x	x	x		x	x	x	x		x	x	x
Chile							x								
Colombia							x								
Denmark	x			x		x			x						
Finland											x			x	
France	x	x	x	x	x	x		x	x		x	x	x		x
Germany	x	x	x	x	x	x				x			x		x
Israel							x								
Italy	x	x	x	x		x			x	x	x		x	x	x
Japan		x	x		x	x			x	x	x		x		x
Kuwait														x	
Luxembourg	x			x		x									
Mexico							x								
Netherlands	x	x	x	x	x	x		x		x	x		x	x	x
New Zealand									x				x		
Norway				x											
South Africa							x								
Spain							x				x			x	
Sweden				x									x		
Switzerland						x		x	x	x	x		x	x	x
U.K.	x	x	x		x	x		x	x	x	x	x	x	x	x
U.S.				x	x	x	x	x	x	x	x	x	x	x	x

^a Dates of organization are shown in parentheses.

^b Sponsored by DAC.

^c Sponsored by IDB.

programs. Two examples of coordination of assistance on a regional basis are the CIAP and the Colombo Plan, the latter primarily an exchange-of-information agency. Both agencies are described in fact-sheet form at the end of this chapter.

UN Regional Economic Commissions

An important aspect of the UN operations in the economic field is the work of the regional commissions that are subordinate to the UN Economic and Social Council. The three regional economic commissions concerned with the less-developed countries are:

Economic Commission for Asia and the Far East (ECAFE)

Economic Commission for Latin America (ECLA)

Economic Commission for Africa (ECA)

These three regional commissions provide a means for regional groupings of UN members to develop policies jointly and to take action in the area of economic development. They complement the work of other agencies involved with economic development. Their major functions in the coordination of international economic assistance are the exchange of data and the initiation of surveys and studies for possible assistance projects (see fact sheet on Mekong River Project). Details on ECAFE, ECLA, and ECA are in fact-sheet form at the end of this chapter.

8

FACT SHEETS ON INTERNATIONAL COORDINATION AGENCIES

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Development Assistance Committee
(DAC)

PURPOSE

To improve the terms, volume, and effectiveness of international economic assistance; to compare and coordinate members' programs; and to conduct special studies on problems associated with international economic assistance.

PROGRAM

The committee periodically reviews both the amount and the nature of its members' contributions to aid programs, bilateral and multilateral, taking into account all economic and other factors that assist or impede them in achieving their common purpose. The bilateral technical assistance programs that member countries carry out in the less-developed countries are also reviewed.

A major activity is the annual aid review. Each member submits an annual report that forms the basis for a discussion by all members of their aid policies and procedures and the volume and terms of their economic assistance.

The DAC also establishes working groups for intensive consideration of specific assistance problems, such as assessment of a less-developed country's performance and aid requirements or encouragement of greater private investment in developing countries. The DAC also arranges ad hoc meetings to exchange experiences and views on topics of general interest to donors, such as investment guarantees.

FUNDING

Administrative costs are shared by the members.

SCOPE

The members of DAC are Australia, Belgium, Canada, Denmark, France, Germany, Italy, Japan, the Netherlands, Norway, Portugal, the UK, and the US. All except Australia are also members of the OECD.

MISCELLANEOUS

The DAC is a subordinate agency of the OECD.¹

Address: Organization for Economic Cooperation and Development, Development Assistance Committee, 2, Rue André-Pascal, Paris 16^e, France

The statutory basis for US participation is PL 87-195 (section 630), 1961. The DAC annual report provides statistics on comparative bilateral aid programs of the member countries.²⁶

**Indus Basin Development Fund
(IBDF)**

PURPOSE

To implement the plan for the sharing by Pakistan and India of the waters of the Indus River system, in accordance with the provisions of the Indus Waters Treaty.

PROGRAM

A system of works is being constructed in Pakistan to replace water supplies for irrigation canals previously supplied from waters now assigned to India under the Indus Waters Treaty. Provisions are also made for construction of water storage areas and hydroelectric installations.

FUNDING

The fund is administered by the World Bank, which took the initiative in arranging the Indus River Treaty and is one of its signatories. The Indus Basin Development Fund Agreement was signed at the same time as the Treaty by Australia, Canada, Federal Republic of Germany, New Zealand, Pakistan, the UK, the US, and the World Bank.

Under the Indus Basin Development Fund Agreement, as amended, contributors are providing \$947.9 million in foreign exchange and more than \$520 million in local currency toward construction of the Indus works. Foreign exchange commitments include India's one-time \$173.8 million commitment under the Indus Waters Treaty of 1960.

Specific call-ups against donor countries are made semiannually by the World Bank. The US government made its initial contribution in FY61. During FY65, the US contributed \$32,835,697 in grants, \$4,511,810 in loans, and \$47,598,656 equivalent in Pakistan rupees.

MISCELLANEOUS

Statutory authority for US participation is the Foreign Assistance Act of 1961, as amended, Chap. 2, Title I—Development Loan Fund, and Chap. 3—International Organizations and Programs; and PL 87-430.

Nam Ngum Development Fund

PURPOSE

To finance the Nam Ngum hydroelectric power project in Laos on a tributary of the Mekong River and a transmission link with Thailand.

PROGRAM

The project includes the construction of a dam, a powerhouse with installed generating capacity up to 30,000 kw, and transmission lines from the dam to Vientiane in Laos and from there to Udonthani in northeast Thailand. Thailand will supply power for the construction in Laos, and Laos will return the equivalent amount of power when the project is completed.

The project is sponsored by the Mekong Committee.

FUNDING

The World Bank serves as administrator of the fund and is responsible for general supervision of the project.

Seven participating countries are providing grants totaling the equivalent of \$22,815,000 as shown in the accompanying tabulation.

Participating country	Amount of grant, dollars
United States	12,065,000
Japan	4,000,000
Netherlands	3,300,000
Canada	2,000,000
Denmark	600,000
Australia	500,000
New Zealand	350,000

Thailand has agreed to make available the equivalent of \$1 million for the purchase of cement from Thailand for use in the construction of the project, to be repaid by power from Nam Ngum when the project is in operation. Feasibility studies of the project were financed by the UN and Japan.

Mekong River Project

PURPOSE

To provide comprehensive development of the water resources of the Lower Mekong River Basin for the benefit of the people of the basin without distinction as to nationality, religion, or politics.

PROGRAM

The project involves the construction of a series of multipurpose projects on the Mekong River and its major tributaries and the development of ancillary programs for hydroelectric power development, irrigation, flood control, drainage, navigation improvement, watershed management, water supply, and related economic development.

The Mekong River Project is headed by the Mekong Committee composed of one representative appointed by each of the riparian countries (Cambodia, Laos, South Vietnam, and Thailand). Chairmanship of the committee is held in turn by each country for one year and rotates according to the alphabetic order of the countries. Committee decisions must be made by unanimous vote. A permanent executive agent and a technical staff are subordinate to the committee. The executive agent's duties include preparation of requests for assistance from other countries, supervision of work and studies undertaken for the committee, and maintenance of liaison with the ECAFE and other supporting agencies.

FUNDING

Contributions and pledges from countries, international organizations, and private organizations totaled \$105 million by March 1966. The assistance has been direct financial aid, aid in kind (boats, rain gauges, etc), and technical assistance. The accompanying tabulation gives information on the funding of the project.

Source of assistance	Amount contributed, dollars		
	Preinvestment phase	Investment phase	Total
Donor countries	19,833,999	42,683,247	—
International agencies	8,445,037	1,189,170	—
Riparian countries	9,727,685	23,784,469	—
Total	38,006,721	67,657,426	105,664,147 ^a

^aThe US has contributed about \$26 million of the grand total.

SCOPE

The donor countries are: Australia, Belgium, Canada, China (Taiwan), Denmark, Finland, France, India, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Pakistan, the Philippines, Sweden, UK, and US.

The donor international agencies are: ECAFE, FAO, International Atomic Energy Agency, ILO, UNDP, UNESCO, World Food Program, WHO, and the WMO. The World Bank also participates in the Mekong River Project.

MISCELLANEOUS

The initiative for the Mekong River Project came from the UN ECAFE to which the Mekong Committee submits an annual report.

Statutory authority for US participation is the Foreign Assistance Act of 1961, as amended.⁷

A detailed description of the project is contained in "The Lower Mekong" in International Conciliation, May 1966, No. 558,²⁷ published by the Carnegie Endowment for International Peace, 345 East 46th Street, New York, N. Y. 10017.

Inter-American Committee for the Alliance for Progress
(CIAP)

PURPOSE

To review and coordinate both the policies and programs of the Latin American members of the Alliance for Progress, the US assistance programs, and the economic policies for Latin America.

PROGRAM

In its review and coordination process the CIAP maintains close liaison with the major financial institutions such as the World Bank group, the IMF, and the IDB. The latter is part of the formal coordinating machinery.

The CIAP attempts to change the Alliance for Progress from a bilateral relation between each Latin American country and the US into one in which responsibility is shared on a regional basis. The principal headings under which the CIAP has divided its work to date are: the general development effort in Latin America, foreign trade, external assistance, economic integration, and review of country programs.

The US development loans under the Alliance for Progress are made only when they are consistent with the findings and recommendations of the CIAP.

The CIAP is an elected committee with a full-time chairman appointed for 3 years. Its seven members are chosen for 2-year terms by the regional groups who also elect executive directors of the IDB. The members, however, are not supposed to defend the interests of the countries that elect them but are to consider the interests of the area as a whole. Ex officio members include the president of the IDB, the executive secretary of the UN ECLA, and the secretary general of the OAS.

MISCELLANEOUS

The CIAP is an organ of the Inter-American Economic and Social Council of the OAS. The IDB is the technical arm of the CIAP in matters concerning development finance.

The Colombo Plan

PURPOSE

To assist in the economic development of South and Southeast Asia.

PROGRAM

The Colombo Plan provides a means for (a) exchange of views on problems of technical assistance in the area, (b) the collection of data and information on the technical assistance programs undertaken by its members on a bilateral basis in South and Southeast Asia, and (c) the preparation and dissemination of information on the concept and operation of the Colombo Plan. The plan does not devise or administer assistance programs.

The organization is deliberately small and rather informal. At the head of the organization is a council in which member nations are represented. The permanent body is known as the Colombo Plan Bureau and consists of less than 40 persons.

A consultative committee composed of representatives of each member nation meets annually to review developments of the previous year and outline plans for subsequent years. An annual report is issued. The major international assistance agencies usually have observers at these annual meetings.

FUNDING

The Colombo Plan is not a source of capital or technical assistance. Such assistance is secured bilaterally or through multilateral agencies. Compilations of data on assistance reported under the Colombo Plan duplicate statistics reported by national and international agencies. Administrative costs are shared equally by all members.

SCOPE

The members of the Colombo Plan are:

Afghanistan	Burma	Ceylon
Australia	Cambodia	India
Bhutan	Canada	Indonesia

Iran	Maldives Islands	Singapore
Japan	Nepal	Thailand
Korea	New Zealand	UK
Laos	Pakistan	US
Malaysia	Philippines	Vietnam

MISCELLANEOUS

The Colombo Plan was first organized in 1950 as a British Commonwealth project. It subsequently developed into a regional organization.

The statutory basis for US participation is 22 USC 1896b (Supp. 1, 1954).

Address: 12 Melbourne Avenue, P. O. Box 596, Colombo 4, Ceylon

UN Regional Economic Commissions
(Except the Economic Commission for Europe)

Economic Commission for Asia and the Far East (ECAFE)

Members:

Afghanistan	Iran	Pakistan
Australia	Japan	Philippines
Burma	Korea	Thailand
Cambodia	Laos	USSR
Ceylon	Malaysia	UK
China	Mongolia	US
France	Nepal	Vietnam
India	Netherlands	Western Samoa
Indonesia	New Zealand	

Associate Members:

Brunei Hong Kong

Address: Sala Santitham, Rajadamnere Avenue, Bangkok, Thailand

Economic Commission for Latin America (ECLA)

Members:

Argentina	Ecuador	Nicaragua
Bolivia	El Salvador	Panama
Brazil	France	Paraguay
Canada	Guatemala	Peru
Chile	Haiti	Trinidad and Tobago
Colombia	Honduras	UK
Costa Rica	Jamaica	US
Cuba	Mexico	Uruguay
Dominican Republic	Netherlands	Venezuela

Associate Members:

British Guiana British Honduras
 or Belize

Address: Edificio Naciones Unidas, Avenida Dag Hammarskjold, Santiago,
Chile

Economic Commission for Africa (ECA)

Members:

Algeria	Central African	Congo (Brazzaville)
Burundi	Republic	Congo (Leopoldville)
Cameroon	Chad	Dahomey

Ethiopia	Malawi	Somalia
Gabon	Mali	South Africa
Gambia	Mauritania	Tanzania
Ghana	Morocco	Togo
Guinea	Niger	Tunisia
Ivory Coast	Nigeria	Uganda
Kenya	Rwanda	United Arab Republic
Liberia	Senegal	Upper Volta
Malagasy Republic	Sierra Leone	Zambia

Address: P. O. Box 3001, Addis Ababa, Ethiopia

Miscellaneous

All the economic commissions publish an annual economic survey of their area. Additionally, ECAFE publishes a quarterly bulletin and ECLA a semi-annual bulletin.^{28, 29, 30}

Chapter 6

US MILITARY ASSISTANCE AND SALES PROGRAMS

GENERAL

Since WWII the US has considered its national interests to be furthered by giving military support to friendly nations, enabling them to defend themselves against the threat of aggression. The MAPs, initially under the provisions of the Mutual Defense Assistance Act, provide for various kinds of grant military aid to countries unable to pay for their own defense needs and for sales of military equipment to foreign governments under various conditions of payment. The basic authority covering US military assistance and sales programs is now the Foreign Assistance Act of 1961, as amended, and Executive Order No. 10973.⁷ The texts are in App C.

GRANT MILITARY AID

This type of assistance covers the costs of (a) military equipment and supplies (defense articles), (b) services such as repair and rehabilitation of equipment and shipping costs (defense services), and (c) training and administrative costs. Funds for this assistance are included in the annual Foreign Assistance Act appropriation.

Equipment and supplies furnished as grant aid come either from existing stocks of the US Army, Navy, Air Force, and Marine Corps or from new procurement. Excess stocks are also used for grant aid, but only the costs of repair and rehabilitation of such stocks are charged to the military assistance appropriations. It is estimated that these repair and rehabilitation charges are about 30 percent of the original acquisition cost.

Table 10 shows the dollar cost of military grant aid by geographic region.

MILITARY SALES

Until about 1958 the dollar volume of military sales was relatively insignificant in comparison with grant military aid. Since 1958 military sales have increased and have been encouraged, primarily to help reduce balance-of-payments problems. The dollar volume of sales in comparison with grant aid is shown in Table 11.³¹

TABLE 10
Military Assistance Grant Aid Deliveries, FY62-FY66¹⁵
(In millions of dollars)

Region	FY62	FY63	FY64	FY65	FY66	Total
Near East and South Asia	264.9	408.6	285.7	310.0	236.3 ^a	1536
Latin America	54.3	51.7	51.9	55.8	60.0	274
East Asia	596.3	646.4	580.8	676.7	534.5 ^a	3035
Africa	17.8	26.1	27.9	17.4	22.2	111
Europe	411.6	391.9	306.2	233.4	113.4	1456
Nonregional	81.8	240.3	161.6	-83.9 ^b	88.1	488
Total	1427	1765	1415	1239	1051	6900

^aExcludes deliveries to Vietnam financed by sources other than the Foreign Assistance Act.

^bRecoupment.

TABLE 11
Comparison of Sales with Grant Aid,^a FY61-FY66³¹
(In millions of dollars)

Item	FY61	FY62	FY63	FY64	FY65	FY66
Grant aid	1450	1314	958	793	939	824
Sales	630	1518	1377	1262	1970	1937
Percentage of sales to grant aid	43.4	115.5	143.7	159.1	209.8	235.1

^aExcluding services and offshore procurement.

Most of the sales have been made to Australia, Canada, and countries in Europe as shown in Table 12.

TABLE 12
Foreign Military Sales Program by Fiscal Year
and Outstanding Commitments
(In millions of dollars)

Region	Military sales					Outstanding commitments	Grand total
	FY62	FY63	FY64	FY65	FY66		
Europe and Canada	1323.1	1222.1	1064.6	1304.7	1365.6	2452.6	8,732.7
Far East	165.3	74.6	139.8	360.0	139.9	272.7	1,152.3
Near East and South Asia	7.7	44.8	27.5	230.4	348.0	314.0	972.4
Latin America	19.0	10.7	24.1	53.0	55.9	—	162.7
Africa	3.2	24.3	5.7	8.1	4.5	—	45.8
Other	—	0.2	0.3	13.5	23.0	—	37.0
Total program	1548.3	1376.7	1262.0	1969.7	1936.9	3039.3	11,102.9

Military sales, for the purpose of clarity, are categorized as follows:

- (a) Commercial private sales
- (b) Government-to-government cash sales
- (c) US direct-credit-financed sales
- (d) US guarantee of private credit

Commercial private military sales have been primarily to the developed countries, particularly West Germany, Australia, Canada, and the UK. These are normal commercial transactions that are encouraged by the DOD.

Government-to-government cash sales are authorized under the provisions of Section 507 of the Foreign Assistance Act of 1961. A sale may be made for US dollars at the time an order is placed or, if the US agrees, certain countries may also purchase on a promise ("dependable undertaking" is the legal phrase) to pay within 120 days of delivery. In either case, military assistance appropriation funds are not involved in the sales. However, in sales for payment within 120 days after delivery the appropriated funds of the military departments (Army, Navy, or Air Force) are used to pay the contractor until receipt of payment from the purchasing country.

Table 13 shows the volume of government-to-government cash sales.³²

TABLE 13
Receipts from Government-to-Government Military
Cash Sales Not Financed by Military
Assistance Appropriations³²

Year	Amount, millions of dollars
FY61	198.7
FY62	798.4
FY63	1285.5
FY64	1029.4
FY65	1106.6
FY66 (estimate)	792.0
FY67 (estimate)	1534.7

US direct-credit financing of military sales is also authorized by the Foreign Assistance Act of 1961 (Section 508).⁷ Credit may also be extended by military departments for terms up to 3 years and usually without interest charges under Section 507 for defense articles furnished from stocks and for defense services. The funds for financing under Section 508 originally came from a DOD military-assistance-reimbursement account, initially set up by the Mutual Security Act of 1957 with an authorization of up to \$175 million that could be made available from military assistance appropriations. The Foreign Assistance Act of 1961 removed the \$175 million limitation on the authorization and this revolving fund has been augmented through the years by use of other funds appropriated for grant military aid when the revolving fund was insufficient to cover all US direct-credit-financed sales. Under the Foreign Assistance Act of 1961, Section 508, this fund is revolving in nature and receipts from direct-credit-financed sales are available for financing further sales. By the end of FY66 the capital of this fund was \$328.3 million.

In practice the military department furnishing the equipment involved in a US direct-credit-financed sale is reimbursed from the credit-sales revolving-fund account. Grant-aid funds are transferred to the revolving-fund account to the extent that the revolving fund cannot meet the financing requirements of the credit-sales program from its own resources. From the viewpoint of the supplying military department, reimbursement is the same as for grant military aid. However, the revolving fund is not reimbursed until the purchasing country makes payments. Through FY66 a total of \$630.3 million had been applied to the US direct-credit financing of military sales, including \$82.2 million credit sales financed under the Mutual Security Act of 1954 (Section 103c, first sentence) for which repayments from countries did not go to the revolving fund but were credited to "Miscellaneous Receipts of the Treasury."³¹ Table 14 shows the recipients of US direct-credit-financed sales.

TABLE 14
Military Sales by Direct-Credit Financing under the
Foreign Assistance Act of 1961

(Section 508)

Recipient country	Amount, thousands of dollars, cumulative through FY66
Argentina	5,861
Australia	122,687
Belgium	8,425
Brazil	23,400
Chile	3,214
France	80,400
Guatemala	68
Italy	400
Iran	18,000
Israel	27,637
Japan	34,772
Jordan	6,000
Lebanon	4,000
Liberia	1,134
Luxembourg	1,000
Malaysia	1,600
Mexico	5,366
Morocco	6,000
Netherlands	2,200
New Zealand	1,665
Nigeria	334
Paraguay	218
Peru	18,922
Saudi Arabia	56,421
Tunisia	3,276
Venezuela	86,833
Yugoslavia	1,745
Multilateral agencies	16,657
Classified	92,096
Total	630,329

US guarantee of loans made by private agencies for purchases of military equipment in the US is also authorized by the Foreign Assistance Act of 1961

curity and foreign-policy requirements. Disclosures not authorized personally by the Secretary of Defense can be made only under authority delegated by this committee, called the National Military Information Disclosure Policy Committee. The chairman of the committee is the Department of State representative, who is subordinate to the Undersecretary for Political Affairs.

Within guidelines of foreign policy laid down by the Secretary of State and fiscal policies laid down by the Secretary of the Treasury, the Secretary of Defense carries out the following military assistance functions:

- (a) Determination of military-equipment requirements
- (b) Procurement of military equipment consistent with the programs of the military departments
- (c) Supervision of equipment use by recipient countries
- (d) Supervision of the training of foreign military personnel
- (e) Movement and delivery of military equipment
- (f) Establishment of priorities in procurement, delivery, and allocation of military equipment

These functions are carried out by agencies of the DOD. The Assistant Secretary of Defense, International Security Affairs (ASD/ISA) has been delegated responsibilities for coordination, administration, and supervision of the MAP to include planning and monitoring the activities of MAAGs stationed in the assisted countries. The Director of Military Assistance (DMA) who carries out these responsibilities except for military sales programs is subordinate to the ASD/ISA. The general responsibility for military sales is carried out by the Deputy Assistant Secretary of Defense for International Logistics Negotiations who is also directly subordinate to the ASD/ISA.

The Army, Navy, and Air Force (the military departments) are responsible for preparing data necessary for development of programs and budget estimates and for providing advice and recommendations for program changes with respect to cost, availability, source of supply, delivery forecasts, and funding arrangements. They procure and deliver the material and services as directed by the ASD/ISA. They also sell military equipment and services to eligible nations and international organizations as directed by the ASD/ISA.

With respect to military assistance the Joint Chiefs of Staff (JCS) recommend military objectives, force objectives, scale of equipping, and priorities by country and area. MAPs are reviewed by the JCS to ensure consonance with global security plans and effective distribution of military assistance resources in promotion of US strategic concepts.

The Unified Commands control all assigned US military forces within a defined geographical area. The Unified Commands concerned with military assistance and their current areas of responsibility are:

- (a) European Command
 - Europe including Greece, Turkey, and North Africa
- (b) Middle East, Africa, and South Asia Command
 - Africa south of the Sahara, the Middle East, and South Asia including India and Pakistan
- (c) Pacific Command
 - Far East including Southeast Asia
- (d) Southern Command
 - Latin America

With respect to military assistance the Unified Commands provide an intermediate level of policy guidance and review between the Departments of

State and Defense and the MAAGs. As such, they recommend to the Secretary of Defense changes in MAP country guidance, program levels and content, and the time phasing of materiel deliveries and training programs. The Unified Commands issue to the MAAGs detailed military guidance based on guidance issued by ASD/ISA and the JCS for MAAG use in formulating planning and programming recommendations.

The chief of a MAAG represents the Secretary of Defense in military assistance matters in the country to which he is accredited. However, he is subject to the authority of the US ambassador. Acting under the supervision of the Unified Commands, MAAGs:

- (a) Make recommendations to the Unified Commands on military assistance in their respective countries.
- (b) Develop military assistance plans and programs, in coordination with the ambassador, for submission to the Unified Commands.
- (c) Administer foreign military sales as instructed.
- (d) Perform other duties pertaining to the effectiveness of the program and provide advisory and administrative services

In countries where US military assistance is on a limited scale the duties of the chief of a MAAG may be performed by the DOD military attaché.

OPERATION AND COORDINATION OF THE MILITARY ASSISTANCE GRANT AID PROGRAM

The operation and coordination of the MAP are illustrated in the following simplified description of the annual cycle for the planning and programming of grant military aid. The description does not include informal institutional arrangements that may exist.

(1) Policy objectives, order-of-magnitude dollar guidelines, and procedural guidance are transmitted to the Unified Commands by the DMA who also provides a detailed list of the articles and services available for military assistance. This list is comparable to a detailed catalog.

(2) Strategic guidance is transmitted to the Unified Commands separately by the JCS.

(3) Based on this guidance and supplementary instructions issued by the Unified Commands, each MAAG, after coordination with the ambassador and his staff, provides the Unified Command with recommended country plans and program.

(4) The Unified Command adjusts proposed country plans and programs as required to integrate them with regional plans and establishes priorities among them. The resulting recommended Unified Command plans and programs are submitted to the DMA.

(5) The DMA distributes the recommended plans and programs to the military departments for review of pricing, lead time, and availabilities; to the JCS for review for consistency with strategic plans; and to the Department of State, the AID, and the Bureau of the Budget for policy review and coordination. The adjusted overall program is reviewed by the Secretary of Defense and forwarded to the Administrator of the AID for further review and coordination with economic assistance programs. This is followed by submission to the President, through the Bureau of the Budget, for inclusion in the President's budget.

(6) The President establishes the amount of new obligational authority for military assistance to be included in his recommended budget.

(7) After completion of congressional action on the budget, the program is revised by the DMA to conform to the actual appropriation and to reflect any changes in the world situation. Approval to implement the program is then obtained from the Administrator of the AID and necessary apportionments are obtained from the Bureau of the Budget.

(8) Based on the revised approved program the DMA issues military assistance program orders (authority to furnish materiel and services) and other instructions to the military departments, with appropriate fund allocations.

(9) The military departments take supply and procurement action, deliver materiel to the countries, and provide training and other services. Utilization of materiel by recipients is supervised by the MAAGs.

(10) As required, the DMA receives recommendations for program changes from the Unified Commands, the JCS, and other agencies. He proposes modifications to the approved programs, based on these recommendations, to the Secretary of Defense, the State Department, and the AID. These modifications usually result from changes in supply availability, in the international situation, and in US national-security objectives.

OPERATION AND COORDINATION OF THE MILITARY SALES PROGRAM

The operation of the military sales program involving government-to-government cash and US direct-credit-financed sales is highly decentralized. General agreements on military sales have been negotiated by the Department of State with foreign countries. Some of the countries that have concluded such agreements are authorized to purchase maintenance-support items for materiel of US origin; some are authorized to purchase major or capital end items; some are authorized 120-day payment terms; and others are eligible for US direct-credit financing. A further delineation is made of those countries that require in each instance specific prior approval of the Departments of State and Defense for the purchase of maintenance support or major materiel items. The Directorate of Military Assistance³³ lists the countries authorized to make purchases and the categories of authorized sales. The categorization is made by AID acting for the Secretary of State.

Sales for cash or payment in 120 days are handled directly between the military departments and those purchasing countries that have been designated as not requiring in each instance specific approval by the Departments of State and Defense. Where such approval is required, it is coordinated within the DOD by the Deputy Assistant Secretary for International Logistics and within the State Department by the AID. Once the sale is approved, the details are handled by the military departments.

US direct-credit-financed sales are coordinated among the State Department for political policy, the AID for US economic assistance policy, and the DOD Comptroller for availability of funds, as well as ASD/ISA. Within the DOD, coordination of such sales is handled by the Deputy Assistant Secretary for International Logistics, who advises the military department concerned of final approval and of the terms-of-credit arrangements. Interest and repayment rates are set by the Deputy Assistant Secretary for International Logistics.

Arrangements for extending US guarantees of private credit for military sales are handled within the office of the ASD/ISA by the Deputy Assistant Secretary for International Logistics. These credit guarantees are coordinated in approximately the same manner as US direct-credit-financed sales are coordinated.

Chapter 7

US PRIVATE VOLUNTARY AGENCIES INVOLVED IN ECONOMIC ASSISTANCE

GENERAL

Nonprofit voluntary agencies also contribute to the economic development of less-developed countries. The total contribution of these agencies is small in comparison with that of public and commercial agencies. However, their contributions are sometimes significant in a small country and sometimes make possible special programs and projects that are not readily financed from other sources. These programs and projects are primarily in the areas of education, health, agriculture, and self-help projects.

US GOVERNMENT ASSISTANCE

PL 480 and the Foreign Assistance Act of 1961 contain provisions for US governmental assistance to private voluntary agencies. PL 480 (Section 202) authorizes donations of surplus agricultural commodities to voluntary relief agencies to promote economic and community development. These donated surpluses may be used for part payment of wages on projects such as land clearing; construction of schools, roads, and irrigation and drainage facilities; reforestation; soil and water conservation; and installation of sanitary facilities. They may also be used for food to feed farmers and their families while they are bringing new land into production or changing existing land use. In addition, PL 480 authorizes payment of ocean freight charges on shipments of the donated commodities and permits grants of local currencies generated from the operations of PL 480 to ensure more effective use of the commodities donated.

The Foreign Assistance Act of 1961 (Section 216) authorizes the President to use funds appropriated for Technical Cooperation and Development grants to pay ocean transportation charges on shipments "by voluntary nonprofit agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid."

SCOPE OF OPERATIONS

There are about 500 US private voluntary agencies with overseas operations. Of this number 65 were registered at the end of 1966 with the Advisory

Committee on Voluntary Foreign Aid, which is attached to the AID. However, only 34 of these agencies were receiving government subsidies for overseas shipment of their supplies. These subsidies amounted to \$5.4 million in 1966. During the same period \$64 million was spent under PL 480 to cover the costs of shipping some 3.3 billion pounds of surplus agricultural commodities donated by the US government. The total annual value of the worldwide programs conducted by these voluntary agencies is about \$420 million of which about \$180 million is for government-donated agricultural commodities. The balance includes nearly \$70 million of privately donated supplies and more than \$113 in cash contributions.³⁴

Table 15 lists the US private voluntary agencies that have annual total budgets of more than \$2 million or expenditures of more than \$1 million in one country and are engaged in activities contributing to economic development. Fact sheets on each agency listed are at the end of this chapter.

TABLE 15
Scope of Operations of Selected Private Voluntary Agencies, 1963-1966

Agency	Number of countries where operating	Total expenditures, dollars
African-American Institute	32	4,197,669 ^a
American ORT Federation	14	3,345,544 ^a
Catholic Relief Services	77	172,812,972 ^a
Church World Service, Inc.	49	43,158,508 ^b
Commission on Ecumenical Mission and Relations, the United Presbyterian Church in the USA	31	13,708,146 ^b
Department of World Missions, Church of the Nazarene	29	3,000,000 ^b
Division of World Missions, the American Lutheran Church	10	3,806,722 ^b
Ford Foundation	53	44,627,172 ^a
Hadassah	1	9,154,314 ^b
Jewish Agency for Israel, Inc.	1	46,000,000 ^c
Mennonite Central Committee	23	4,074,089 ^a
Mizrachi Women's Organization of America	1	1,245,000 ^c
Pioneer Women (the Women's Labor Zionist Organization of America, Inc.)	1	1,400,000 ^c
Rockefeller Foundation	68	10,977,460 ^b
Sudan Interior Mission	11	3,800,000 ^a
United Church Board for World Ministries	31	5,066,366 ^b
World Division, Board of Missions of the Methodist Church	44	13,480,075 ^b

^aData for 1966

^bData for 1963.

^cData for FY64.

**FACT SHEETS ON US PRIVATE VOLUNTARY AGENCIES
INVOLVED IN ECONOMIC ASSISTANCE**

The African-American Institute	125
American Organization for Rehabilitation through Training (ORT) Federation, Inc.	127
Catholic Relief Services, United States Catholic Conference, Inc.	128
Church World Service, Inc.	130
Commission on Ecumenical Mission and Relations, the United Presbyterian Church in the United States of America	132
Department of World Missions, Church of the Nazarene	133
Division of World Missions, the American Lutheran Church	134
The Ford Foundation	136
Hadassah, the Women's Zionist Organization of America, Inc., and Hadassah Medical Relief Association, Inc.	138
Jewish Agency for Israel, Inc.	140
Mennonite Central Committee	141
Mizrachi Women's Organization of America, Inc.	143
Pioneer Women, the Women's Labor Zionist Organization of America, Inc.	145
The Rockefeller Foundation	146
Sudan Interior Mission, Inc.	148
The United Church Board for World Ministries	150
World Division, Board of Missions of the Methodist Church	152

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The African-American Institute
345 East 46th Street, New York, N. Y. 10017

OBJECTIVES

To build friendship and understanding between the peoples of Africa and America by practical contributions to Africa's educational and economic development.

OVERSEAS OFFICES

Ghana, Nigeria, Ethiopia, Tanzania, and Zambia.

PERSONNEL

- (a) In the US: 78 paid employees.
- (b) Abroad: 8 paid employees; 6 volunteers.

COUNTRIES OF OPERATION

Basutoland, Bechuanaland, Cameroon, Congo (Brazzaville), Congo (Kinshasa), Dahomey, Ethiopia, Gabon, Zambia, Ghana, Ivory Coast, Kenya, Liberia, Malagasy Republic, Mali, Morocco, Nigeria, Malawi, Mauritania, Senegal, Niger, Chad, Sierra Leone, Somalia, Rhodesia, Swaziland, Togo, Uganda, Upper Volta, Tanzania, Guinea, and Central African Republic.

PROGRAMS ABROAD

Community and social development—provides specialists to advise African officials and assist in program formulation, community development projects, and specialized leadership training.

Education—carries out a variety of programs to promote educational development, including scholarships for undergraduate and graduate study in the US, training for specific manpower needs, training of refugee students, promoting women's educational and practical training, and a teacher-placement program.

Exchanges—conducts numerous exchange programs with Africa under government contracts financed by AID and the Bureau of Educational and Cultural Affairs, US Department of State.

EXPENDITURES, 1966

\$4,197,669

SOURCE OF FUNDS

Most of the program expenditures are made under contracts with AID and the US State Department. Nongovernment grants have been received from the Ford Foundation; Rockefeller Brothers Fund; Carnegie Corporation of New York; and other foundations, corporations, and individuals.

EXCHANGES, 1963

Personnel brought to US: 497, from most countries of Africa.

American Organization for Rehabilitation through Training (ORT) Federation, Inc.
222 Park Avenue South, New York, N. Y. 10003

OBJECTIVES

To provide vocational training and economic rehabilitation for Jews throughout the world.

OVERSEAS OFFICE

Switzerland

PERSONNEL

- (a) In the US: 19 paid employees.
- (b) Abroad: 2472 paid employees (including part-time workers).

COUNTRIES OF OPERATION

Argentina, Austria, Belgium, Brazil, France, India, Iran, Israel, Italy, Morocco, Poland, Tunisia, Switzerland, and Uruguay.

PROGRAMS ABROAD

Education—promotes vocational, technical, and related educational and training programs to improve the economic, social, or vocational status of Jews or other persons.

In the above-named countries in 1966, 47,623 trainees and students were in 649 training units consisting of 3- to 5-year vocational high schools, short-term courses for youth and adults, apprenticeship programs, and other forms of vocational and technical training and guidance.

EXPENDITURES, 1966

\$3,335,534

SOURCE OF FUNDS

The program is financed by subvention through annual agreements with the American Jewish Joint Distribution Committee (JDC) from funds provided by the United Jewish Appeal and from membership contributions and bequests.

Not included above are schools for non-Jews in Guinea, Mali, and Gabon operated under contract with the AID.

Catholic Relief Services, United States Catholic Conference, Inc.
350 Fifth Avenue, New York, N. Y. 10001

OBJECTIVES

To meet relief, welfare, and educational needs created by or arising out of civil strife or natural causes, their incidents and consequences; to aid social and economic development in Latin America, Africa, Asia, the Near and Far East, and Southern Europe, without regard to race, creed, or color.

OVERSEAS OFFICES

Offices are maintained in all countries of operation.

PERSONNEL

- (a) In the US: 152 paid employees.
- (b) Abroad: 600 paid employees. (There are many volunteers; the number is difficult to estimate.)

COUNTRIES OF OPERATION

Catholic Relief Services operates in 77 countries and territories; assistance is given to ongoing programs in an additional 22 countries.

PROGRAMS ABROAD

Community development—through technical, vocational, and leadership training, including rural improvement programs.
Construction, housing, and planning programs and their implementation.
Cooperatives and credit unions.
Educational programs—including supplies and technical and vocational training.
Food and agriculture programs—particularly in rural areas.
Small industry—planning and implementation assistance.
Medicine and public health programs.

Social welfare programs—including welfare for the aged, handicapped, and orphaned.

Equipment, material aid, and relief—US staff abroad is responsible for receiving and distributing foods (US government donated), clothing, medical, and other supplies to needy persons; and for the support and strengthening of indigenous local and national social-welfare agencies engaged in school lunch programs; and for servicing of needy persons in hospitals, dispensaries, slums, mother-child centers, and other institutions.

Other—Refugees are aided through programs of relief, rehabilitation, re-settlement, and integration.

EXPENDITURES, 1966

\$ 172,812,952

SOURCE OF FUNDS

Source	Amount, \$
US government (includes agricultural commodities, shipping, and service to refugees)	70
Intergovernmental agencies	2
Foreign governments' support of overseas programs	5
Voluntary contributions	23

Church World Service, Inc.
(CWS)
(A department of the National Council of Churches
of Christ in the United States)
475 Riverside Drive, New York, N. Y.

OBJECTIVES

To carry on works of Christian mercy, relief, technical assistance, rehabilitation, and interchurch aid on behalf of the Protestant and Orthodox churches.

OVERSEAS OFFICES

The CWS works through indigenous agencies in all the countries in which it conducts programs. Although these are not technically branch offices of CWS, each indigenous agency distributing PL 480 foods has CWS representatives who supervise such distribution.

PERSONNEL

- (a) In the US: 100 paid employees.
- (b) Abroad: 63 paid US employees.

COUNTRIES OF OPERATION

Hong Kong, India, Indonesia, Korea, East and West Pakistan, Okinawa, the Philippines, Taiwan, France, Ethiopia, Thailand, Vietnam, Lebanon, Poland, Greece, Israel, Jordan, Yugoslavia, Algeria, Burundi, Congo (Kinshasa), Ghana, Kenya, Malagasy Republic, Morocco, Nigeria, Malawi, Tanzania, Bolivia, Brazil, British Honduras, Dominican Republic, Grenada (British West Indies), Haiti, Jamaica, Peru.

PROGRAMS ABROAD

Material aid, relief, and long-term economic development—distributes food either under PL 480 or CROP (contributed foods, as well as clothing and

miscellaneous equipment and supplies). In some areas, services provided by personnel with expertise in engineering, medicine, nursing, etc; are the principal part of the program.

EXPENDITURES, 1966

‡ 36,865,466 (including value of commodities)

SOURCE OF FUNDS

Funds are obtained primarily from member churches and individual contributions supplemented by surplus agricultural commodities under PL 480.

Commission on Ecumenical Mission and Relations,
the United Presbyterian Church in the
United States of America
475 Riverside Drive, New York, N. Y. 10027

OBJECTIVES

To spread the Christian faith.

PERSONNEL

- (a) In the US: 213 paid employees.
- (b) Abroad: 1269 paid employees.

COUNTRIES OF OPERATION

Hong Kong, Japan, Korea, the Philippines, Taiwan, India, Indonesia, Pakistan, Thailand, Egypt, Iraq, Iran, Lebanon, Syria, Cameroon, Ethiopia, Equatorial Guinea, Sudan, Brazil, Chile, Colombia, Ecuador, Guatemala, Mexico, Venezuela, Portugal, Switzerland, Belgium.

PROGRAMS ABROAD

Education—shares in educational work conducted at various levels and often supports elementary and secondary facilities, but not colleges.

Medicine and public health—shares in medical work with other Presbyterian or Protestant groups in most areas of operation.

EXPENDITURES, 1963

\$13,508,146

SOURCE OF FUNDS

The program is financed by legacies and church membership.

EXCHANGES, 1963

(a) Personnel (students only) sent abroad: 12 to Western Europe, 10 to the Near East, 3 to South Asia, 5 to West Africa, 2 to North America, 8 to the Far East, and 6 to the West Pacific.

(b) Personnel (students only) brought to the US: 90 from various areas of operation.

Department of World Missions, Church of the Nazarene
6401 The Paseo, Kansas City, Mo. 64131

OBJECTIVES

To establish indigenous churches and to provide an avenue of Christian Witness.

PERSONNEL

- (a) In US: 13 employees.
- (b) Abroad: 475 missionaries, 1986 local employees.

COUNTRIES OF OPERATION

Argentina, Barbados, Bolivia, Brazil, British Guiana, British Honduras, Cape Verde Islands, Chile, Guatemala, Haiti, India, Japan, Jordan, Korea, Lebanon, Malawi, Mozambique, New Guinea, Nicaragua, Peru, Philippines, Ryukyu Islands, South Africa, Southern Rhodesia, Swaziland, Taiwan, Trinidad, Uruguay, Zambia.

PROGRAMS ABROAD

Communications—radio broadcasts, publications.

Education—primary and secondary schools, junior colleges; fundamental education.

Equipment, material aid, and relief—food and clothing distribution.

Medicine and public health—hospitals and dispensaries; the training of nurses.

EXPENDITURES, 1963

\$3 million

Division of World Missions, the American Lutheran Church
422 South Fifth Street, Minneapolis, Minn. 55415

OBJECTIVES

To organize, supervise, direct, and promote the program of the Division of World Missions to bring the Gospel to all nations.

PERSONNEL

- (a) In the US: 12 paid employees.
- (b) Abroad: 684 paid employees.

COUNTRIES OF OPERATION

Cameroon, Ethiopia, Hong Kong, India, Japan, Malagasy Republic, New Guinea, Nigeria, South Africa, and Taiwan.

PROGRAMS ABROAD

Community and social development—operates a community and social development program for the social uplift of the people in Ethiopia.

Education—maintains elementary schools in all areas of its operation and secondary schools in some areas.

Food and agriculture—promotes the development of food and agriculture resources through the use of an agriculture training program in Ethiopia and New Guinea.

Industrial development—maintains an industrial workshop for practical training in Cameroon.

Medicine and public health—operates programs in medicine and public health consisting of 18 hospitals and 60 dispensaries in Cameroon, Ethiopia, India, Malagasy Republic, New Guinea, Nigeria, and South Africa. Supplies public health instruction in Cameroon and New Guinea.

EXPENDITURES, 1963

\$3,806,722

SOURCE OF FUNDS

The program is financed by a budgetary grant from the American Lutheran Church.

EXCHANGES, 1963

- (a) Personnel sent abroad: 12 to Brazil, 2 to Cameroon, 5 to Colombia, 10 to New Guinea, 2 to Nigeria, 1 to Taiwan.
- (b) Personnel brought to US: 8 from Taiwan, Hong Kong, and Japan.

The Ford Foundation
477 Madison Avenue, New York, N Y 10022

OBJECTIVES

To advance human welfare.

OVERSEAS OFFICES

India, Indonesia, Malaysia, Pakistan, the Philippines, United Arab Republic, Lebanon, Tunisia, Turkey, Kenya, Nigeria, Argentina, Brazil, Chile, Colombia, Mexico, Peru, Thailand, and Venezuela.

COUNTRIES OF OPERATION

Algeria, Argentina, Australia, Austria, Basutoland, Brazil, Canada, Caribbean, Chile, Colombia, Congo, Costa Rica, Dominican Republic, Ethiopia, France, Ghana, Germany, Great Britain, Greece, Holland, Honduras, India, Indonesia, Iraq, Ireland, Israel, Italy, Japan, Jordan, Kenya, Liberia, Malaysia, Mexico, Morocco, Nepal, Nigeria, Peru, the Philippines, Pakistan, Puerto Rico, Senegal, Rhodesia, Sudan, Syria, Switzerland, Tanzania, Thailand, Tunisia, Turkey, Uganda, the United Arab Republic, Venezuela, and Zambia.

PROGRAMS ABROAD

Community and social development—supports the training of several kinds of rural workers.

Construction, housing, and planning—supports housing development.

Cooperatives, credit unions, and loans—supports the development of rural cooperatives.

Education—focuses on education at all levels, vocational, humanistic, and technical, all aimed at the development of human resources.

Equipment, material aid, and relief—has assisted in equipping the National Institute of Industrial Design in India.

Exchanges—virtually all the foundation's programs entail some exchange of personnel since the programs require many specialists or consultants who must be at the scene of operations. In addition, there are numerous awards solely for travel and study with varying time spans.

Food and agriculture—the improvement of food production and the development of better agricultural techniques and organization is carried out by the foundation in the Near East, South and Southeast Asia, Latin America, and North America. In cooperation with the Rockefeller Foundation, the Ford Foundation provides major support for the International Rice Research Institute in the Philippines, which is developing improved varieties of the staple food of more than 60 percent of mankind.

Public administration—the development of skilled administrators, vital for the developing countries, has been a prime concern of the foundation. Programs in this field are either operated or supported in most areas.

Research—the foundation assists research covering a wide variety of economic and social problems. Grants were given for research connected with problems of Atlantic unity.

EXPENDITURES, 1965

\$341,627,172

SOURCE OF FUNDS

The program is financed by the foundation itself.

EXCHANGES, 1966

Foundation records do not show the actual number of persons sent abroad or brought to the US for 1 year because of the varying time spans of the grants.

**Hadassah, the Women's Zionist Organization of America, Inc.,
and Hadassah Medical Relief Association, Inc.
65 East 52d Street, New York, N. Y. 10022**

OBJECTIVES

In America: To stimulate Jewish learning by publishing and disseminating literature relating to Jews and Judaism; to strengthen American democracy by a program of information and study.

In Israel: To support and maintain voluntary nonprofit hospitals and medical services; to encourage medical education and research through establishment and support of schools for training physicians, dentists, nurses, and related personnel; to assist in rehabilitation, care, and vocational education of children and youth; and to support land reclamation and afforestation.

OVERSEAS OFFICE

Israel

PERSONNEL

- (a) In the US:** 130* paid employees; 149* volunteers.
- (b) Abroad:** 17† paid employees; 25* volunteers.

COUNTRY OF OPERATION

Israel

PROGRAMS ABROAD

Hadassah's efforts in Israel include the following:
Community and social development—operates community health centers and educates youth for citizenship.

* Does not include statistics for regions and chapters.
† As of January 1963.

Construction, housing, and planning—has constructed the Hadassah-Hebrew University Medical Center buildings; has built vocational education sites and community health service buildings.

Education—operates the Henrietta Szold-Hadassah School of Nursing and the Brandeis and Alice Seligsberg Vocational Schools; provides training in occupational therapy; also operates, jointly with the Hebrew University, the Hebrew University-Hadassah Medical School and the Hebrew University-Hadassah School of Dentistry founded by Alpha Omega.

Equipment, material aid, and relief—distributes surplus US foods, equipment, and supplies.

Exchanges—operates a small fellowship program.

Food and agriculture—sponsors programs for land reclamation, soil conservation, and afforestation.

Industrial development—sponsors programs of vocational education and training for manpower in industry covering both urban and rural industries.

Medicine, public health, and research—maintains the Rothschild-Hadassah University Hospital, community health services, and Hadassah-Straus Health Center; sponsors medical research through these institutions.

Social welfare—operates programs involving resettlement and rehabilitation of youth; gives training in academic and vocational subjects; carries on programs for the rehabilitation of emotionally and physically handicapped children, and maintains the community health center mentioned above, among others.

EXPENDITURES, 1963

\$9,154,313

SOURCE OF FUNDS

Funds are obtained from voluntary contributions and minimal foundation grants.

EXCHANGES, 1963

Personnel brought to the US: 17 from Israel. Hadassah participates in US exchange visitors program No. P-111-1411.

Jewish Agency for Israel, Inc.
515 Park Avenue, New York, N. Y. 10022

OBJECTIVES

To resettle and rehabilitate Jewish refugees and immigrants in Israel and to assist institutions of higher learning in Israel.

PERSONNEL

- (a) In the US: 6.
- (b) Abroad: 2 from US plus the service of a local agent, the Jewish Agency for Israel in Jerusalem.

COUNTRY OF OPERATIONS

Israel.

PROGRAMS ABROAD

Social welfare—sponsors programs for resettlement of refugees on the land and in development areas; operates youth centers; and provides vocational training.

EXPENDITURES, 1964

\$36 million

SOURCE OF FUNDS

The agency is supported by voluntary gifts.

Mennonite Central Committee
21 South 12th Street, Akron, Pa. 17501

OBJECTIVES

To meet emergency needs and conduct projects of rehabilitation and economic development.

OVERSEAS OFFICES

Algeria, Bolivia, Burundi, Congo (Kinshasa), Crete, Haiti, Hong Kong, India, Indonesia, Jordan, Korea, Mexico, Paraguay, Vietnam, and Germany.

PERSONNEL

- (a) In the US: 54 paid employees; 830 volunteers.
- (b) Abroad: 382 volunteers.

COUNTRIES OF OPERATION

Algeria, Bolivia, Burundi, Congo (Kinshasa), Greece, Haiti, Hong Kong, India, Indonesia, Israel, Jordan, Kenya, Korea, Malawi, Mexico, Morocco, Nigeria, Pakistan, Paraguay, Tanzania, Uruguay, Vietnam, and Zambia.

PROGRAMS ABROAD

Construction, housing, and planning—provides houses for refugees and disaster victims and assists in road construction in South Asia and North Africa.

Education—supplies teaching personnel and supports vocational training schools in Asia and Africa.

Equipment, material aid, and relief—supplies food and clothing in Asia and Africa.

Exchanges—promotes personnel exchanges throughout the world in many fields.

Food and agriculture—provides agricultural training and extension programs in many underdeveloped areas of the world.

Medicine and public health—aids hospitals and clinics in many underdeveloped areas of the world by providing medical personnel and shipping services.

EXPENDITURES, 1966

\$1,073,089

SOURCE OF FUNDS

Funds are obtained from voluntary cash contributions, gifts in kind, and US surplus commodities.

EXCHANGES, 1963

(a) Personnel sent abroad: 12 to Western Europe.

(b) Personnel brought to US: 40 from Western Europe, 1 from the Near East, 1 from North Africa, 2 from East South Africa, 3 from Latin America, and 1 from North America.

Mizrachi Women's Organization of America, Inc.
242 Park Avenue South, New York, N. Y. 10003

OBJECTIVES

To promote the welfare of young people and new citizens of Israel through the conduct of child care, education, and social programs; to create understanding between the peoples of the US and Israel; to foster the traditional values of Judaism both in the US and Israel; and to further the democratic values of the American heritage.

OVERSEAS OFFICE

Israel

PERSONNEL

- (a) In the US: 40 paid employees; 50,000 volunteers.
- (b) Abroad: 448 paid employees; 15 volunteers.

COUNTRY OF OPERATION

Israel

PROGRAMS ABROAD

Community and social development—operates adult education courses and, in partnership with the Jewish National Fund, has established more than a dozen forests and is at present establishing an outdoor recreational center and park atop Mount Gilboa.

Education—staffs and operates vocational high schools for girls, agricultural high schools for boys and girls in children's villages, the industrial vocational high school for boys, and teachers' seminaries.

Equipment, material aid, and relief—distributes direct aid to needy graduates of its institutions and conducts an annual distribution of Passover food supplies to the needy in all major cities in Israel.

Social welfare—staffs and operates a settlement house for new immigrants in Jerusalem and a community center in Haifa; operates major children's villages in Raanana and Petach Tikvah and a children's home in Jerusalem; staffs and operates a sleep-in nursery in Jerusalem and operates a network of summer day-care camps and summer sleep-in camps; contributes to the operation of some 40 afternoon school recreation centers throughout Israel and operates a nursery and community center in Jaffa.

EXPENDITURES, 1963

\$1,235,000

SOURCE OF FUNDS

The program is financed by voluntary contributions.

EXCHANGES, 1963

Personnel brought to US: 1 from Israel.

Pioneer Women, the Women's Labor Zionist Organization of America, Inc.
29 East 22nd Street, New York, N. Y. 10010

OBJECTIVES

To provide in Israel, in cooperation with the Working Women's Council of Israel, social services for women, youth, and children; child care; agricultural and vocational training; rehabilitation services; and special instruction for newcomers and Arab women in over 1000 installations throughout the country.

PERSONNEL

- (a) In the US: volunteers and a small professional staff;
- (b) Abroad: from US, 1; local personnel, Working Mothers' Association, 200,000 volunteers.

COUNTRY OF OPERATION

Israel

PROGRAMS ABROAD

Community development—further integration of immigrant families into community life; provides leadership training for women.

Education—operates kindergartens, nursery schools, vocational high schools, technical and vocational training for women and youths; provides scholarships for free secondary education.

Food production and agriculture—operates agricultural training schools; promotes land reclamation and reforestation.

Medicine and public health—provides training in nursing and hygiene.

Social welfare—operates orphanages, day-care nurseries, recreation and community centers, after-school clubs, resident homes, and summer camps.

EXPENDITURES, 1964

\$1,460,000

SOURCE OF FUNDS

The program is financed by voluntary contributions.

The Rockefeller Foundation
111 West 50th Street, New York, N. Y. 10020

OBJECTIVES

To promote the well-being of mankind throughout the world.

OVERSEAS OFFICES

No branch offices; cooperating field programs or staff representation in Brazil, Chile, Colombia, India, Kenya, Mexico, Nigeria, the Philippines, Thailand, Trinidad, Uganda; a conference center in Italy.

PERSONNEL

- (a) In the US: 214 paid employees.
- (b) Abroad: 91 paid employees.

COUNTRIES OF OPERATION

In 1963 payments under various appropriations were made in 68 countries. Those listed below represent countries where the foundation considers that the activities carried on might be defined as programs, or with which personnel were exchanged: Argentina, Australia, Belgium, Bolivia, Brazil, Canada, Chile, China (Taiwan), Colombia, Congo (Kinshasa), Denmark, Ecuador, Egypt, El Salvador, Ethiopia, Finland, France, Germany, Ghana, Greece, Guatemala, Honduras, India, Iran, Israel, Italy, Majorca, Japan, Kenya, Lebanon, Liberia, Malaysia, Mexico, the Netherlands, Nigeria, Norway, Pakistan, Peru, the Philippines, Poland, Rhodesia, Malawi, Senegal, South Vietnam, Sudan, Sweden, Switzerland, Tanzania, Thailand, Trinidad, Turkey, Uganda, UK, and Uruguay.

PROGRAMS ABROAD

Education—has funded programs in the humanities and social sciences in various disciplines; in addition, has funded programs in university development in some areas. Some programs were multinational in scope.

Food and agriculture—has operated programs in South Asia, Latin America, and North America and supported programs in every area of the world except the Caribbean and the Communist countries, exclusive of Poland.

Medicine and public health—has operated programs in this field in South Asia, the Caribbean, and Latin America and supported medical and public health programs in all other areas except the Communist countries, exclusive of Poland, and North Africa.

Research—supports research in the humanities and social sciences, the medical and natural sciences, and the agricultural sciences in Western Europe, Eastern Europe (only in Poland), the Near East, South Asia, Far East, West Pacific, Central Africa, East Africa, West Africa, the Caribbean, Central America, Latin America, and North America.

Exchanges—The following are examples of exchange, orientation, training, and similar programs related to the above categories and supported by the foundation: a graduate orientation course in clinical fields for foreign fellows at New York Medical College of Cornell University; a medical exchange program between the University of Tennessee and the Universidad del Valle of Colombia; an advanced-study course for foreign editors at American Press Institute of Columbia University, New York; a professor exchange in economics between Wayne State University, Detroit, and the Universidad del Valle, Colombia; visiting fellowships for non-Western diplomats and one American research scholar annually at Harvard University; training of Indonesian librarians at Columbia University; support of the Hungarian-refugee scholarship program; support of a training program in citizenship education for women chiefly from Latin American countries, undertaken by the League of Women Voters, Washington, D. C.

EXPENDITURES, 1963

\$10,957,460

SOURCE OF FUNDS

The foundation operates with its own funds.

EXCHANGES, 1963

(a) Personnel sent abroad: the number and destination of personnel sent abroad by grantee institutions cannot be tabulated with precision. The foundation has its own modest program of travel grants, which assisted 51 persons in 1962.

(b) Personnel brought to the US: 22 from Western Europe, 14 from Eastern Europe, 9 from the Near East, 30 from South Asia, 15 from Southeast Asia, 18 from the Far East, 32 from West Pacific, 12 from Central America, 125 from Latin America, 30 from North America, 4 from North Africa, 1 from Central Africa, 11 from East Africa, 21 from West Africa, 2 from the Caribbean, total 346.

Sudan Interior Mission, Inc.
164 West 74th Street, New York, N. Y. 10023

OBJECTIVES

To preach the Christian gospel in Africa, to establish Christian churches, and to train Africans to lead their own people.

OVERSEAS OFFICES

Aden (South Arabia), Australia, Canada, Dahomey, Ethiopia, Ghana, Liberia, New Zealand, Niger, Nigeria, Somalia, South Africa, Sudan, Switzerland, UK, and Upper Volta.

PERSONNEL

- (a) US missionaries: 736.
- (b) Other: 582.

COUNTRIES OF OPERATION

Aden (South Arabia), Dahomey, Ethiopia, Ghana, Lebanon, Liberia, Niger, Nigeria, Somalia, Sudan, and Upper Volta.

PROGRAMS ABROAD

Education—promotes education in the above countries by conducting 4 high schools, 6 teacher-training colleges, and 500 elementary and primary schools.

Medicine and public health—works in the propagation of medicine and health services by operating 14 general hospitals, 1 eye hospital, 10 leprosaria, and 200 leprosy treatment centers in East and West Africa.

EXPENDITURES. 1963

\$3,800,000

SOURCE OF FUNDS

The program is financed by donations from Christian people and churches.

EXCHANGES, 1966

(a) Personnel sent abroad: 37 from US, new assignments; 95 from US, returning workers, to all 11 countries in which work is carried on.

(b) Personnel brought to US: 130 from both West and East Africa for leave.

The United Church Board for World Ministries
475 Riverside Drive, New York, N. Y. 10027

OBJECTIVES

To propagate the gospel: by diffusing a knowledge of the Holy Scriptures; by promoting the spiritual, physical, social, and intellectual welfare of mankind; by supporting persons engaged in the fulfillment of this purpose; and by conducting religious, medical, educational, cultural, scientific, and social institutions and ancillary works and activities of all kinds, including health centers, demonstration farms, training, etc.

PERSONNEL

- (a) In the US: 26 paid employees; exact number of volunteers unknown.
- (b) Abroad: 522 paid employees; exact number of volunteers unknown.

COUNTRIES OF OPERATION

Angola, Ethiopia, Ghana, South Africa, Rhodesia, Togo, Zambia, Ceylon, India, France, Germany, Greece, Italy, Switzerland, Ecuador, Honduras, Mexico, Puerto Rico, Iraq, Jordan, Lebanon, Syria, Turkey, Hong Kong, Indonesia, Japan, Micronesia, the Philippines, Ryukyu Islands (Okinawa), and Taiwan.

PROGRAMS ABROAD

Community and social development—establishes and supports social-service centers, job and industrial training, and village centers.

Education—is involved in providing primary, secondary, and college-level education.

Equipment, material aid, and relief—provides food, clothing, medicines, and books.

Exchanges—in South Asia, the Far East, the West Pacific, and East South Africa, arranges visits of personnel to the US to further understanding and to plan future programs.

Food and agriculture—in the developing countries, the board's operations also include the improvement of poultry and livestock, crop improvement, irrigation, and other assistance to aid and improve food production.

Medicine and public health—in Turkey, Greece, India, Ceylon, the Philippines, Hong Kong, Honduras, Angola, Rhodesia, South Africa, Ghana, as well as other countries, provides medical services, training in nutrition, sanitation, and disease control.

EXPENDITURES. 1963

\$5,066,006

SOURCE OF FUNDS

Funds are provided by churches and individuals.

EXCHANGES

Personnel brought to US: 8 from South Asia, 19 from West Pacific, 1 from Central America, 14 from East South Africa.

World Division, Board of Missions of the Methodist Church
475 Riverside Drive, New York, N. Y. 10027

OBJECTIVES

To preach the Christian gospel, to serve men in the name and spirit of Jesus Christ, and to promote world Christian fellowship.

OVERSEAS OFFICES

India, Congo (Kinshasa).

PERSONNEL

- (a) In the US: 124 paid employees.
- (b) Abroad (estimated): 5110 paid employees.

COUNTRIES OF OPERATION

Angola, Algeria, Republic of the Congo (Kinshasa), Liberia, Mozambique, Republic of South Africa, Rhodesia, Tunisia, Burma, Hong Kong, India, Indonesia, Japan, South Korea, Malaysia, Nepal, Okinawa and the Ryukyu Islands, Pakistan, the Philippines, Taiwan, Austria, Belgium, Czechoslovakia, Denmark, Finland, Hungary, Italy, Norway, Poland, Sweden, Switzerland, West Germany, Yugoslavia, Argentina, Bolivia, Brazil, Chile, Costa Rica, Cuba, Mexico, Panama, Peru, and Uruguay.

PROGRAMS ABROAD

Community and social development—operates leadership training programs and urban service centers; distributes Christian literature.

Construction, housing and planning—assists in the construction of schools, churches, hospitals, and housing for missionary staff.

Education—operates or supports educational activities as follows: 56 colleges, 97 secondary schools, 281 elementary schools, 27 theological seminaries, 5 technical schools.

Exchanges—brings persons to US for higher education and special training to prepare them for leadership in church and society.

Food and agriculture—renders assistance in food production and agricultural and rural development programs.

Medicine and public health—operates or cooperates with other church groups in 38 hospitals, 42 dispensaries, 20 mobile medical units, 7 leprosaria.

Social welfare—operates hostels for students, bookstores (30), and printing plants (15), etc.

Other—operates literary and communications programs.

EXPENDITURES, 1963

\$13,480,075

SOURCE OF FUNDS

Funds are obtained from voluntary contributions and income from wills and estates.

EXCHANGES, 1963

Personnel brought to US: 11 from the Far East, 7 from West Pacific, 17 from South Asia, 8 from Central Africa and East South Africa, 12 from Central and South America, and 2 from Western Europe.

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Appendix A

PARTICIPATION IN FOREIGN ASSISTANCE PROGRAMS AND ORGANIZATIONS

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A1. Membership in Selected Multilateral Technical Assistance Agencies	156
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A4. Less-Developed Recipients of Bilateral Economic Assistance, FY45-FY66	163
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Table A1 shows the membership of selected multilateral agencies involved in technical assistance.

Table A2 shows the membership and voting powers in international banks.

Table A3 shows the cumulative assistance committed by international banks through 30 June 1966, unless otherwise indicated.

Table A4 shows the less-developed recipients of bilateral economic assistance for the period FY45- FY66.

Table A5 shows the less-developed recipients of US bilateral economic assistance for FY66.

TABLE A1
Membership in Selected Multilateral Technical Assistance Agencies^a

Member country	Technical assistance agencies							
	FAO	ILO	OAS	UNDP	UNESCO	ITU	WHO	WMO
Afghanistan	x	x		x	x	x	x	x
Albania		x		x	x	x	x	x
Algeria	x	x		x	x	x	x	x
Argentina	x	x	x	x	x	x	x	x
Australia	x	x		x	x	x	x	x
Austria	x	x		x			x	x
Belgium	x	x		x	x	x	x	x
Bolivia	x	x	x	x	x	x	x	x
Brazil	x	x	x	x	x	x	x	x
Bulgaria		x		x	x	x	x	x
Burma	x	x		x	x	x	x	x
Burundi	x	x		x	x	x	x	x
Cambodia	x			x	x	x	x	x
Cameroon	x	x		x	x	x	x	x
Canada	x	x		x	x	x	x	x
Central African Republic	x	x		x	x	x	x	x
Ceylon	x	x		x	x	x	x	x
Chad	x	x		x	x	x	x	x
Chile	x	x	x	x	x	x	x	x
China (Taiwan)		x		x	x	x	x	x
Colombia	x	x	x	x	x	x	x	x
Congo (Brazzaville)	x	x		x	x	x	x	x

TABLE A1 (continued)

Member country	Technical assistance agencies							
	FAO	ILO	OAS	UNDP	UNESCO	ITU	WHO	WMO
Congo (Kinshasa)	x	x		x	x	x	x	x
Costa Rica	x	x	x	x	x	x	x	x
Cuba	x	x	x	x	x	x	x	x
Cyprus	x	x		x	x	x	x	x
Czechoslovakia		x		x	x	x	x	x
Dahomey	x	x		x	x	x	x	x
Denmark	x	x		x	x	x	x	x
Dominican Republic	x	x	x	x	x	x	x	x
Ecuador	x	x	x	x	x	x	x	x
El Salvador	x	x	x	x	x	x	x	x
Ethiopia	x	x		x	x	x	x	x
Finland	x	x		x	x	x	x	x
France	x	x		x	x	x	x	x
Gabon	x	x		x	x	x	x	x
Gambia	x			x				
Germany (West)	x	x		x	x	x	x	x
Ghana	x	x		x	x	x	x	x
Greece	x	x		x	x	x	x	x
Guatemala	x	x	x	x	x	x	x	x
Guinea	x	x		x	x	x	x	x
Haiti	x	x	x	x	x	x	x	x
Honduras	x	x	x	x	x	x	x	x
Hong Kong								x
Hungary		x		x	x	x	x	x
Iceland	x	x		x	x	x	x	x
India	x	x		x	x	x	x	x
Indonesia	x	x		x	x	x	x	x
Iran	x	x		x	x	x	x	x
Iraq	x	x		x	x	x	x	x
Ireland	x	x		x	x	x	x	x
Israel	x	x		x	x	x	x	x
Italy	x	x		x	x	x	x	x
Ivory Coast	x	x		x	x	x	x	x
Jamaica	x	x		x	x	x	x	x
Japan	x	x		x	x	x	x	x
Jordan	x	x		x	x	x	x	x
Kenya	x	x		x	x	x	x	x
Korea	x	x		x	x	x	x	x
Kuwait	x	x		x	x	x	x	x
Laos	x	x		x	x	x	x	x
Lebanon	x	x		x	x	x	x	x
Liberia	x	x		x	x	x	x	x
Libya	x	x		x	x	x	x	x
Liechtenstein						x		
Luxembourg	x	x		x	x	x	x	x
Madagascar	x	x		x	x	x	x	x
Malawi	x	x		x	x	x	x	x
Malaysia	x	x		x	x	x	x	x
Maldives	x	x		x	x	x	x	x
Malta	x	x		x	x	x	x	x
Mauritania	x	x		x	x	x	x	x
Mauritius							x	x

TABLE A1 (continued)

Member country	Technical assistance agencies							
	FAO	ILO	OAS	UNDP	UNESCO	ITU	WHO	WMO
Mexico	x		x	x	x	x	x	x
Monaco				x	x	x	x	
Mongolia				x	x	x	x	x
Morocco	x	x		x	x	x		x
Nepal	x			x	x	x	x	
Netherlands	x	x		x	x	x	x	x
New Zealand	x	x		x	x	x	x	x
Nicaragua	x	x	x	x	x	x	x	x
Niger	x	x		x	x	x	x	x
Nigeria	x	x		x	x	x	x	x
Norway	x	x		x	x	x	x	x
Pakistan	x	x		x	x	x	x	x
Panama	x	x	x	x	x	x	x	
Paraguay	x	x	x	x	x	x	x	x
Peru	x	x	x	x	x	x	x	x
Philippines	x	x		x	x	x	x	x
Poland	x	x		x		x	x	x
Portugal	x	x		x		x	x	x
Qatar							x	
Romania	x	x		x	x	x	x	x
Rwanda	x	x		x	x	x	x	x
Saudi Arabia	x			x	x	x	x	x
Senegal	x	x		x	x	x	x	x
Sierra Leone	x	x		x	x	x	x	x
Singapore				x				x
Somali Republic	x	x			x	x	x	x
South Africa	x	x				x	x	x
Southern Rhodesia						x	x	x
Spain	x	x		x	x	x	x	x
Sudan	x	x		x	x	x	x	x
Sweden	x	x		x	x	x	x	x
Switzerland	x	x		x	x	x	x	x
Syrian Arab Republic	x	x				x	x	x
Tanzania	x	x		x	x	x	x	x
Thailand	x	x		x	x	x	x	x
Togo	x	x		x	x	x	x	x
Trinidad and Tobago	x	x	x	x	x		x	x
Tunisia	x	x		x	x	x	x	x
Turkey	x	x		x	x	x	x	x
Uganda	x	x		x	x	x	x	x
Soviet Union		x		x	x	x	x	x
United Arab Republic (Egypt)	x	x		x	x	x	x	x
UK	x	x		x	x	x	x	x
US	x	x	x	x	x	x	x	x
Upper Volta	x	x		x	x	x	x	x
Uruguay	x	x	x	x	x	x	x	x
Vatican City				x		x		
Venezuela	x	x	x	x	x	x	x	x
Vietnam (South)	x	x		x	x	x	x	x
Western Samoa							x	
Yemen	x	x		x	x	x	x	
Yugoslavia	x	x		x	x	x	x	x
Zambia	x	x		x	x	x	x	x

TABLE A2
Membership and Percentage Voting Power in International Banks

[illegible]

TABLE A2 (continued)

Member country	International banks								
	IBRD	IDA	IFC	IMF	IDB	EIB	ADB	AfDB	CABEI ^a
Jordan	0.17	0.23	0.24	0.16	—	—	—	—	—
Kenya	0.23	0.34	0.36	0.25	—	—	—	3.32	—
Korea	0.20	0.30	0.32	0.21	—	—	3.13	—	—
Kuwait	0.37	0.47	0.52	0.32	—	—	—	—	—
Laos	0.14	0.24	—	0.14	—	—	0.82	—	—
Lebanon	0.14	0.24	0.25	0.14	—	—	—	—	—
Liberia	0.16	0.26	0.28	0.19	—	—	—	2.40	—
Libya	0.18	0.28	0.25	0.19	—	—	—	—	—
Luxembourg	0.18	0.23	0.30	0.18	—	16.66 ^b	—	—	—
Malagasy Republic	0.18	0.28	0.30	0.19	—	—	—	—	—
Malawi	0.16	0.26	0.28	0.16	—	—	—	—	—
Malaysia	0.63	0.41	0.44	0.47	—	—	2.30	—	—
Mali	0.17	0.27	—	0.18	—	—	—	2.32	—
Mauritania	0.14	0.24	—	—	—	—	—	1.90	—
Mauritius	—	—	—	0.14	—	—	—	—	—
Mexico	0.93	0.91	0.81	1.27	8.10	—	—	—	—
Morocco	0.38	0.49	0.53	0.43	—	—	—	5.80	—
Nepal	0.14	0.24	0.25	0.15	—	—	7.56	—	—
Netherlands	2.30	2.44	2.75	2.34	—	16.66 ^b	1.56	—	—
New Zealand	0.77	—	0.98	0.78	—	—	2.52	—	—
Nicaragua	0.13	0.23	0.22	0.19	0.58	—	—	—	20.00
Niger	0.14	0.24	—	0.14	—	—	—	2.13	—
Nigeria	0.37	0.47	0.52	0.32	—	—	—	8.23	—
Norway	0.74	0.74	0.67	0.75	—	—	1.06	—	—
Pakistan	0.90	1.02	1.14	0.92	—	—	3.30	—	—
Panama	0.14	0.20	0.21	0.16	0.58	—	—	—	—
Paraguay	0.13	0.23	0.22	0.17	0.58	—	—	—	—
Peru	0.24	0.35	0.37	0.31	1.75	—	—	—	—
Philippines	0.50	0.61	0.35	0.58	—	—	3.55	—	—
Portugal	0.42	—	—	0.43	—	—	—	—	—
Rwanda	0.16	0.26	—	0.16	—	—	—	2.02	—
Saudi Arabia	0.48	0.50	0.30	0.49	—	—	—	—	—
Senegal	0.23	0.34	0.36	0.21	—	—	—	3.19	—
Sierra Leone	0.16	0.26	0.28	0.17	—	—	—	2.25	—
Singapore	—	—	—	0.24	—	—	1.06	—	—
Somali Republic	0.16	0.26	0.28	0.17	—	—	—	2.29	—
South Africa	0.95	1.02	1.14	0.97	—	—	—	—	—
Spain	1.17	1.02	1.14	1.18	—	—	—	—	—
Sudan	0.34	0.28	0.30	0.35	—	—	—	4.43	—
Surinam	—	—	—	1.07	—	—	—	—	—
Sweden	1.06	1.02	1.14	—	—	—	1.06	—	—
Syrian Arab Republic	0.23	0.28	0.27	0.27	—	—	—	—	—
Tanzania	0.23	0.34	0.36	0.25	—	—	—	3.40	—
Thailand	0.51	0.45	0.32	0.52	—	—	—	—	—
Togo	0.16	0.26	0.28	0.16	—	—	2.30	1.97	—
Trinidad and Tobago	0.21	—	—	0.21	—	—	—	—	—
Tunisia	0.22	0.32	0.32	0.26	—	—	—	3.57	—
Turkey	0.56	0.67	0.61	0.48	—	—	—	—	—
Uganda	0.23	0.34	0.36	0.25	—	—	—	2.94	—
United Arab Republic (Egypt)	0.67	0.61	0.70	0.75	—	—	—	9.83	—
UK	10.50	10.78	12.24	10.60	—	—	3.13	—	—
US	25.50	26.05	29.60	22.29	42.47	—	17.23	—	—

TABLE A2 (continued)

Member country	International banks								
	IBRD	IDA	IFC	IMF	IDB	EIB	ADB	AfDB	CABEI ^a
Upper Volta	0.14	0.24	—	0.14	—	—	—	2.05	—
Uruguay	0.21	—	—	0.21	1.41	—	—	—	—
Venezuela	0.66	—	0.31	1.13	6.77	—	—	—	—
Vietnam (South)	0.22	0.32	—	0.21	—	—	1.64	—	—
Western Samoa	—	—	—	—	—	—	0.65	—	—
Yugoslavia	0.53	0.50	—	0.75	—	—	—	—	—
Zambia	0.31	0.42	0.46	0.12	—	—	—	—	—

^aAll members have equal vote.^bCombined total of Belgium, Luxembourg, and Netherlands.

TABLE A3
Cumulative Commitments from Selected International
Banks and Funds through 30 June 1966^{a, b}
(In millions of equivalent dollars)

Country	International banks						
	IBRD	IDA	IFC	IDB	EDF	EIB	CABEI
Afghanistan	—	3.5	—	—	—	—	—
Algeria	80.5	—	—	—	25.3	—	—
Argentina	125.4	—	8.0	150.4	—	—	—
Australia	117.7	—	1.0	—	—	—	—
Austria	104.9	—	—	—	—	—	—
Belgium	57.8 ^b	—	—	—	—	4.8	—
Bolivia	—	15.0	—	31.9	—	—	—
Botswana	—	3.6	—	—	—	—	—
Brazil	395.5	—	21.2	255.8	—	—	—
Burma	33.3	—	—	—	—	—	—
Burundi	4.8	1.1	—	—	18.5	—	—
Cameroon	—	—	—	—	69.3	2.4	—
Central African Republic	—	—	—	—	32.9	—	—
Ceylon	38.3	—	—	—	—	—	—
Chad	—	—	—	—	54.0	—	—
Chile	143.3	19.0	10.3	131.3	—	—	—
China (Taiwan)	42.5	13.2	—	—	—	—	—
Colombia	130.6	19.5	13.7	91.4	—	—	—
Congo (Brazzaville)	—	—	—	—	36.4	—	—
Congo (Kinshasa)	121.6	—	—	—	54.8	—	—
Costa Rica	47.7	5.5	0.6	23.2	—	—	12.9
Cyprus	20.5	—	—	—	—	—	—
Dahomey	—	—	—	—	29.5	—	—
Denmark	85.0	—	—	—	—	—	—
Dominican Republic	—	—	—	11.2	—	—	—
Ecuador	54.0	8.0	2.0	14.3	—	—	—
El Salvador	50.3	8.0	0.1	7.1	—	—	15.9
Ethiopia	56.7	20.7	4.4	—	—	—	—
Finland	221.6	—	3.1	—	—	—	—
France	250.0	—	—	—	—	79.8	—
Gabon	47.0	—	—	—	20.2	—	—

TABLE A3 (continued)

Country	International banks						
	IBRD	IDA	IFC	IDB	EDF	EIB	CABEI
Germany (West)	—	—	—	—	—	41.2	—
Ghana	47.0	—	—	—	—	—	—
Greece	—	—	6.3	—	—	36.8	—
Guatemala	18.2	—	0.2	9.0	—	—	13.2
Guinea	1.7	—	—	—	—	—	—
Guyana	0.9	—	—	—	—	—	—
Haiti	2.6	0.4	—	5.9	—	—	—
Honduras	25.9	12.5	0.4	23.1	—	—	19.3
Iceland	7.9	—	—	—	—	—	—
India	971.9	675.5	7.9	—	—	—	—
Iran	263.2	—	0.3	—	—	—	—
Iraq	6.3	—	—	—	—	—	—
Israel	94.5	—	—	—	—	—	—
Italy	398.0	—	1.0	—	—	389.6	—
Ivory Coast	—	—	0.2	—	80.4	1.0	—
Jamaica	27.5	—	0.2	—	—	—	—
Japan	757.0	—	—	—	—	—	—
Jordan	—	8.5	—	—	—	—	—
Kenya	14.0	10.3	—	—	—	—	—
Korea	—	14.0	—	—	—	—	—
Lebanon	27.0	—	—	—	—	—	—
Lesotho	—	4.1	—	—	—	—	—
Liberia	4.2	—	0.2	—	—	—	—
Luxembourg	57.8 ^c	—	—	—	—	4.0	—
Malagasy Republic	—	—	—	—	107.8	—	—
Malaysia	155.3	—	2.9	—	—	—	—
Mali	—	—	—	—	55.9	—	—
Malta	7.5	—	—	—	—	—	—
Mauritania	66.0	6.7	—	—	26.9	—	—
Mexico	625.3	—	21.3	159.1	—	—	—
Morocco	60.0	11.0	2.9	—	—	—	—
Netherlands	236.5	—	—	—	—	—	—
New Zealand	102.1	—	—	—	—	—	—
Nicaragua	35.7	3.0	—	30.2	—	—	—
Niger	—	1.5	—	—	44.4	—	—
Nigeria	185.5	35.5	2.2	—	—	—	—
Norway	145.0	—	—	—	—	—	—
Pakistan	391.0	323.2	12.6	—	—	—	—
Panama	18.0	—	—	13.9	—	—	—
Paraguay	11.5	17.1	—	26.7	—	—	—
Peru	191.4	—	8.9	64.2	—	—	—
Philippines	110.8	—	4.4	—	—	—	—
Portugal	57.5	—	—	—	—	—	—
Rwanda	—	—	—	—	12.5	—	—
Senegal	—	—	—	—	73.3	—	—
Sierra Leone	3.8	—	—	—	—	—	—
Somali Republic	—	6.2	—	—	20.0	—	—
South Africa	221.8	—	—	—	—	—	—
Southern Rhodesia	87.0	—	—	—	—	—	—
Spain	138.0	—	3.8	—	—	—	—
Sudan	105.0	13.0	0.7	—	—	—	—
Surinam	—	—	—	—	17.9	—	—
Syrian Arab Republic	—	8.5	—	—	—	—	—

TABLE A4 (continued)

Recipient	Donor							
	UK ⁵	France ⁵	Germany ⁵	Japan ⁵	Soviet Union ²⁵	Communist China ²⁵	East European Bloc ²⁵	US ¹⁵
El Salvador			x	x				x
Ethiopia	x		x	x	x		x	x
Gabon		x	x					x
Gambia	x							
Ghana	x		x	x	x	x	x	x
Greece	x	x	x		x			x
Guatemala			x					x
Guinea	x		x		x	x	x	x
Guyana	x							x
Haiti	x		x					x
Honduras	x		x	x				x
Hong Kong	x		x	x				x
India	x		x	x	x		x	x
Indonesia	x		x	x	x	x	x	x
Iran	x		x	x	x		x	x
Iraq	x		x	x	x		x	x
Israel	x	x	x					x
Ivory Coast	x	x	x					x
Jamaica	x		x					x
Jordan	x		x					x
Kenya	x		x	x	x	x		x
Korea	x		x	x				x
Kuwait				x				
Laos	x	x	x	x				x
Lebanon	x		x	x				x
Liberia	x		x					x
Libya	x		x					x
Malagasy Republic	x	x	x	x				x
Malawi	x		x					x
Malaysia	x		x	x				x
Maldives Islands	x							
Mali		x	x		x	x	x	x
Malta	x		x					
Mauritania	x	x	x					
Mauritius	x							
Mexico			x	x				x
Morocco	x	x	x				x	x
Nepal	x		x	x	x	x		x
Nicaragua			x					x
Niger	x	x	x					x
Nigeria	x		x	x			x	x
Pakistan	x		x	x	x	x	x	x
Panama	x		x					x
Paraguay			x	x				x
Peru	x		x	x				x
Philippines	x		x	x				x
Rwanda	x		x					x
Saudi Arabia	x		x	x				x
Senegal		x	x		x			
Sierra Leone	x		x					x
Singapore	x			x				

TABLE A5 (continued)

Recipient country	US bilateral economic assistance							
	Total	Development and Alliance for Progress	Supporting assistance	Technical cooperation development grants ^a	Contingency fund	EXIM-BANK credits	PL 480, loans, grants, and sales	Social Progress Trust Fund
Costa Rica	26.2	0.5		2.0		10.2	0.9	12.6
Dahomey	1.3			1.2			0.1	
Dominican Republic	101.6	14.5	3.3	7.1	37.3	8.8	10.7	18.3
Ecuador	52.5	2.3		4.3	10.0	6.3	1.8	27.8
El Salvador	30.4	1.6		1.7		2.5	2.6	22.0
Ethiopia	48.5	50.9		5.3			13.2	
Ghana	9.2			3.5	0.2	0.5	2.0	
Greece	27.2						27.2	
Guatemala	19.3	1.0		1.2			0.9	14.3
Guinea	3.3	3.2		1.2			1.9	
Guyana	7.1	4.0		0.9	1.3		1.2	
Haiti	6.1		1.4		1.0	3.0	0.7	
Honduras	20.7	9.9		2.2			1.0	7.6
Hong Kong	3.3						1.3	
India	905.5	300.0		9.9			395.0	
Indonesia	22.0						22.0	
Iran	20.4	6.5		2.3			11.6	
Iraq	5.4					3.3	0.1	
Israel	37.4	10.0					27.3	
Ivory Coast	8.9			0.3		0.7	1.9	
Jamaica	6.1			1.4		3.0	1.7	
Jordan	45.5	7.9	22.0	3.6			3.0	
Kenya	20.4	0.1		3.1			17.2	
Korea	250.9	80.0	60.0	5.5	1.3		104.1	
Laos	57.6		14.1	11.1	2.0		0.1	
Liberia	9.1	1.4		6.6			1.1	
Malagasy Republic	1.0			0.9			0.1	
Malawi	2.1	0.2		1.9				
Malaysia	1.0						1.0	
Mali	3.0			1.9			1.1	
Mexico	163.7			0.2		127.9	0.1	35.5
Morocco	61.3	2.6		0.7		25.6	32.1	
Nepal	11.9			3.3			8.6	
Nicaragua	33.4	14.3		2.0		2.8	1.2	13.1
Niger	1.1			0.7			0.4	
Nigeria	23.8	4.6		18.6			0.6	
Pakistan	149.7	120.0		7.2			22.3	
Panama	26.3	7.8		1.5	3.5		0.5	12.0
Paraguay	22.9	9.4		2.3			3.1	7.8
Peru	74.9	12.7		5.0	0.8	3.0	8.2	45.2
Philippines	9.5			3.7			5.8	
Portugal	3.7		1.0	0.4			2.3	
Rwanda	3.7		1.0	0.4			2.3	
Ryukyu Islands	3.8						3.8	
Senegal	2.0		0.1	0.5			1.4	
Sierra Leone	3.9			2.0			1.9	
Somali Republic	4.6			4.1	0.3		0.2	
Sudan	19.4	10.5		3.3		2.4	3.1	
Tanzania	4.8	0.1		1.6			3.1	
Thailand	36.6		20.4 ^b	13.4	9.6	15.0	0.2	

TABLE A5 (continued)

Recipient country	US bilateral economic assistance							
	Total	Development and Alliance for Progress	Supporting assistance	Technical cooperation development grants ^a	Contingency Fund	EXIM-BANK credits	PL 480, loans, grants, and sales	Social Progress Trust Fund
Egypt	1.6			1.4			0.2	—
El Salvador and El Salvador	9.4		5.0			4.0	0.4	—
Ethiopia	15.0	15.0		2.3			1.7	—
Turkey	154.2	129.0		4.5			20.7	—
Uganda	4.6	0.6		2.0			1.0	—
United Arab Republic (Egypt)	59.5			1.4			58.0	—
Upper Volta	1.5			0.8			0.7	—
Uruguay	16.9	5.0		0.9			0.5	10.5
Venezuela	85.2			1.7		6.6	1.9	74.0
Vietnam (South)	144.6		463.0 ^b	8.9	114.2		123.5	—
Yemen	2.3		2.3					—
Zambia	6.4			1.0		5.4		—

^aIncludes Alliance for Progress.^bIncludes \$64,000 administered by other agencies.^cIncludes \$1,777 million administered by other agencies.

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Appendix B

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International Bank for Reconstruction and Development

TEXT OF ARTICLES OF AGREEMENT

The governments on whose behalf the present Agreement is signed agree as follows:

INTRODUCTORY ARTICLE

The International Bank for Reconstruction and Development is established and shall operate in accordance with the following provisions:

ARTICLE I. PURPOSES

The purposes of the Bank are:

(i) To assist in the reconstruction and development of territories of members by facilitating the investment of capital for productive purposes, including the restoration of economies destroyed or disrupted by war, the reconversion of productive facilities to peacetime needs and the encouragement of the development of productive facilities and resources in less developed countries.

(ii) To promote private foreign investment by means of guarantees or participations in loans and other investments made by private investors; and when private capital is not available on reasonable terms, to supplement private investment by providing, on suitable conditions, finance for productive purposes out of its own capital, funds raised by it and its other resources.

(iii) To promote the long-range balanced growth of international trade and the maintenance of equilibrium in balances of payments by encouraging international investment for the development of the productive resources of members, thereby assisting in raising productivity, the standard of living and conditions of labor in their territories.

(iv) To arrange the loans made or guaranteed by it in relation to international loans through other channels so that the more useful and urgent projects, large and small alike, will be dealt with first.

(v) To conduct its operations with due regard to the effect of international investment on business conditions in the territories of members and, in the immediate postwar years, to assist in bringing about a smooth transition from a wartime to a peacetime economy.

The Bank shall be guided in all its decisions by the purposes set forth above.

ARTICLE II. MEMBERSHIP IN AND CAPITAL OF THE BANK

SECTION 1. *Membership*

(a) The original members of the Bank shall be those members of the International Monetary Fund which accept membership in the Bank before the date specified in Article XI, Section 2(e).

(b) Membership shall be open to other members of the Fund, at such times and in accordance with such terms as may be prescribed by the Bank.

SEC. 2. *Authorized capital*

(a) The authorized capital stock of the Bank shall be \$10,000,000,000, in terms of United States dollars of the weight and fineness in effect on July 1, 1944. The capital stock shall be divided into 100,000 shares having a par value of \$100,000 each, which shall be available for subscription only by members.

(b) The capital stock may be increased when the Bank deems it advisable by a three-fourths majority of the total voting power.

SEC. 3. *Subscription of shares*

(a) Each member shall subscribe shares of the capital stock of the Bank. The minimum number of shares to be subscribed by the original members shall be those set forth in Schedule A. The minimum number of shares to be subscribed by other members shall be determined by the Bank, which shall reserve a sufficient portion of its capital stock for subscription by such members.

(b) The Bank shall prescribe rules laying down the conditions under which members may subscribe shares of the authorized capital stock of the Bank in addition to their minimum subscriptions.

(c) If the authorized capital stock of the Bank is increased, each member shall have a reasonable opportunity to subscribe, under such conditions as the Bank shall decide, a proportion of the increase of stock equivalent to the proportion which its stock theretofore subscribed bears to the total capital stock of the Bank, but no member shall be obligated to subscribe any part of the increased capital.

SEC. 4. *Issue price of shares*

Shares included in the minimum subscriptions of original members shall be issued at par. Others shares shall be issued at par unless the Bank by a majority of the total voting power decides in special circumstances to issue them on other terms.

SEC. 5. *Division and calls of subscribed capital*

The subscription of each member shall be divided into two parts as follows:

(i) twenty percent shall be paid or subject to call under Section 7(i) of this Article as needed by the Bank for its operations;

(ii) the remaining eighty percent shall be subject to call by the Bank only when required to meet obligations of the Bank created under Article IV, Sections 1(v), (ii) and (iii).

Calls on unpaid subscriptions shall be uniform on all shares.

SEC. 6. *Limitation on liability*

Liability on shares shall be limited to the unpaid portion of the issue price of the shares.

SEC. 7. *Method of payment of subscriptions for shares*

Payment of subscriptions for shares shall be made in gold or United States dollars and in the currencies of the members as follows:

(i) under Section 5(i) of this Article, two percent of the price of each share shall be payable in gold or United States dollars,

and, when calls are made, the remaining eighteen percent shall be paid in the currency of the member;

(ii) when a call is made under Section 5(iii) of this Article, payment may be made at the option of the member either in gold, in United States dollars or in the currency required to discharge the obligations of the Bank for the purpose for which the call is made;

(iii) when a member makes payments in any currency under (i) and (ii) above, such payments shall be made in amounts equal in value to the member's liability under the call. This liability shall be a proportionate part of the subscribed capital stock of the Bank as authorized and defined in Section 2 of this Article.

SEC. 8. *Time of payment of subscriptions*

(a) The two percent payable on each share in gold or United States dollars under Section 7(i) of this Article, shall be paid within sixty days of the date on which the Bank begins operations, provided that—

(i) any original member of the Bank whose metropolitan territory has suffered from enemy occupation or hostilities during the present war shall be granted the right to postpone payment of one-half percent until five years after that date;

(ii) an original member who cannot make such a payment because it has not recovered possession of its gold reserves which are still seized or immobilized as a result of the war may postpone all payment until such date as the Bank shall decide.

(b) The remainder of the price of each share payable under Section 7(i) of this Article shall be paid as and when called by the Bank, provided that—

(i) the Bank shall, within one year of its beginning operations, call not less than eight percent of the price of the share in addition to the payment of two percent referred to in (a) above;

(ii) not more than five percent of the price of the share shall be called in any period of three months.

SEC. 9. *Maintenance of value of certain currency holdings of the Bank*

(a) Whenever (i) the par value of a member's currency is reduced, or (ii) the foreign exchange value of a member's currency has, in the opinion of the Bank, depreciated to a significant extent within that member's territories, the member shall pay to the Bank within a reasonable time an additional amount of its own currency sufficient to maintain the value, as of the time of initial subscription, of the amount of the currency of such member which is held by the Bank and derived from currency originally paid in to the Bank by the member under Article II, Section 7(i), from currency referred to in Article IV, Section 2(b), or from any additional currency furnished under the provisions of the present paragraph, and which has not been repurchased by the member for gold or for the currency of any member which is acceptable to the Bank.

(b) Whenever the par value of a member's currency is increased, the Bank shall return to such member within a reasonable time an amount of that member's currency equal to the increase in the value of the amount of such currency described in (a) above.

(c) The provisions of the preceding paragraphs may be waived by the Bank when a uniform proportionate change in the par values of

the currencies of all its members is made by the International Monetary Fund.

SEC. 10. *Restriction on disposal of shares*

Shares shall not be pledged or encumbered in any manner whatever and they shall be transferable only to the Bank.

ARTICLE III. GENERAL PROVISIONS RELATING TO LOANS AND GUARANTEES

SECTION 1. *Use of resources*

(a) The resources and the facilities of the Bank shall be used exclusively for the benefit of members with equitable consideration to projects for development and projects for reconstruction alike.

(b) For the purpose of facilitating the restoration and reconstruction of the economy of members whose metropolitan territories have suffered great devastation from enemy occupation or hostilities, the Bank, in determining the conditions and terms of loans made to such members, shall pay special regard to lightening the financial burden and expediting the completion of such restoration and reconstruction.

SEC. 2. *Dealings between members and the Bank*

Each member shall deal with the Bank only through its treasury, central bank, stabilization fund or other similar fiscal agency, and the Bank shall deal with members only by or through the same agencies.

SEC. 3. *Limitations on guarantees and borrowings of the Bank*

The total amount outstanding of guarantees, participations in loans and direct loans made by the Bank shall not be increased at any time, if by such increase the total would exceed one hundred percent of the unimpaired subscribed capital, reserves and surplus of the Bank.

SEC. 4. *Conditions on which the Bank may guarantee or make loans*

The Bank may guarantee, participate in, or make loans to any member or any political subdivision thereof and any business, industrial, and agricultural enterprise in the territories of a member, subject to the following conditions:

(i) When the member in whose territories the project is located is not itself the borrower, the member or the central bank or some comparable agency of the member which is acceptable to the Bank, fully guarantees the repayment of the principal and the payment of interest and other charges on the loan.

(ii) The Bank is satisfied that in the prevailing market conditions the borrower would be unable otherwise to obtain the loan under conditions which in the opinion of the Bank are reasonable for the borrower.

(iii) A competent committee, as provided for in Article V, Section 7, has submitted a written report recommending the project after a careful study of the merits of the proposal.

(iv) In the opinion of the Bank the rate of interest and other charges are reasonable and such rate, charges and the schedule for repayment of principal are appropriate to the project.

(v) In making or guaranteeing a loan, the Bank shall pay due regard to the prospects that the borrower, and, if the borrower is not a member, that the guarantor, will be in position to meet its obligations under the loan; and the Bank shall act prudently in the interests both of the particular member in whose territories the project is located and of the members as a whole.

(vi) In guaranteeing a loan made by other investors, the Bank receives suitable compensation for its risk.

(vii) Loans made or guaranteed by the Bank shall, except in special circumstances, be for the purpose of specific projects of reconstruction or development.

SEC. 5. *Use of loans guaranteed, participated in or made by the Bank*

(a) The Bank shall impose no conditions that the proceeds of a loan shall be spent in the territories of any particular member or members.

(b) The Bank shall make arrangements to ensure that the proceeds of any loan are used only for the purposes for which the loan was granted, with due attention to considerations of economy and efficiency and without regard to political or other non-economic influences or considerations.

(c) In the case of loans made by the Bank, it shall open an account in the name of the borrower and the amount of the loan shall be credited to this account in the currency or currencies in which the loan is made. The borrower shall be permitted by the Bank to draw on this account only to meet expenses in connection with the project as they are actually incurred.

ARTICLE IV. OPERATIONS

SECTION 1. *Methods of making or facilitating loans*

(a) The Bank may make or facilitate loans which satisfy the general conditions of Article III in any of the following ways:

(i) By making or participating in direct loans out of its own funds corresponding to its unimpaired paid-up capital and surplus and, subject to Section 6 of this Article, to its reserves.

(ii) By making or participating in direct loans out of funds raised in the market of a member, or otherwise borrowed by the Bank.

(iii) By guaranteeing in whole or in part loans made by private investors through the usual investment channels.

(b) The Bank may borrow funds under (a) (ii) above or guarantee loans under (a) (iii) above only with the approval of the member in whose markets the funds are raised and the member in whose currency the loan is denominated, and only if those members agree that the proceeds may be exchanged for the currency of any other member without restriction.

SEC. 2. *Availability and transferability of currencies*

(a) Currencies paid into the Bank under Article II, Section 7 (i), shall be loaned only with the approval in each case of the member whose currency is involved; provided, however, that if necessary, after the Bank's subscribed capital has been entirely called, such currencies

shall, without restriction by the members whose currencies are offered, be used or exchanged for the currencies required to meet contractual payments of interest, other charges or amortization on the Bank's own borrowings, or to meet the Bank's liabilities with respect to such contractual payments on loans guaranteed by the Bank.

(b) Currencies received by the Bank from borrowers or guarantors in payment on account of principal of direct loans made with currencies referred to in (a) above shall be exchanged for the currencies of other members or retained only with the approval in each case of the members whose currencies are involved; provided, however, that if necessary, after the Bank's subscribed capital has been entirely called, such currencies shall, without restriction by the members whose currencies are offered, be used or exchanged for the currencies required to meet contractual payments of interest, other charges or amortization on the Bank's own borrowings, or to meet the Bank's liabilities with respect to such contractual payments on loans guaranteed by the Bank.

(c) Currencies received by the Bank from borrowers or guarantors in payment on account of principal of direct loans made by the Bank under Section 1 (a) (ii) of this Article, shall be held and used, without restriction by the members, to make amortization payments, or to anticipate payment of or repurchase part or all of Bank's own obligations.

(d) All other currencies available to the Bank, including those raised in the market or otherwise borrowed under Section 1 (a) (ii) of this Article, those obtained by the sale of gold, those received as payments of interest and other charges for direct loans made under Sections 1 (a) (i) and (ii), and those received as payments of commissions and other charges under Section 1 (a) (iii), shall be used or exchanged for other currencies or gold required in the operations of the Bank without restriction by the members whose currencies are offered.

(e) Currencies raised in the markets of members by borrowers on loans guaranteed by the Bank under Section 1 (a) (iii) of this Article, shall also be used or exchanged for other currencies without restriction by such members.

SEC. 3. *Provision of currencies for direct loans*

The following provisions shall apply to direct loans under Sections 1 (a) (i) and (ii) of this Article:

(a) The Bank shall furnish the borrower with such currencies of members, other than the member in whose territories the project is located, as are needed by the borrower for expenditures to be made in the territories of such other members to carry out the purposes of the loan.

(b) The Bank may, in exceptional circumstances when local currency required for the purposes of the loan cannot be raised by the borrower on reasonable terms, provide the borrower as part of the loan with an appropriate amount of that currency.

(c) The Bank, if the project gives rise indirectly to an increased need for foreign exchange by the member in whose territories the project is located, may in exceptional circumstances provide the borrower as part of the loan with an appropriate amount of gold or for-

eign exchange not in excess of the borrower's local expenditure in connection with the purposes of the loan.

(d) The Bank may, in exceptional circumstances, at the request of a member in whose territories a portion of the loan is spent, repurchase with gold or foreign exchange a part of that member's currency thus spent but in no case shall the part so repurchased exceed the amount by which the expenditure of the loan in those territories gives rise to an increased need for foreign exchange.

SEC. 4. *Payment provisions for direct loans*

Loan contracts under Section 1 (a) (i) or (ii) of this Article shall be made in accordance with the following payment provisions:

(a) The terms and conditions of interest and amortization payments, maturity and dates of payment of each loan shall be determined by the Bank. The Bank shall also determine the rate and any other terms and conditions of commission to be charged in connection with such loan.

In the case of loans made under Section 1 (a) (ii) of this Article during the first ten years of the Bank's operations, this rate of commission shall be not less than one percent per annum and not greater than one and one-half percent per annum, and shall be charged on the outstanding portion of any such loan. At the end of this period of ten years, the rate of commission may be reduced by the Bank with respect both to the outstanding portions of loans already made and to future loans, if the reserves accumulated by the Bank under Section 6 of this Article and out of other earnings are considered by it sufficient to justify a reduction. In the case of future loans the Bank shall also have discretion to increase the rate of commission beyond the above limit, if experience indicates that an increase is advisable.

(b) All loan contracts shall stipulate the currency or currencies in which payments under the contract shall be made to the Bank. At the option of the borrower, however, such payments may be made in gold, or subject to the agreement of the Bank, in the currency of a member other than that prescribed in the contract.

(i) In the case of loans made under Section 1 (a) (i) of this Article, the loan contracts shall provide that payments to the Bank of interest, other charges and amortization shall be made in the currency loaned, unless the member whose currency is loaned agrees that such payments shall be made in some other specified currency or currencies. These payments, subject to the provisions of Article II, Section 9(c), shall be equivalent to the value of such contractual payments at the time the loans were made, in terms of a currency specified for the purpose by the Bank by a three-fourths majority of the total voting power.

(ii) In the case of loans made under Section 1 (a) (ii) of this Article, the total amount outstanding and payable to the Bank in any one currency shall at no time exceed the total amount of the outstanding borrowings made by the Bank under Section 1 (a) (ii) and payable in the same currency.

(c) If a member suffers from an acute exchange stringency, so that the service of any loan contracted by that member or guaranteed by it or by one of its agencies cannot be provided in the stipulated manner, the member concerned may apply to the Bank for a relaxation of the

conditions of payment. If the Bank is satisfied that some relaxation is in the interests of the particular member and of the operations of the Bank and of its members as a whole, it may take action under either, or both, of the following paragraphs with respect to the whole, or part, of the annual service:

(i) The Bank may, in its discretion, make arrangements with the member concerned to accept service payments on the loan in the member's currency for periods not to exceed three years upon appropriate terms regarding the use of such currency and the maintenance of its foreign exchange value; and for the repurchase of such currency on appropriate terms.

(ii) The Bank may modify the terms of amortization or extend the life of the loan, or both.

SEC. 5. *Guarantees*

(a) In guaranteeing a loan placed through the usual investment channels, the Bank shall charge a guarantee commission payable periodically on the amount of the loan outstanding at a rate determined by the Bank. During the first ten years of the Bank's operations, this rate shall be not less than one percent per annum and not greater than one and one-half percent per annum. At the end of this period of ten years, the rate of commission may be reduced by the Bank with respect both to the outstanding portions of loans already guaranteed and to future loans if the reserves accumulated by the Bank under Section 6 of this Article and out of other earnings are considered by it sufficient to justify a reduction. In the case of future loans the Bank shall also have discretion to increase the rate of commission beyond the above limit, if experience indicates that an increase is advisable.

(b) Guarantee commissions shall be paid directly to the Bank by the borrower.

(c) Guarantees by the Bank shall provide that the Bank may terminate its liability with respect to interest if, upon default by the borrower and by 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.

(d) The Bank shall have power to determine any other terms and conditions of the guarantee.

SEC. 6. *Special reserve*

The amount of commissions received by the Bank under Sections 4 and 5 of this Article shall be set aside as a special reserve, which shall be kept available for meeting liabilities of the Bank in accordance with Section 7 of this Article. The special reserve shall be held in such liquid form, permitted under this Agreement, as the Executive Directors may decide.

SEC. 7. *Methods of meeting liabilities of the Bank in case of defaults*

In case of default on loans made, participated in, or guaranteed by the Bank:

(a) The Bank shall make such arrangements as may be feasible to adjust the obligations under the loans, including arrangements under or analogous to those provided in Section 4(c) of this Article.

(b) The payments in discharge of the Bank's liabilities on borrow-

ings or guarantees under Section 1(a) (ii) and (iii) of this Article shall be charged—

(i) first, against the special reserve provided in Section 6 of this Article;

(ii) then, to the extent necessary and at the discretion of the Bank, against the other reserves, surplus and capital available to the Bank.

(c) Whenever necessary to meet contractual payments of interest, other charges or amortization on the Bank's own borrowings, or to meet the Bank's liabilities with respect to similar payments on loans guaranteed by it, the Bank may call an appropriate amount of the unpaid subscriptions of members in accordance with Article II, Sections 5 and 7. Moreover, if it believes that a default may be of long duration, the Bank may call an additional amount of such unpaid subscriptions not to exceed in any one year one percent of the total subscriptions of the members for the following purposes:

(i) To redeem prior to maturity, or otherwise discharge its liability on, all or part of the outstanding principal of any loan guaranteed by it in respect of which the debtor is in default.

(ii) To repurchase, or otherwise discharge its liability on, all or part of its own outstanding borrowings.

Sec. 8. *Miscellaneous operations*

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

(i) To buy and sell securities it has issued and to buy and sell securities which it has guaranteed or in which it has invested, provided that the Bank shall obtain the approval of the member in whose territories the securities are to be bought or sold.

(ii) To guarantee securities in which it has invested for the purpose of facilitating their sale.

(iii) To borrow the currency of any member with the approval of that member.

(iv) To buy and sell such other securities as the directors by a three-fourths majority of the total voting power may deem proper for the investment of all or part of the special reserve under Section 6 of this Article.

In exercising the powers conferred by this section, the Bank may deal with any person, partnership, association, corporation or other legal entity in the territories of any member.

Sec. 9. *Warning to be placed on securities*

Every security guaranteed or issued by the Bank shall bear on its face a conspicuous statement to the effect that it is not an obligation of any government unless expressly stated on the security.

Sec. 10. *Political activity prohibited*

The Bank and its officers shall not interfere in the political affairs of any member; nor shall they be influenced in their decisions by the political character of the member or members concerned. Only economic considerations shall be relevant to their decisions, and these considerations shall be weighed impartially in order to achieve the purposes stated in Article I.

ARTICLE V. ORGANIZATION AND MANAGEMENT

SECTION 1. *Structure of the Bank*

The Bank shall have a Board of Governors, Executive Directors, a President and such other officers and staff to perform such duties as the Bank may determine.

SEC. 2. *Board of Governors*

(a) All the powers of the Bank shall be vested in the Board of Governors consisting of one governor and one alternate appointed by each member in such manner as it may determine. Each governor and each alternate shall serve for five years, subject to the pleasure of the member appointing him, and may be reappointed. No alternate may vote except in the absence of his principal. The Board shall select one of the governors as Chairman.

(b) The Board of Governors may delegate to the Executive Directors authority to exercise any powers of the Board, except the power to:

(i) Admit new members and determine the conditions of their admission;

(ii) Increase or decrease the capital stock;

(iii) Suspend a member;

(iv) Decide appeals from interpretations of this Agreement given by the Executive Directors;

(v) Make arrangements to cooperate with other international organizations (other than informal arrangements of a temporary and administrative character);

(vi) Decide to suspend permanently the operations of the Bank and to distribute its assets;

(vii) Determine the distribution of the net income of the Bank.

(c) 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 Executive Directors. Meetings of the Board shall be called by the directors whenever requested by five members or by members having one-quarter of the total voting power.

(d) A quorum for any meeting of the Board of Governors shall be a majority of the governors, exercising not less than two-thirds of the total voting power.

(e) The Board of Governors may by regulation establish a procedure whereby the Executive Directors, when they deem such action to be in the best interests of the Bank, may obtain a vote of the Governors on a specific question without calling a meeting of the Board.

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

(g) Governors and alternates shall serve as such without compensation from the Bank, but the Bank shall pay them reasonable expenses incurred in attending meetings.

(h) The Board of Governors shall determine the remuneration to be paid to the Executive Directors and the salary and terms of the contract of service of the President.

SEC. 3. *Voting*

(a) Each member shall have two hundred and fifty votes plus one additional vote for each share of stock held.

(b) Except as otherwise specifically provided, all matters before the Bank shall be decided by a majority of the votes cast.

SEC. 4. *Executive Directors*

(a) The Executive Directors shall be responsible for the conduct of the general operations of the Bank, and for this purpose, shall exercise all the powers delegated to them by the Board of Governors.

(b) There shall be twelve Executive Directors, who need not be governors, and of whom—

(i) five shall be appointed, one by each of the five members having the largest number of shares;

(ii) seven shall be elected according to Schedule B by all the governors other than those appointed by the five members referred to in (i) above.

For the purpose of this paragraph, "members" means governments of countries whose names are set forth in Schedule A, whether they are original members or become members in accordance with Article II, Section 1(b). When governments of other countries become members, the Board of Governors may, by a four-fifths majority of the total voting power, increase the total number of directors by increasing the number of directors to be elected.

Executive directors shall be appointed or elected every two years.

(c) Each executive director shall appoint an alternate with full power to act for him when he is not present. When the executive directors appointing them are present, alternates may participate in meetings but shall not vote.

(d) Directors shall continue in office until their successors are appointed or elected. If the office of an elected director becomes vacant more than ninety days before the end of his term, another director shall be elected for the remainder of the term by the governors who elected the former director. A majority of the votes cast shall be required for election. While the office remains vacant, the alternate of the former director shall exercise his powers, except that of appointing an alternate.

(e) The Executive Directors shall function in continuous session at the principal office of the Bank and shall meet as often as the business of the Bank may require.

(f) A quorum for any meeting of the Executive Directors shall be a majority of the directors, exercising not less than one half of the total voting power.

(g) Each appointed director shall be entitled to cast the number of votes allotted under Section 3 of this Article to the member appointing him. Each elected director shall be entitled to cast the number of votes which counted toward his election. All the votes which a director is entitled to cast shall be cast as a unit.

(h) The Board of Governors shall adopt regulations under which a member not entitled to appoint a director under (b) above may send a representative to attend any meeting of the Executive Directors when a request made by, or a matter particularly affecting, that member is under consideration.

(i) The Executive Directors may appoint such committees as they deem advisable. Membership of such committees need not be limited to governors or directors or their alternates.

SEC. 5. *President and staff*

(a) The Executive Directors shall select a President who shall not be a governor or an executive director or an alternate for either. The President shall be Chairman of the Executive 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 at such meetings. The President shall cease to hold office when the Executive Directors so decide.

(b) The President shall be chief of the operating staff of the Bank and shall conduct, under the direction of the Executive Directors, the ordinary business of the Bank. Subject to the general control of the Executive Directors, he shall be responsible for the organization, appointment and dismissal of the officers and staff.

(c) The President, 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.

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

SEC. 6. *Advisory Council*

(a) There shall be an Advisory Council of not less than seven persons selected by the Board of Governors including representatives of banking, commercial, industrial, labor, and agricultural interests, and with as wide a national representation as possible. In those fields where specialized international organizations exist, the members of the Council representative of those fields shall be selected in agreement with such organizations. The Council shall advise the Bank on matters of general policy. The Council shall meet annually and on such other occasions as the Bank may request.

(b) Councillors shall serve for two years and may be reappointed. They shall be paid their reasonable expenses incurred on behalf of the Bank.

SEC. 7. *Loan Committees*

The committees required to report on loans under Article III, Section 4, shall be appointed by the Bank. Each such committee shall include an expert selected by the governor representing the member in whose territories the project is located and one or more members of the technical staff of the Bank.

SEC. 8. *Relationship to other international organizations*

(a) The Bank, within the terms of this Agreement, shall cooperate with any general international organization, and with public international organizations having specialized responsibilities in related fields. Any arrangements for such cooperation which would involve a modification of any provision of this Agreement may be affected only after amendment to this Agreement under Article VIII.

(b) In making decisions on applications for loans or guarantees relating to matters directly within the competence of any international organization of the types specified in the preceding paragraph and participated in primarily by members of the Bank, the Bank shall give consideration to the views and recommendations of such organization.

SEC. 9. *Location of offices*

(a) The principal office of the Bank shall be located in the territory of the member holding the greatest number of shares.

(b) The Bank may establish agencies or branch offices in the territories of any member of the Bank.

SEC. 10. *Regional offices and councils*

(a) The Bank may establish regional offices and determine the location of, and the areas to be covered by, each regional office.

(b) Each regional office shall be advised by a regional council representative of the entire area and selected in such manner as the Bank may decide.

SEC. 11. *Depositories*

(a) Each member shall designate its central bank as a depository for all the Bank's holdings of its currency or, if it has no central bank, it shall designate such other institution as may be acceptable to the Bank.

(b) The Bank may hold other assets, including gold, in depositories designated by the five members having the largest number of shares and in such other designated depositories as the Bank may select. Initially, at least one-half of the gold holdings of the Bank shall be held in the depository designated by the member in whose territory the Bank has its principal office, and at least forty percent shall be held in the depositories designated by the remaining four members referred to above, each of such depositories to hold, initially, not less than the amount of gold paid on the shares of the member designating it. However, all transfers of gold by the Bank shall be made with due regard to the costs of transport and anticipated requirements of the Bank. In an emergency the Executive Directors may transfer all or any part of the Bank's gold holdings to any place where they can be adequately protected.

SEC. 12. *Form of holdings of currency*

The Bank shall accept from any member, in place of any part of the member's currency, paid in to the Bank under Article II, Section 7(i), or to meet amortization payments on loans made with such currency, and not needed by the Bank in its operations, notes or similar obligations issued by the government of the member or the depository designated by such member, which shall be non-negotiable, non-interest-bearing and payable at their par value on demand by credit to the account of the Bank in the designated depository.

SEC. 13. *Publication of reports and provision of information*

(a) The Bank shall publish an annual report containing an audited statement of its accounts and shall circulate to members at intervals of three months or less a summary statement of its financial position and a profit and loss statement showing the results of its operations.

(b) The Bank may publish such other reports as it deems desirable to carry out its purposes.

(c) Copies of all reports, statements and publications made under this section shall be distributed to members.

SEC. 14. *Allocation of net income*

(a) The Board of Governors shall determine annually what part of the Bank's net income, after making provision for reserves, shall be allocated to surplus and what part, if any, shall be distributed.

(b) If any part is distributed, up to two percent non-cumulative shall be paid, as a first charge against the distribution for any year, to each member on the basis of the average amount of the loans outstanding during the year made under Article IV, Section 1(a) (i), out of currency corresponding to its subscription. If two percent is paid as a first charge, any balance remaining to be distributed shall be paid to all members in proportion to their shares. Payments to each member shall be made in its own currency, or if that currency is not available, in other currency acceptable to the member. If such payments are made in currencies other than the member's own currency, the transfer of the currency and its use by the receiving member after payment shall be without restriction by the members.

ARTICLE VI. WITHDRAWAL AND SUSPENSION OF MEMBERSHIP: SUSPENSION OF OPERATIONS

SECTION 1. *Right of members to withdraw*

Any member may withdraw from the Bank at any time by transmitting a notice in writing to the Bank at its principal office. Withdrawal shall become effective on the date such notice is received.

SEC. 2. *Suspension of membership*

If a member fails to fulfill any of its obligations to the Bank, the Bank may suspend its membership by decision of a majority of the governors, exercising a majority of the total voting power. The member so suspended shall automatically cease to be a member one year from the date of its suspension unless a decision is taken by the same majority to restore the member to good standing.

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 obligations.

SEC. 3. *Cessation of membership in International Monetary Fund*

Any member which ceases to be a member of the International Monetary Fund shall automatically cease after three months to be a member of the Bank unless the Bank by three-fourths of the total voting power has agreed to allow it to remain a member.

SEC. 4. *Settlement of accounts with governments ceasing to be members*

(a) When a government 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 are outstanding; but it shall cease to incur liabilities with respect to loans and guarantees entered into

thereafter by the bank and to share either in the income or the expenses of the Bank.

(b) At the time a government ceases to be a member, the Bank shall arrange for the repurchase of its shares as a part of the settlement of accounts with such government in accordance with the provisions of (c) and (d) below. For this purpose the repurchase price of the shares shall be the value shown by the books of the Bank on the day the government ceases to be a member.

(c) The payment for shares repurchased by the Bank under this section shall be governed by the following conditions:

(i) Any amount due to the government for its shares shall be withheld so long as the government, its central bank or any of its agencies 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 liability of the government resulting from its subscription for shares under Article II, Section 5(ii). In any event, no amount due to a member for its shares shall be paid until six months after the date upon which the government ceases to be a member.

(ii) Payments for shares may be made from time to time, upon their surrender by the government, to the extent by which the amount due as the repurchase price in (b) above exceeds the aggregate of liabilities on loans and guarantees in (c)(i) above until the former member has received the full repurchase price.

(iii) Payments shall be made in the currency of the country receiving payment or at the option of the Bank in gold.

(iv) If losses are sustained by the Bank on any guarantees, participation in loans, or loans which were outstanding on the date when the government ceased to be a member, and the amount of such losses exceeds the amount of the reserve provided against losses on the date when the government ceased to be a member, such government shall be obligated to 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 government shall remain liable on any call for unpaid subscriptions under Article II, Section 5(ii), to the extent that it would have been required to respond in the impairment of capital had occurred and the call had been made at the time the repurchase price of its shares was determined.

(d) If the Bank suspends permanently its operations under Section 5(b) of this Article, within six months of the date upon which any government ceases to be a member, all rights of such government shall be determined by the provisions of Section 5 of this Article.

SEC. 5. *Suspension of operations and settlement of obligations*

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

(b) The Bank may suspend permanently its operations in respect of new loans and guarantees by vote of a majority of the governors,

exercising a majority of the total voting power. After such suspension of operations 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.

(c) The liability of all members for uncalled subscriptions to the capital stock of the Bank and in respect of the depreciation of their own currencies shall continue until all claims of creditors, including all contingent claims, shall have been discharged.

(d) All creditors holding direct claims shall be paid out of the assets of the Bank, and then out of payments to the Bank on calls on unpaid subscriptions. Before making any payments to creditors holding direct claims the Executive Directors shall make such arrangements as are necessary, in their judgment, to insure a distribution to holders of contingent claims ratably with creditors holding direct claims.

(e) No distribution shall be made to members on account of their subscriptions to the capital stock of the Bank until—

(i) all liabilities to creditors have been discharged or provided for, and

(ii) a majority of the governors, exercising a majority of the total voting power, have decided to make a distribution.

(f) After a decision to make a distribution has been taken under (e) above, the Executive Directors, may by a two-thirds majority vote, make successive distributions of the assets of the Bank to members until all of the assets have been distributed. This distribution shall be subject to the prior settlement of all outstanding claims of the Bank against each member.

(g) Before any distribution of assets is made, the Executive Directors shall fix the proportionate share of each member according to the ratio of its shareholding to the total outstanding shares of the Bank.

(h) The Executive Directors shall value the assets to be distributed as at the date of distribution and then proceed to distribute in the following manner:

(i) There shall be paid to each member in its own obligations or those of its official agencies or legal entities within its territories, insofar as they are available for distribution, an amount equivalent in value to its proportionate share of the total amount to be distributed.

(ii) Any balance due to a member after payment has been made under (i) above shall be paid, in its own currency, insofar as it is held by the Bank, up to an amount equivalent in value to such balance.

(iii) Any balance due to a member after payment has been made under (i) and (ii) above shall be paid in gold or currency acceptable to the member, insofar as they are held by the Bank, up to an amount equivalent in value to such balance.

(iv) Any remaining assets held by the Bank after payments have been made to members under (i), (ii), and (iii) above shall be distributed *pro rata* among the members.

(i) Any member receiving assets distributed by the Bank in accordance with (h) above, shall enjoy the same rights with respect to such assets as the Bank enjoyed prior to their distribution.

ARTICLE VII. STATUS, IMMUNITIES AND PRIVILEGES

SECTION 1. *Purposes of Article*

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

SEC. 2. *Status of the Bank*

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

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

SEC. 3. *Position of the Bank with regard to judicial process*

Actions may be brought against the Bank only in a court of competent jurisdiction in the territories of a member in which the Bank has an office, has appointed an agent for the purpose of accepting service or notice of process, or has issued or guaranteed securities. No actions shall, however, be brought by members or persons acting for or deriving claims from members. The 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.

SEC. 4. *Immunity of assets from seizure*

Property and assets of the Bank, wherever located and by whomsoever held, shall be immune from search, requisition, confiscation, expropriation or any other form of seizure by executive or legislative action.

SEC. 5. *Immunity of archives*

The archives of the Bank shall be inviolable.

SEC. 6. *Freedom of assets from restrictions*

To the extent necessary to carry out the operations provided for in this Agreement 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.

SEC. 7. *Privilege for communications*

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

SEC. 8. *Immunities and privileges of officers and employees*

All governors, executive directors, alternates, officers and employees of 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 this immunity;
- (ii) not being local nationals, shall be accorded the same immunities from immigration restrictions, alien registration requirements and national service obligations and the same facilities as

regards exchange restrictions as are accorded by members to the representatives, officials, and employees of comparable rank of other members;

(iii) shall be granted the same treatment in respect of traveling facilities as is accorded by members to representatives, officials and employees of comparable rank of other members.

SEC. 9. Immunities from taxation

(a) The Bank, its assets, property, income and its operations and transactions authorized by this Agreement, shall be immune from all taxation and from all customs duties. The Bank shall also be immune from liability for the collection or payment of any tax or duty.

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

(c) No taxation 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.

(d) No taxation 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.

SEC. 10. Application of Article

Each member shall take such action as is necessary in its own territories for the purpose of making effective in terms of its own law the principles set forth in this Article and shall inform the Bank of the detailed action which it has taken.

ARTICLE VIII. AMENDMENTS

(a) Any proposal to introduce modifications in this Agreement, whether emanating from a member, a governor or the Executive Directors, shall be communicated to the Chairman of the Board of Governors who shall bring the proposal before the Board. If the proposed amendment is approved by the Board the Bank shall, by circular letter or telegram, ask all members whether they accept the proposed amendment. When three-fifths of the members having four-fifths of the total voting power, have accepted the proposed amendments, the Bank shall certify the fact by formal communication addressed to all members.

(b) Notwithstanding (a) above, acceptance by all members is required in the case of any amendment modifying—

(i) the right to withdraw from the Bank provided in Article VI, Section 1;

- (ii) the right secured by Article II, Section 3(c);
- (iii) the limitation on liability provided in Article II, Section 6.
- (c) Amendments shall enter into force for all members three months after the date of the formal communication unless a shorter period is specified in the circular letter or telegram.

ARTICLE IX. INTERPRETATION

(a) Any question of interpretation of the provisions of this Agreement arising between any member of the Bank or between any members of the Bank shall be submitted to the Executive Directors for their decision. If the question particularly affects any member not entitled to appoint an executive director, it shall be entitled to representation in accordance with Article V, Section 4(h).

(b) In any case where the Executive Directors have given a decision under (a) above, any member may require that the question be referred to the Board of Governors, whose decision shall be final. Pending the result of the reference to the Board, the Bank may, so far as it deems necessary, act on the basis of the decision of the Executive Directors.

(c) Whenever a disagreement arises between the Bank and a country which has ceased to be a member, or between the Bank and any member during the permanent suspension of the Bank, such disagreement shall be submitted to arbitration by a tribunal of three arbitrators, one appointed by the Bank, another by the country involved and an umpire who, unless the parties otherwise agree, shall be appointed by the President of the Permanent Court of International Justice or such other authority as may have been prescribed by regulation adopted by the Bank. The umpire shall have full power to settle all questions of procedure in any case where the parties are in disagreement with respect thereto.

ARTICLE X. APPROVAL DEEMED GIVEN

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

ARTICLE XI. FINAL PROVISIONS

SECTION 1. *Entry into force*

This Agreement shall enter into force when it has been signed on behalf of governments whose minimum subscriptions comprise not less than sixty-five percent of the total subscriptions set forth in Schedule A and when the instruments referred to in Section 2(a) of this Article have been deposited on their behalf, but in no event shall this Agreement enter into force before May 1, 1945.

SEC. 2. *Signature*

(a) Each government on whose behalf this Agreement is signed shall deposit with the Government of the United States of America an instrument setting forth that it has accepted this Agreement in

accordance with its law and has taken all steps necessary to enable it to carry out all of its obligations under this Agreement.

(b) Each government shall become a member of the Bank as from the date of the deposit on its behalf of the instrument referred to in (a) above, except that no government shall become a member before this Agreement enters into force under Section 1 of this Article.

(c) The Government of the United States of America shall inform the governments of all countries whose names are set forth in Schedule A, and all governments whose membership is approved in accordance with Article II, Section 1(b), of all signatures of this Agreement and of the deposit of all instruments referred to in (a) above.

(d) At the time this Agreement is signed on its behalf, each government shall transmit to the Government of the United States of America one one-hundredth of one percent of the price of each share in gold or United States dollars for the purpose of meeting administrative expenses of the Bank. This payment shall be credited on account of the payment to be made in accordance with Article II, Section 8(a). The Government of the United States of America shall hold such funds in a special deposit account and shall transmit them to the Board of Governors of the Bank when the initial meeting has been called under Section 3 of this Article. If this Agreement has not come into force by December 31, 1945, the Government of the United States of America shall return such funds to the governments that transmitted them.

(e) This Agreement shall remain open for signature at Washington on behalf of the governments of the countries whose names are set forth in Schedule A until December 31, 1945.

(f) After December 31, 1945, this Agreement shall be open for signature on behalf of the government of any country whose membership has been approved in accordance with Article II, Section 1(b).

(g) By their signature of this Agreement, all governments accept it both on their own behalf and in respect of all their colonies, overseas territories, all territories under their protection, suzerainty, or authority and all territories in respect of which they exercise a mandate.

(h) In the case of governments whose metropolitan territories have been under enemy occupation, the deposit of the instrument referred to in (a) above may be delayed until one hundred and eighty days after the date on which these territories have been liberated. If, however, it is not deposited by any such government before the expiration of this period, the signature affixed on behalf of that government shall become void and the portion of its subscription paid under (d) above shall be returned to it.

(i) Paragraphs (d) and (h) shall come into force with regard to each signatory government as from the date of its signature.

SEC. 3. Inauguration of the Bank

(a) As soon as this Agreement enters into force under Section 1 of this Article, each member shall appoint a governor and the member to whom the largest number of shares is allocated in Schedule A shall call the first meeting of the Board of Governors.

(b) At the first meeting of the Board of Governors, arrangements shall be made for the selection of provisional executive directors. The governments of the five countries, to which the largest number of

shares are allocated in Schedule A, shall appoint provisional executive directors. If one or more of such governments have not become members, the executive directorships which they would be entitled to fill shall remain vacant until they become members, or until January 1, 1946, whichever is the earlier. Seven provisional executive directors shall be elected in accordance with the provisions of Schedule B and shall remain in office until the date of the first regular election of executive directors which shall be held as soon as practicable after January 1, 1946.

(c) The Board of Governors may delegate to the provisional executive directors any powers except those which may not be delegated to the Executive Directors.

(d) The Bank shall notify members when it is ready to commence operations.

DONE at Washington, in a single copy which shall remain deposited in the Archives of the Government of the United States of America, which shall transmit certified copies to all governments whose names are set forth in Schedule A and to all governments whose Membership is approved in accordance with Article II, Section 1 (b).

SCHEDULE A. SUBSCRIPTIONS

<i>Millions of dollars</i>		<i>Millions of dollars</i>	
Australia.....	200	Iran.....	24
Belgium.....	225	Iraq.....	6
Bolivia.....	7	Liberia.....	.5
Brazil.....	105	Luxembourg.....	10
Canada.....	325	Mexico.....	65
Chile.....	35	Netherlands.....	275
China.....	600	New Zealand.....	50
Colombia.....	35	Nicaragua.....	.8
Costa Rica.....	2	Norway.....	50
Cuba.....	35	Panama.....	.2
Czechoslovakia.....	125	Paraguay.....	.8
Denmark.....	(¹)	Peru.....	17.5
Dominican Republic.....	2	Philippine Commonwealth.....	15
Ecuador.....	3.2	Poland.....	125
Egypt.....	40	Union of South Africa.....	100
El Salvador.....	1	U.S.S.R.....	1,200
Ethiopia.....	3	United Kingdom.....	1,300
France.....	450	United States.....	3,175
Greece.....	25	Uruguay.....	10.5
Guatemala.....	2	Venezuela.....	10.5
Haiti.....	2	Yugoslavia.....	40
Honduras.....	1		
Iceland.....	1	Total.....	9,100
India.....	400		

¹ The quota of Denmark shall be determined by the Bank after Denmark accepts membership in accordance with these Articles of Agreement.

SCHEDULE B. ELECTION OF EXECUTIVE DIRECTORS

1. The election of the elective executive directors shall be by ballot of the governors eligible to vote under Article V, Section 4(b).
2. In balloting for the elective executive directors, each governor eligible to vote shall cast for one person all of the votes to which the member appointing him is entitled under Section 3 of Article V. The seven persons receiving the greatest number of votes shall be executive directors, except that no person who receives less than

fourteen percent of the total of the votes which can be cast (eligible votes) shall be considered elected.

3. When seven persons are not elected on the first ballot, a second ballot shall be held in which the person who received the lowest number of votes shall be ineligible for election and in which there shall vote only (a) those governors who voted in the first ballot for a person not elected and (b) those governors whose votes for a person elected are deemed under 4 below to have raised the votes cast for that person above fifteen percent of the eligible votes.

4. In determining whether the votes cast by a governor are to be deemed to have raised the total of any person above fifteen percent of the eligible votes, the fifteen percent shall be deemed to include, first, the votes of the governor casting the largest number of votes for such person, then the votes of the governor casting the next largest number, and so on until fifteen percent is reached.

5. Any governor, part of whose votes must be counted in order to raise the total of any person above fourteen percent, shall be considered as casting all of his votes for such person even if the total votes for such person thereby exceed fifteen percent.

6. If, after the second ballot, seven persons have not been elected, further ballots shall be held on the same principles until seven persons have been elected, provided that after six persons are elected, the seventh may be elected by a simple majority of the remaining votes and shall be deemed to have been elected by all such votes.

Bretton Woods Agreements Act, as Amended¹

AN ACT To provide for the participation of the United States in the International Monetary Fund and the International Bank for Reconstruction and Development.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Bretton Woods Agreements Act."

ACCEPTANCE OF MEMBERSHIP

SEC. 2.² The President is hereby authorized to accept membership for the United States in the International Monetary Fund (hereinafter referred to as the "Fund"), and in the International Bank for Reconstruction and Development (hereinafter referred to as the "Bank"), provided for by the Articles of Agreement of the Fund and the Articles of Agreement of the Bank as set forth in the Final Act of the United Nations Monetary and Financial Conference dated July 22, 1944, and deposited in the archives of the Department of State.

APPOINTMENT OF GOVERNORS, EXECUTIVE DIRECTORS, AND ALTERNATES

SEC. 3.³ (a) The President, by and with the advice and consent of the Senate, shall appoint a governor of the Fund who shall also serve as a governor of the Bank, and an executive director of the Fund and an executive director of the Bank. The executive directors so appointed shall also serve as provisional executive directors of the Fund and the Bank for the purposes of the respective Articles of Agreement. The term of office for the governor of the Fund and of the Bank shall be five years. The term of office for the executive directors shall be two years, but the executive directors shall remain in office until their successors have been appointed.

¹ Public Law 171, 79th Congress, as amended: 59 Stat. 512-517; 62 Stat. 137, 141; 63 Stat. 298-299; 65 Stat. 373-378; 67 Stat. 637; 67 Stat. 639, 640; 68 Stat. 677, 678; 69 Stat. 669; 79 Stat. 119; and 79 Stat. 519 (22 U.S.C. 286-286k-1).

² 22 U.S.C. 286.

³ 22 U.S.C. 286a. Sec. 3 of the International Finance Corporation Act, approved August 11, 1955 (69 Stat. 669; 22 U.S.C. 282a), provides as follows:

"GOVERNOR, EXECUTIVE DIRECTOR, AND ALTERNATES

"Sec. 3. The governor and executive director of the International Bank for Reconstruction and Development, and the alternate for each of them, appointed under section 3 of the Bretton Woods Agreements Act, as amended (22 U.S.C. 286a) shall serve as governor, director and alternates, respectively, of the Corporation."

Sec. 3 of the International Development Association Act, approved June 30, 1960 (74 Stat. 293, 22 U.S.C. 284a) provides as follows:

"GOVERNOR, EXECUTIVE DIRECTOR, AND ALTERNATES

"Sec. 3. The Governor and Executive Director of the International Bank for Reconstruction and Development, and the alternate for each of them, appointed under section 3 of the Bretton Woods Agreement Act, as amended (22 U.S.C. 286a), shall serve as Governor, Executive Director and alternates, respectively, of the Association."

(b) The President, by and with the advice and consent of the Senate, shall appoint an alternate for the governor of the Fund who shall also serve as alternate for the governor of the Bank. The President, by and with the advice and consent of the Senate, shall appoint an alternate for each of the executive directors. The alternate for each executive director shall be appointed from among individuals recommended to the President by the executive director. The terms of office for alternates for the governor and the executive directors shall be the same as the terms specified in subsection (a) for the governor and executive directors.

(c) No person shall be entitled to receive any salary or other compensation from the United States for services as a governor, executive director, or alternate.

NATIONAL ADVISORY COUNCIL ON INTERNATIONAL MONETARY AND FINANCIAL PROBLEMS

SEC. 4.⁴ (a) In order to coordinate the policies and operations of the representatives of the United States on the Fund and the Bank and of all agencies of the Government which make or participate in making foreign loans or which engage in foreign financial, exchange or monetary transactions, there is hereby established the National Advisory Council on International Monetary and Financial Problems (hereinafter referred to as the "Council"), consisting of the Secretary of the Treasury, as Chairman, the Secretary of State, the Secretary of Commerce, the Chairman of the Board of Governors of the Federal Reserve System,⁵ the President of the Export-Import Bank of Wash-

⁴ 22 U.S.C. 286b. Sec. 4 of the International Finance Corporation Act, approved August 11, 1955 (69 Stat. 669; 22 U.S.C. 282b), provides as follows:

"NATIONAL ADVISORY COUNCIL ON INTERNATIONAL MONETARY AND FINANCIAL PROBLEMS

"Sec. 4. The provisions of section 4 of the Bretton Woods Agreements Act, as amended (22 U.S.C. 286b), shall apply with respect to the Corporation to the same extent as with respect to the International Bank for Reconstruction and Development. Reports with respect to the Corporation under paragraphs 5 and 6 of subsection (b) of section 4 of said Act, as amended, shall be included in the first report made thereunder after the establishment of the Corporation and in each succeeding report."

Sec. 4 of the Inter-American Development Bank Act, approved August 7, 1959 (73 Stat. 290; 22 U.S.C. 283b), and Sec. 4 of the International Development Association Act, approved June 30, 1960 (74 Stat. 294; 22 U.S.C. 284b), are substantially identical with the provision of the IFC Act just quoted.

For revisions of functions and status of the Council see Reorganization Plan No. 4 of 1965, page 411, Executive Order No. 11238 of 1965, page 619, and Executive Order No. 11269 of 1966, page 620.

⁵ The material following "• • • Federal Reserve System," read as follows in the original act: "and the Chairman of the Board of Trustees of the Export-Import Bank of Washington." Subsection 4(a) has been amended by the following:

(1) The Economic Cooperation Act of 1948, approved Apr. 3, 1948 (62 Stat. 137, 141), sec. 106 of which amended subsec. 4(a) so as to include the Administrator for Economic Cooperation "during such period as the Economic Cooperation Administration shall continue to exist".

(2) The Mutual Security Act of 1951, approved Oct. 10, 1951 (65 Stat. 373, 378), sec. 501(e)(2) of which amended subsec. 4(a), by substituting the Mutual Security Agency and the Director for Mutual Security for the Economic Cooperation Administration and the Administrator for Economic Cooperation respectively.

(3) Reorganization Plan No. 5 of 1953, effective June 30, 1953 (67 Stat. 637), sec. 7 of which abolished the function of the Chairman of the Board of Directors of the Export-Import Bank of Washington of being a member of the National Advisory Council:

(4) Reorganization Plan No. 7 of 1953, effective Aug. 1, 1953 (67 Stat. 639, 640), sec. 4 of which provided that the Director of the Foreign Operations Administration should be a member of the National Advisory Council:

(5) Public Law 370, 83d Cong., approved Aug. 9, 1954 (68 Stat. 677, 678), sec. 2 of which inserted the part of the text quoted above following "• • • the Federal Reserve System."

Executive Order 10610 of May 9, 1955, effective July 1, 1955, abolished the Foreign Operations Administration and the Office of Director of the Foreign Operations Administration, and the membership of the Director of the Foreign Operations Administration on the National Advisory Council thereby expired by operation of law effective on that date (Semiannual Report of the National Advisory Council to the President and to the Congress, January-June 1955, H. Doc. No. 336, 84th Cong.).

ington, and during such period as the Foreign Operations Administration shall continue to exist, the Director of the Foreign Operations Administration.

(b) (1) The Council, after consultation with the representatives of the United States on the Fund and the Bank, shall recommend to the President general policy directives for the guidance of the representatives of the United States on the Fund and the Bank.

(2) The Council shall advise and consult with the President and the representatives of the United States on the Fund and the Bank on major problems arising in the administration of the Fund and the Bank.

(3) The Council shall coordinate, by consultation or otherwise, so far as is practicable, the policies and operations of the representatives of the United States on the Fund and the Bank, the Export-Import Bank of Washington and all other agencies of the Government to the extent that they make or participate in the making of foreign loans or engage in foreign, financial, exchange or monetary transactions.

(4) Whenever, under the Articles of Agreement of the Fund or the Articles of Agreement of the Bank, the approval, consent or agreement of the United States is required before an act may be done by the respective institutions, the decision as to whether such approval, consent, or agreement, shall be given or refused shall (to the extent such decision is not prohibited by section 5 of this Act) be made by the Council, under the general direction of the President. No governor, executive director, or alternate representing the United States shall vote in favor of any waiver of condition under article V, section 4, or in favor of any declaration of the United States dollar as a scarce currency under article VII, section 3, of the Articles of Agreement of the Fund, without prior approval of the Council.

(5) The Council shall transmit to the President and to the Congress an annual report with respect to the participation of the United States in the Fund and Bank.*

(6) Each such report shall contain such data concerning the operations and policies of the Fund and Bank, such recommendations concerning the Fund and Bank, and such other data and material as the Council may deem appropriate.*

(7) The Council shall make such reports and recommendations to the President as he may from time to time request, or as the Council may consider necessary to more effectively or efficiently accomplish the purposes of this Act or the purposes for which the Council is created.

(c) The representatives of the United States on the Fund and the Bank, and the Export-Import Bank of Washington (and all other agencies of the Government to the extent that they make or participate in the making of foreign loans or engage in foreign financial, exchange or monetary transactions) shall keep the Council fully informed of their activities and shall provide the Council with such further information or data in their possession as the Council may

* As amended by sec. 1(1) of Public Law 89-126, approved August 14, 1965 (79 Stat. 519; 22 U.S.C. 286b). See sec. 15(b) as added June 29, 1949 by sec. 2, 63 Stat. 298, 22 U.S.C. 286k-1, which reads in part:

"The reports of the National Advisory Council provided for in section 4(a)(6) of the Bretton Woods Agreements Act * * *. The original text probably should have read 'section 4(b)(6)', 22 U.S.C. 286b(b)(6)."

deem necessary to the appropriate discharge of its responsibilities under this Act.

CERTAIN ACTS NOT TO BE TAKEN WITHOUT AUTHORIZATION

SEC. 5.¹ Unless Congress by law authorizes such action, neither the President nor any person or agency shall on behalf of the United States (a) request or consent to any change in the quota of the United States under article III, section 2, of the Articles of Agreement of the Fund; (b) propose or agree to any change in the par value of the United States dollar under article IV, section 5, or article XX, section 4, of the Articles of Agreement of the Fund, or approve any general change in par values under article IV, section 7; (c) subscribe to additional shares of stock under article II, section 3, of the Articles of Agreement of the Bank; (d) accept any amendment under article XVII of the Articles of Agreement of the Fund or article VIII of the Articles of Agreement of the Bank; (e) make any loan to the Fund or the Bank. Unless Congress by law authorizes such action, no governor or alternate appointed to represent the United States shall vote for an increase of capital stock of the Bank under article II, section 2, of the Articles of Agreement of the Bank, if such increase involves an increased subscription on the part of the United States.

DEPOSITORIES

SEC. 6.² Any Federal Reserve bank which is requested to do so by the Fund or the Bank shall act as its depository or as its fiscal agent, and the Board of Governors of the Federal Reserve System shall supervise and direct the carrying out of these functions by the Federal Reserve banks.

PAYMENT OF SUBSCRIPTIONS

SEC. 7. (a) Subsection (c) of section 10 of the Gold Reserve Act of 1934, as amended (U.S.C., title 31, sec. 822a), is amended to read as follows:

"(c)³ The Secretary of the Treasury is directed to use \$1,800,000,000 of the fund established in this section to pay part of the subscription of the United States to the International Monetary Fund; and any repayment thereof shall be covered into the Treasury as a miscellaneous receipt."

(b)⁴ The Secretary of the Treasury is authorized to pay the balance of the subscription of the United States to the Fund not provided for in subsection (a) and to pay the subscription of the United States to the Bank from time to time when payments are required to be made to the Bank. For the purpose of making these payments, the Secretary of the Treasury is authorized to use as a public-debt transaction \$8,675,000,000 of the proceeds of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act are extended to include such

¹ 22 U.S.C. 286c, as amended by sec. 1(2) of Public Law 89-126, August 14, 1965 (79 Stat. 519), by adding at the end of sec. 5 the following: "If such increase involves an increased subscription on the part of the United States."

² 22 U.S.C. 286d.

³ 31 U.S.C. 822a(c).

⁴ Subsecs. (b) through (d) of sec. 7 are set forth in 22 U.S.C. 286c.

purpose. Payment under this subsection of the subscription of the United States to the Fund or the Bank and repayments thereof shall be treated as public-debt transactions of the United States.

(c) For the purpose of keeping to a minimum the cost to the United States of participation in the Fund and the Bank, the Secretary of the Treasury, after paying the subscription of the United States to the Fund, and any part of the subscription of the United States to the Bank required to be made under article II, section 7(i), of the Articles of Agreement of the Bank, is authorized and directed to issue special notes of the United States from time to time at par and to deliver such notes to the Fund and the Bank in exchange for dollars to the extent permitted by the respective Articles of Agreement. The special notes provided for in this subsection shall be issued under the authority and subject to the provisions of the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act are extended to include the purposes for which special notes are authorized and directed to be issued under this subsection, but such notes shall bear no interest, shall be non-negotiable, and shall be payable on demand of the Fund or the Bank, as the case may be. The face amount of special notes issued to the Fund under the authority of this subsection and outstanding at any one time shall not exceed in the aggregate the amount of the subscription of the United States actually paid to the Fund and the dollar equivalent of currencies and gold which the United States shall have purchased from the Fund in accordance with the Articles of Agreement,¹¹ and the face amount of such notes issued to the Bank and outstanding at any one time shall not exceed in the aggregate the amount of the subscription of the United States actually paid to the Bank under article II, section 7(i), of the Articles of Agreement of the Bank.

(d) Any payment made to the United States by the Fund or the Bank as a distribution of net income shall be covered into the Treasury as a miscellaneous receipt.

OBTAINING AND FURNISHING INFORMATION

SEC. 8.¹² (a) Whenever a request is made by the Fund to the United States as a member to furnish data under article VIII, section 5, of the Articles of Agreement of the Fund, the President may, through any agency he may designate, require any person to furnish such information as the President may determine to be essential to comply with such request. In making such determination the President shall seek to collect the information only in such detail as is necessary to comply with the request of the Fund. No information so acquired shall be furnished to the Fund in such detail that the affairs of any person are disclosed.

(b) In the event any person refuses to furnish such information when requested to do so, the President, through any designated governmental agency, may by subpoena require such person to appear and testify or to appear and produce records and other documents, or both. In case of contumacy by, or refusal to obey a subpoena served

¹¹ The words beginning at "and" and ending at "Agreement" were added by sec. 2 of Public Law 87-490, June 19, 1962 (76 Stat. 105).

¹² 22 U.S.C. 286f.

upon any such person, the district court for any district in which such person is found or resides or transacts business, upon application by the President or any governmental agency designated by him, shall have jurisdiction to issue an order requiring such person to appear and give testimony or appear and produce records and documents, or both; and any failure to obey such order of the court may be punished by such court as a contempt thereof.

(c) It shall be unlawful for any officer or employee of the Government, or for any adviser or consultant to the Government, to disclose, otherwise than in the course of official duty, any information obtained under this section, or to use any such information for his personal benefit. Whoever violates any of the provisions of this subsection shall, upon conviction, be fined not more than \$5,000, or imprisoned for not more than five years, or both.

(d) The term "person" as used in this section means an individual, partnership, corporation or association.

FINANCIAL TRANSACTIONS WITH FOREIGN GOVERNMENTS IN DEFAULT

SEC. 9. The Act entitled "An Act to prohibit financial transactions with any foreign government in default of its obligations to the United States", approved April 13, 1934 (U.S.C., title 31, sec. 804a), is amended by adding at the end thereof a new section to read as follows:

"SEC. 3." While any foreign government is a member both of the International Monetary Fund and of the International Bank for Reconstruction and Development, this Act shall not apply to the sale or purchase of bonds, securities, or other obligations of such government or any political subdivision thereof or of any organization or association acting for or on behalf of such government or political subdivision, or to the making of any loan to such government, political subdivision, organization, or association."

JURISDICTION AND VENUE OF ACTIONS

SEC. 10.¹⁴ For the purpose of any action which may be brought within the United States or its Territories or possessions by or against the Fund or the Bank in accordance with the Articles of Agreement of the Fund or the Articles of Agreement of the Bank, the Fund or the Bank, as the case may be, shall be deemed to be an inhabitant of the Federal judicial district in which its principal office in the United States is located, and any such action at law or in equity to which either the Fund or the Bank shall be a party shall be deemed to arise under the laws of the United States, and the district courts of the United States shall have original jurisdiction of any such action. When either the Fund or the Bank is a defendant in any such action, it may, at any time before the trial thereof, remove such action from a State court into the district court of the United States for the proper district by following the procedure for removal of causes otherwise provided by law.

¹⁴ 18 U.S.C. 955.
¹⁵ 22 U.S.C. 286g.

STATUS, IMMUNITIES AND PRIVILEGES

SEC. 11.¹⁵ The provisions of article IX, sections 2 to 9, both inclusive, and the first sentence of article VIII, section 2(b) of the Articles of Agreement of the Fund, and the provisions of article VI, section 5(i) and article VII, sections 2 to 9, both inclusive, of the Articles of Agreement of the Bank, shall have full force and effect in the United States and its Territories and possessions upon acceptance of membership by the United States in, and the establishment of, the Fund and the Bank, respectively.

STABILIZATION LOANS BY THE BANK

SEC. 12.¹⁶ The governor and executive director of the Bank appointed by the United States are hereby directed to obtain promptly an official interpretation by the Bank as to its authority to make or guarantee loans for programs of economic reconstruction and the reconstruction of monetary systems, including long-term stabilization loans. If the Bank does not interpret its powers to include the making or guaranteeing of such loans, the governor of the Bank representing the United States is hereby directed to propose promptly and support an amendment to the Articles of Agreement for the purpose of explicitly authorizing the Bank, after consultation with the Fund, to make or guarantee such loans. The President is hereby authorized and directed to accept an amendment to that effect on behalf of the United States.

STABILIZATION OPERATIONS BY THE FUND

SEC. 13.¹⁷ (a) The governor and executive director of the Fund appointed by the United States are hereby directed to obtain promptly an official interpretation by the Fund as to whether its authority to use its resources extends beyond current monetary stabilization operations to afford temporary assistance to members in connection with seasonal, cyclical, and emergency fluctuations in the balance of payments of any member for current transactions, and whether it has authority to use its resources to provide facilities for relief, reconstruction, or armaments, or to meet a large or sustained outflow of capital on the part of any member.

(b) If the interpretation by the Fund answers in the affirmative any of the questions stated in subsection (a), the governor of the Fund representing the United States is hereby directed to propose promptly and support an amendment to the Articles of Agreement for the purpose of expressly negating such interpretation. The President is hereby authorized and directed to accept an amendment to that effect on behalf of the United States.

FURTHER PROMOTION OF INTERNATIONAL ECONOMIC RELATIONS

SEC. 14.¹⁸ In the realization that additional measures of international economic cooperation are necessary to facilitate the expansion and balanced growth of international trade and render most effective

¹⁵ 22 U.S.C. 246h.
¹⁶ 22 U.S.C. 244i.
¹⁷ 22 U.S.C. 244j.
¹⁸ 22 U.S.C. 256k.

the operations of the Fund and the Bank, it is hereby declared to be the policy of the United States to seek to bring about further agreement and cooperation among nations and international bodies, as soon as possible, on ways and means which will best reduce obstacles to and restrictions upon international trade, eliminate unfair trade practices, promote mutually advantageous commercial relations, and otherwise facilitate the expansion and balanced growth of international trade and promote the stability of international economic relations. In considering the policies of the United States in foreign lending and the policies of the Fund and the Bank, particularly in conducting exchange transactions, the Council and the United States representatives on the Fund and the Bank shall give careful consideration to the progress which has been made in achieving such agreement and cooperation.

SECURITIES ISSUED BY BANK AS EXEMPT SECURITIES; REPORTS FILED WITH SECURITIES AND EXCHANGE COMMISSION; ADDITIONAL DATA FOR REPORT OF NATIONAL ADVISORY COMMITTEE ¹⁹

SEC. 15.²⁰ (a) Any securities issued by International Bank for Reconstruction and Development (including any guaranty by the Bank, whether or not limited in scope), and any securities guaranteed by the Bank as to both principal and interest, shall be deemed to be exempted securities within the meaning of paragraph (a)(2) of section 3 of the Act of May 27, 1933, as amended (U.S.C., title 15, sec. 77c), and paragraph (a)(12) of section 3 of the Act of June 6, 1934, as amended (U.S.C., title 15, sec. 78c). The Bank shall file with the Securities and Exchange Commission such annual and other reports with regard to such securities as the Commission shall determine to be appropriate in view of the special character of the Bank and its operations and necessary in the public interest or for the protection of investors.

(b) The reports of the National Advisory Council provided for in section 4(a)(6)²¹ of the Bretton Woods Agreements Act shall also cover and include the effectiveness of the provisions of section 15(a) of this Act and the exemption for securities issued by the Bank provided

¹⁹ Heading inserted by United States Code.

²⁰ 22 U.S.C. 286k-1. Sec. 15 added by sec. 2 of Public Law 142, 81st Cong., June 20, 1949 (63 Stat. 298-299). Sec. 1 of this law provides as follows:

"That paragraph Seventh of section 8 of the National Bank Act, as amended (U.S.C., title 12, sec. 24), is amended by adding to the end thereof the following new sentence: 'The limitations and restrictions herein contained as to dealing in and underwriting investment securities shall not apply to obligations issued by the International Bank for Reconstruction and Development which are at the time eligible for purchase by a national bank for its own account: *Provided*, That no association shall hold obligations issued by said bank as a result of underwriting, dealing, or purchasing for its own account (and by it) in a total amount exceeding at any one time 10 per centum of its capital stock actually paid in and unimpaired and 10 per centum of its unimpaired surplus fund.'"

Sec. 3 of this law provides as follows:

"SUSPENSION OF RIGHT OF INTERNATIONAL BANK TO ISSUE SECURITIES UNDER SECTION 286 K-1: REPORT OF SECURITIES AND EXCHANGE COMMISSION [22 U.S.C. 286k-2. Heading inserted by United States Code.]

"Sec. 3. The Securities and Exchange Commission acting in consultation with the National Advisory Council on International Monetary and Financial Problems is authorized to suspend the provisions of section 15(a) of the Bretton Woods Agreements Act at any time as to any or all securities issued or guaranteed by the Bank during the period of such suspension. The Commission shall include in its annual reports to Congress such information as it shall deem advisable with regard to the operations and effect of this Act and in connection therewith shall include any views submitted for such purpose by any association of dealers registered with the Commission."

²¹ This should probably have read "section 4(b)(6)."

by Section 8 of the National Bank Act in facilitating the operations of the Bank and the extent to which the operations of the Bank may assist in financing European recovery and the reconstruction and development of the economic resources of member countries of the Bank and the recommendations of the Council as to any modifications it may deem desirable in the provisions of this Act.

Sec. 16.²² (a) The United States Governor of the Fund is authorized to request and consent to an increase of \$1,375,000,000 in the quota of the United States under article III, section 2, of the Articles of Agreement of the Fund as proposed in the resolution of the Board of Governors of the Fund dated February 2, 1959.

(b) The United States Governor of the Bank is authorized (1) to vote for increases in the capital stock of the Bank under article II, section 2, of the Articles of Agreement of the Bank, as recommended in the resolution of the Board of Governors of the Bank dated February 2, 1959, and (2) if such increases become effective, to subscribe on behalf of the United States to thirty-one thousand seven hundred and fifty additional shares of stock under article II, section 3, of the Articles of Agreement of the Bank.

Sec. 17.²³ (a) In order to carry out the purposes of the decision of January 5, 1962, of the Executive Directors of the International Monetary Fund, the Secretary of the Treasury is authorized to make loans, not to exceed \$2,000,000,000 outstanding at any one time, to the Fund under article VII, section 2(i), of the Articles of Agreement of the Fund. Any loan under the authority granted in this subsection shall be made with due regard to the present and prospective balance of payments and reserve position of the United States.

(b) For the purpose of making loans to the International Monetary Fund pursuant to this section, there is hereby authorized to be appropriated \$2,000,000,000, to remain available until expended to meet calls by the International Monetary Fund. Any payments made to the United States by the International Monetary Fund as a repayment on account of the principal of a loan made under this section shall continue to be available for loans to the International Monetary Fund.

(c) Payments of interest and charges to the United States on account of any loan to the International Monetary Fund shall be covered into the Treasury as miscellaneous receipts. In addition to the amount authorized in subsection (b), there is hereby authorized to be appropriated such amounts as may be necessary for the payment of charges in connection with any purchases of currencies or gold by the United States from the International Monetary Fund.

Sec. 18.²⁴ Any purchases of currencies or gold by the United States from the International Monetary Fund may be transferred to and administered by the fund established by section 10 of the Gold Reserve Act of 1934, as amended (31 U.S.C. 822a), for use in accordance with the provisions of that section. The Secretary of the Treasury is authorized to utilize the resources of that fund for the purpose of any repayments in connection with such transactions.

²² Added by Sec. 1 of Public Law 86-48, June 17, 1959 (73 Stat. 90).
²³ Added by Public Law 87-400, June 19, 1962 (76 Stat. 105).

SEC. 19.²⁴ The United States Governor of the Bank is authorized to vote for an increase of \$1,000,000,000 in the authorized capital stock of the Bank under Article II, section 2, of the articles of agreement of the Bank, as recommended in the report, dated November 6, 1962, to the Board of Governors of the Bank by the Bank's Executive Directors.

SEC. 20.²⁵ (a) The United States Governor of the Fund is authorized to consent to an increase of \$1,035,000,000 in the quota of the United States in the Fund.

(b) In order to pay the increase in the United States subscription to the Fund provided for in this section, there is hereby authorized to be appropriated \$1,035,000,000, to remain available until expended.

SEC. 21.²⁶ The United States Governor of the Bank is authorized to agree to an amendment to the articles of agreement of the Bank to permit the Bank to make, participate in, or guarantee loans to the International Finance Corporation for use in the lending operations of the latter.

Approved July 31, 1945.

²⁴ Added by Public Law 88-178, 77 Stat. 334, approved November 13, 1963. "An Act to amend the Bretton Woods Agreement Act to authorize the United States Governor of the International Bank for Reconstruction and Development to vote for an increase in the Bank's authorized capital stock."

²⁵ Added by Public Law 89-31, 79 Stat. 119, approved June 2, 1965. "An Act to amend the Bretton Woods Agreements Act to authorize an increase in the International Monetary Fund quota of the United States."

²⁶ Added by Public Law 89-126, 79 Stat. 519, approved August 14, 1965. "An Act to authorize the United States Governor to agree to amendments to the articles of agreements of the International Bank for Reconstruction and Development and the International Finance Corporation, and for other purposes."

International Development Association

Articles of Agreement

The Governments on whose behalf this Agreement is signed,

Considering:

That mutual cooperation for constructive economic purposes, healthy development of the world economy and balanced growth of international trade foster international relationships conducive to the maintenance of peace and world prosperity;

That an acceleration of economic development which will promote higher standards of living and economic and social progress in the less-developed countries is desirable not only in the interests of those countries but also in the interests of the international community as a whole;

That achievement of these objectives would be facilitated by an increase in the international flow of capital, public and private, to assist in the development of the resources of the less-developed countries, do hereby agree as follows:

INTRODUCTORY ARTICLE

The INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called "the Association") is established and shall operate in accordance with the following provisions:

ARTICLE I

PURPOSES

The purposes of the Association are to promote economic development, increase productivity and thus raise standards of living in the less-developed areas of the world included within the Association's membership, in particular by providing finance to meet their important developmental requirements on terms which are more flexible and bear less heavily on the balance of payments than those of conventional loans, thereby furthering the developmental objectives of the International Bank for Reconstruction and Development (hereinafter called "the Bank") and supplementing its activities.

The Association shall be guided in all its decisions by the provisions of this Article.

ARTICLE II

MEMBERSHIP; INITIAL SUBSCRIPTIONS

SECTION 1. *Membership*

(a) The original members of the Association shall be those members of the Bank listed in Schedule A hereto which, on or before the date specified in Article XI, Section 2(c), accept membership in the Association.

(b) Membership shall be open to other members of the Bank at such times and in accordance with such terms as the Association may determine.

SECTION 2. *Initial Subscriptions*

(a) Upon accepting membership, each member shall subscribe funds in the amount assigned to it. Such subscriptions are herein referred to as initial subscriptions.

(b) The initial subscription assigned to each original member shall be in the amount set forth opposite its name in Schedule A, expressed in terms of United States dollars of the weight and fineness in effect on January 1, 1960.

(c) Ten percent of the initial subscription of each original member shall be payable in gold or freely convertible currency as follows: fifty percent within thirty days after the date on which the Association shall begin operations pursuant to Article XI, Section 4, or on the date on which the original member becomes a member, whichever shall be later; twelve and one-half percent one year after the beginning of operations of the Association; and twelve and one-half percent each year thereafter at annual intervals until the ten percent portion of the initial subscription shall have been paid in full.

(d) The remaining ninety percent of the initial subscription of each original member shall be payable in gold or freely convertible currency in the case of members listed in Part I of Schedule A, and in the currency of the subscribing member in the case of members listed in Part II of Schedule A. This ninety percent portion of initial subscriptions of original members shall be payable in five equal annual instalments as follows: the first such instalment within thirty days after the date on which the Association shall begin operations pursuant to Article XI, Section 4, or on the date on which the original member becomes a member, whichever shall be later; the second instalment one year after the beginning of operations of the Association, and succeeding instalments each year thereafter at annual intervals until the ninety percent portion of the initial subscription shall have been paid in full.

(e) The Association shall accept from any member, in place of any part of the member's currency paid in or payable by the member under the preceding subsection (d) or under Section 2 of Article IV and not needed by the Association in its operations, notes or similar obligations issued by the government of the member or the depository designated by such member, which shall be non-negotiable, non-interest-bearing and payable at their par value on demand to the account of the Association in the designated depository.

(f) For the purposes of this Agreement the Association shall regard as "freely convertible currency":

(i) currency of a member which the Association determines, after consultation with the International Monetary Fund, is adequately convertible into the currencies of other members for the purposes of the Association's operations; or

(ii) currency of a member which such member agrees, on terms satisfactory to the Association, to exchange for the currencies of other members for the purposes of the Association's operations.

(g) Except as the Association may otherwise agree, each member listed in Part I of Schedule A shall maintain, in respect of its cur-

rency paid in by it as freely convertible currency pursuant to subsection (d) of this Section, the same convertibility as existed at the time of payment.

(h) The conditions on which the initial subscriptions of members other than original members may be made, and the amounts and the terms of payment thereof, shall be determined by the Association pursuant to Section 1(b) of this Article.

SECTION 3. *Limitation on Liability*

No member shall be liable, by reason of its membership, for obligations of the Association.

ARTICLE III

ADDITIONS TO RESOURCES

SECTION 1. *Additional Subscriptions*

(a) The Association shall at such time as it deems appropriate in the light of the schedule for completion of payments on initial subscriptions of original members, and at intervals of approximately five years thereafter, review the adequacy of its resources and, if it deems desirable, shall authorize a general increase in subscriptions. Notwithstanding the foregoing, general or individual increases in subscriptions may be authorized at any time, provided that an individual increase shall be considered only at the request of the member involved. Subscriptions pursuant to this Section are herein referred to as additional subscriptions.

(b) Subject to the provisions of paragraph (c) below, when additional subscriptions are authorized, the amounts authorized for subscription and the terms and conditions relating thereto shall be as determined by the Association.

(c) When any additional subscription is authorized, each member shall be given an opportunity to subscribe under such conditions as shall be reasonably determined by the Association, an amount which will enable it to maintain its relative voting power, but no member shall be obligated to subscribe.

(d) All decisions under this Section shall be made by a two-thirds majority of the total voting power.

SECTION 2. *Supplementary Resources Provided by a Member in the Currency of Another Member*

(a) The Association may enter into arrangements, on such terms and conditions consistent with the provisions of this Agreement as may be agreed upon, to receive from any member, in addition to the amounts payable by such member on account of its initial or any additional subscription, supplementary resources in the currency of another member, provided that the Association shall not enter into any such arrangement unless the Association is satisfied that the member whose currency is involved agrees to the use of such currency as supplementary resources and to the terms and conditions governing such use. The arrangements under which any such resources are received may include provisions regarding the disposition of earnings on the resources and regarding the disposition of the resources in the event that the member providing them ceases to be a member or the Association permanently suspends its operations.

(b) The Association shall deliver to the contributing member a Special Development Certificate setting forth the amount and currency of the resources so contributed and the terms and conditions of the arrangement relating to such resources. A Special Development Certificate shall not carry any voting rights and shall be transferable only to the Association.

(c) Nothing in this Section shall preclude the Association from accepting resources from a member in its own currency on such terms as may be agreed upon.

ARTICLE IV

CURRENCIES

SECTION 1. *Use of Currencies*

(a) Currency of any member listed in Part II of Schedule A, whether or not freely convertible, received by the Association pursuant to Article II, Section 2(d), in payment of the ninety percent portion payable thereunder in the currency of such member, and currency of such member derived therefrom as principal, interest or other charges, may be used by the Association for administrative expenses incurred by the Association in the territories of such member and, insofar as consistent with sound monetary policies in payment for goods and services produced in the territories of such member and required for projects financed by the Association and located in such territories; and in addition when and to the extent justified by the economic and financial situation of the member concerned as determined by agreement between the member and the Association, such currency shall be freely convertible or otherwise usable for projects financed by the Association and located outside the territories of the member.

(b) The usability of currencies received by the Association in payment of subscriptions other than initial subscriptions of original members, and currencies derived therefrom as principal, interest or other charges, shall be governed by the terms and conditions on which such subscriptions are authorized.

(c) The usability of currencies received by the Association as supplementary resources other than subscriptions, and currencies derived therefrom as principal, interest or other charges, shall be governed by the terms of the arrangements pursuant to which such currencies are received.

(d) All other currencies received by the Association may be freely used and exchanged by the Association and shall not be subject to any restriction by the member whose currency is used or exchanged; provided that the foregoing shall not preclude the Association from entering into any arrangements with the member in whose territories any project financed by the Association is located restricting the use by the Association of such member's currency received as principal, interest or other charges in connection with such financing.

(e) The Association shall take appropriate steps to ensure that, over reasonable intervals of time, the portions of the subscriptions paid under Article II, Section 2(d) by members listed in Part I of Schedule A shall be used by the Association on an approximately *pro rata* basis, provided, however, that such portions of such subscriptions

as are paid in gold or in a currency other than that of the subscribing member may be used more rapidly.

SECTION 2. *Maintenance, Value of Currency Holdings*

(a) Whenever the par value of a member's currency is reduced or the foreign exchange value of a member's currency has, in the opinion of the Association, depreciated to a significant extent within that member's territories, the member shall pay to the Association within a reasonable time an additional amount of its own currency sufficient to maintain the value, as of the time of subscription, of the amount of the currency of such member paid in to the Association by the member under Article II, Section 2(d), and currency furnished under the provisions of the present paragraph, whether or not such currency is held in the form of notes accepted pursuant to Article II, Section 2(e), provided, however, that the foregoing shall apply only so long as and to the extent that such currency shall not have been initially disbursed or exchanged for the currency of another member.

(b) Whenever the par value of a member's currency is increased, or the foreign exchange value of a member's currency has, in the opinion of the Association, appreciated to a significant extent within that member's territories, the Association shall return to such member within a reasonable time an amount of that member's currency equal to the increase in the value of the amount of such currency to which the provisions of paragraph (a) of this Section are applicable.

(c) The provisions of the preceding paragraphs may be waived by the Association when a uniform proportionate change in the par value of the currencies of all its members is made by the International Monetary Fund.

(d) Amounts furnished under the provisions of paragraph (a) of this Section to maintain the value of any currency shall be convertible and usable to the same extent as such currency.

ARTICLE V

OPERATIONS

SECTION 1. *Use of Resources and Conditions of Financing*

(a) The Association shall provide financing to further development in the less-developed areas of the world included within the Association's membership.

(b) Financing provided by the Association shall be for purposes which in the opinion of the Association are of high developmental priority in the light of the needs of the area or area concerned and, except in special circumstances, shall be for specific projects.

(c) The Association shall not provide financing if in its opinion such financing is available from private sources on terms which are reasonable for the recipient or could be provided by a loan of the type made by the Bank.

(d) The Association shall not provide financing except upon the recommendation of a competent committee, made after a careful study of the merits of the proposal. Each such committee shall be appointed by the Association and shall include a nominee of the Governor or Gov-

ernors representing the member or members in whose territories the project under consideration is located and one or more members of the technical staff of the Association. The requirement that the committee include the nominee of a Governor or Governors shall not apply in the case of financing provided to a public international or regional organization.

(e) The Association shall not provide financing for any project if the member in whose territories the project is located objects to such financing, except that it shall not be necessary for the Association to assure itself that individual members do not object in the case of financing provided to a public international or regional organization.

(f) The Association shall impose no conditions that the proceeds of its financing shall be spent in the territories of any particular member or members. The foregoing shall not preclude the Association from complying with any restrictions on the use of funds imposed in accordance with the provisions of these Articles, including restrictions attached to supplementary resources pursuant to agreement between the Association and the contributor.

(g) The Association 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 competitive international trade and without regard to political or other non-economic influences or considerations.

(h) Funds to be provided under any financing operation shall be made available to the recipient only to meet expenses in connection with the project as they are actually incurred.

SECTION 2. *Form and Terms of Financing*

(a) Financing by the Association shall take the form of loans. The Association may, however, provide other financing, either

(i) out of funds subscribed pursuant to Article III, Section 1, and funds derived therefrom as principal, interest or other charges, if the authorization for such subscriptions expressly provides for such financing;

or

(ii) in special circumstances, out of supplementary resources furnished to the Association, and funds derived therefrom as principal, interest or other charges, if the arrangements under which such resources are furnished expressly authorize such financing.

(b) Subject to the foregoing paragraph, the Association may provide financing in such forms and on such terms as it may deem appropriate having regard to the economic position and prospects of the area or areas concerned and to the nature and requirements of the project.

(c) The Association may provide financing to a member, the government of a territory included within the Association's membership, a political subdivision of any of the foregoing, a public or private entity in the territories of a member or members, or to a public international or regional organization.

(d) In the case of a loan to an entity other than a member, the Association may, in its discretion, require a suitable governmental or other guarantee or guarantees.

(e) The Association, in special cases, may make foreign exchange available for local expenditures.

SECTION 3. *Modifications of Terms of Financing*

The Association may, when and to the extent it deems appropriate in the light of all relevant circumstances, including the financial and economic situation and prospects of the member concerned, and on such conditions as it may determine, agree to a relaxation or other modification of the terms on which any of its financing shall have been provided.

SECTION 4. *Cooperation With Other International Organizations and Members Providing Development Assistance*

The Association shall cooperate with those public international organizations and members which provide financial and technical assistance to the less-developed areas of the world.

SECTION 5. *Miscellaneous Operations*

In addition to the operations specified elsewhere in this Agreement, the Association may:

- (i) borrow funds with the approval of the member in whose currency the loan is denominated;
- (ii) guarantee securities in which it has invested in order to facilitate their sale;
- (iii) buy and sell securities it has issued or guaranteed or in which it has invested;
- (iv) in special cases, guarantee loans from other sources for purposes not inconsistent with the provisions of these Articles;
- (v) provide technical assistance and advisory services at the request of a member; and
- (vi) exercise such other powers incidental to its operations as shall be necessary or desirable in furtherance of its purposes.

SECTION 6. *Political Activity Prohibited*

The Association and its officers shall not interfere in the political affairs of any member; nor shall they be influenced in their decisions by the political character of the member or members concerned. Only economic considerations shall be relevant to their decisions, and these considerations shall be weighed impartially in order to achieve the purposes stated in this Agreement.

ARTICLE VI

ORGANIZATION AND MANAGEMENT

SECTION 1. *Structure of the Association*

The Association shall have a Board of Governors, Executive Directors, a President and such other officers and staff to perform such duties as the Association may determine.

SECTION 2. *Board of Governors*

(a) All the powers of the Association shall be vested in the Board of Governors.

(b) Each Governor and Alternate Governor of the Bank appointed by a member of the Bank which is also a member of the Association

shall *ex officio* be a Governor and Alternate Governor, respectively, of the Association. No Alternate Governor may vote except in the absence of his principal. The Chairman of the Board of Governors of the Bank shall *ex officio* be Chairman of the Board of Governors of the Association except that if the Chairman of the Board of Governors of the Bank shall represent a state which is not a member of the Association, then the Board of Governors shall select one of the Governors as Chairman of the Board of Governors. Any Governor or Alternate Governor shall cease to hold office if the member by which he was appointed shall cease to be a member of the Association.

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

- (i) admit new members and determine the conditions of their admission;
- (ii) authorize additional subscriptions and determine the terms and conditions relating thereto;
- (iii) suspend a member;
- (iv) decide appeals from interpretations of this Agreement given by the Executive Directors;
- (v) make arrangements pursuant to Section 7 of this Article to cooperate with other international organizations (other than informal arrangements of a temporary and administrative character);
- (vi) decide to suspend permanently the operations of the Association and to distribute its assets;
- (vii) determine the distribution of the Association's net income pursuant to Section 12 of this Article; and
- (viii) approve proposed amendments to this Agreement.

(d) The Board of Governors shall hold an annual meeting and such other meetings as may be provided for by the Board of Governors or called by the Executive Directors.

(e) The annual meeting of the Board of Governors shall be held in conjunction with the annual meeting of the Board of Governors of the Bank.

(f) A quorum for any meeting of the Board of Governors shall be a majority of the Governors, exercising not less than two-thirds of the total voting power.

(g) The Association may by regulation establish a procedure whereby the Executive Directors may obtain a vote of the Governors on a specific question without calling a meeting of the Board of Governors.

(h) The Board of Governors, and the Executive Directors to the extent authorized, may adopt such rules and regulations as may be necessary or appropriate to conduct the business of the Association.

(i) Governors and Alternate Governors shall serve as such without compensation from the Association.

SECTION 3. *Voting*

(a) Each original member shall, in respect of its initial subscription, have 500 votes plus one additional vote for each \$5,000 of its initial subscription. Subscriptions other than initial subscriptions of original members shall carry such voting rights as the Board of Governors shall determine pursuant to the provisions of Article

II, Section 1(b) or Article III, Section 1 (b) and (c), as the case may be. Additions to resources other than subscriptions under Article II, Section 1(b) and additional subscriptions under Article II, Section 1, shall not carry voting rights.

(b) Except as otherwise specifically provided, all matters before the Association shall be decided by a majority of the votes cast.

SECTION 4. Executive Directors

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

(b) The Executive Directors of the Association shall be composed *ex officio* of each Executive Director of the Bank who shall have been (i) appointed by a member of the Bank which is also a member of the Association, or (ii) elected in an election in which the votes of at least one member of the Bank which is also a member of the Association shall have counted toward his election. The Alternate to each such Executive Director of the Bank shall *ex officio* be an Alternate Director of the Association. Any Director shall cease to hold office if the member by which he was appointed, or if all the members whose votes counted toward his election, shall cease to be members of the Association.

(c) Each Director who is an appointed Executive Director of the Bank shall be entitled to cast the number of votes which the member by which he was appointed is entitled to cast in the Association. Each Director who is an elected Executive Director of the Bank shall be entitled to cast the number of votes which the member or members of the Association whose votes counted toward his election in the Bank are entitled to cast in the Association. All the votes which a Director is entitled to cast shall be cast as a unit.

(d) An Alternate Director shall have full power to act in the absence of the Director who shall have appointed him. When a Director is present, his Alternate may participate in meetings but shall not vote.

(e) A quorum for any meeting of the Executive Directors shall be a majority of the Directors exercising not less than one-half of the total voting power.

(f) The Executive Directors shall meet as often as the business of the Association may require.

(g) The Board of Governors shall adopt regulations under which a member of the Association not entitled to appoint an Executive Director of the Bank may send a representative to attend any meeting of the Executive Directors of the Association when a request made by, or a matter particularly affecting, that member is under consideration.

SECTION 5. President and Staff

(a) The President of the Bank shall be *ex officio* President of the Association. The President shall be Chairman of the Executive Directors of the Association 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 at such meetings.

(b) The President shall be chief of the operating staff of the Association. Under the direction of the Executive Directors he shall conduct the ordinary business of the Association and under their general control shall be responsible for the organization, appointment and dismissal of the officers and staff. To the extent practicable, officers and staff of the Bank shall be appointed to serve concurrently as officers and staff of the Association.

(c) The President, officers and staff of the Association, in the discharge of their offices, owe their duty entirely to the Association and to no other authority. Each member of the Association 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.

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

SECTION 6. *Relationship to the Bank*

(a) The Association shall be an entity separate and distinct from the Bank and the funds of the Association shall be kept separate and apart from those of the Bank. The Association shall not borrow from or lend to the Bank, except that this shall not preclude the Association from investing funds not needed in its financing operations in obligations of the Bank.

(b) The Association may make arrangements with the Bank regarding facilities, personnel and services and arrangements for reimbursement of administrative expenses paid in the first instance by either organization on behalf of the other.

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

SECTION 7. *Relations with Other International Organisations*

The Association shall enter into formal arrangements with the United Nations and may enter into such arrangements with other public international organizations having specialized responsibilities in related fields.

SECTION 8. *Location of Offices*

The principal office of the Association shall be the principal office of the Bank. The Association may establish other offices in the territories of any member.

SECTION 9. *Depositories*

Each member shall designate its central bank as a depository in which the Association may keep holdings of such member's currency or other assets of the Association, or, if it has no central bank, it shall designate for such purpose such other institution as may be acceptable to the Association. In the absence of any different designation, the depository designated for the Bank shall be the depository for the Association.

SECTION 10. *Channel of Communication*

Each member shall designate an appropriate authority with which the Association may communicate in connection with any matter arising

ing under this Agreement. In the absence of any different designation, the channel of communication designated for the Bank shall be the channel for the Association.

SECTION 11. *Publication of Reports and Provision of Information*

(a) The Association shall publish an annual report containing an audited statement of its accounts and shall circulate to members at appropriate intervals a summary statement of its financial position and of the results of its operation.

(b) The Association may publish such other reports as it deems desirable to carry out its purposes.

(c) Copies of all reports, statements, and publications made under this Section shall be distributed to members.

SECTION 12. *Disposition of Net Income*

The Board of Governors shall determine from time to time the disposition of the Association's net income, having due regard to provisions for reserves and contingencies.

ARTICLE VII

WITHDRAWAL; SUSPENSION OF MEMBERSHIP; SUSPENSION OF OPERATIONS

SECTION 1. *Withdrawal by Members*

Any member may withdraw from membership in the Association at any time by transmitting a notice in writing to the Association at its principal office. Withdrawal shall become effective upon the date such notice is received.

SECTION 2. *Suspension of Membership*

(a) If a member fails to fulfill any of its obligations to the Association, the Association may suspend its membership by decision of a majority of the Governors, exercising a majority of the total voting power. The member so suspended shall automatically cease to be a member one year from the date of its suspension unless a decision is taken by the same majority 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 obligations.

SECTION 3. *Suspension or Cessation of Membership in the Bank*

Any member which is suspended from membership in, or ceases to be a member of, the Bank shall automatically be suspended from membership in, or cease to be a member of, the Association, as the case may be.

SECTION 4. *Rights and Duties of Governments Ceasing to be Members*

(a) When a government ceases to be a member, it shall have no rights under this Agreement except as provided in this Section and in Article X(c), but it shall, except as in this Section otherwise provided, remain liable for all financial obligations undertaken by it to the Association, whether as a member, borrower, guarantor or otherwise.

(b) When a government ceases to be a member, the Association and the government shall proceed to a settlement of accounts. As

part of such settlement of accounts, the Association and the government may agree on the amounts to be paid to the government on account of its subscription and on the time and currencies of payment. The term "subscription" when used in relation to any member government shall for the purposes of this Article be deemed to include both the initial subscription and any additional subscription of such member government.

(c) If no such agreement is reached within six months from the date when the government ceased to be a member, or such other time as may be agreed upon by the Association and the government, the following provision shall apply:

(i) The government shall be relieved of any further liability to the Association on account of its subscription, except that the government shall pay to the Association forthwith amounts due and unpaid on the date when the government ceased to be a member and which in the opinion of the Association are needed by it to meet its commitments as of that date under its financing operations.

(ii) The Association shall return to the government funds paid in by the government on account of its subscription or derived therefrom as principal repayments and held by the Association on the date when the government ceased to be a member, except to the extent that in the opinion of the Association such funds will be needed by it to meet its commitments as of that date under its financing operations.

(iii) The Association shall pay over to the government a *pro rata* share of all principal repayments received by the Association after the date on which the government ceases to be a member on loans contracted prior thereto, except those made out of supplementary resources provided to the Association under arrangements specifying special liquidation rights. Such share shall be such proportion of the total principal amount of such loans as the total amount paid by the government on account of its subscription and not returned to it pursuant to clause (ii) above shall bear to the total amount paid by all members on account of their subscriptions which shall have been used or in the opinion of the Association will be needed by it to meet its commitments under its financing operations as of the date on which the government ceases to be a member. Such payments by the Association shall be made in instalments when and as such principal repayments are received by the Association, but not more frequently than annually. Such instalments shall be paid in the currencies received by the Association except that the Association may in its discretion make payment in the currency of the government concerned.

(iv) Any amount due to the government on account of its subscription may be withheld so long as that government, or the government of any territory included within its membership, or any political subdivision or any agency of any of the foregoing remains liable, as borrower or guarantor, to the Association, and such amount may, at the option of the Association, be applied against any such liability as it matures.

(v) In no event shall the government receive under this paragraph (c) an amount exceeding, in the aggregate, the lesser of the two following: (a) the amount paid by the government on account of its subscription, or (b) such proportion of the net assets of the Association, as shown on the books of the Association as of the date on which the government ceased to be a member, as the amount of its subscription shall bear to the aggregate amount of the subscriptions of all members.

(vi) All calculations required hereunder shall be made on such basis as shall be reasonably determined by the Association.

(d) In no event shall any amount due to a government under this Section be paid until six months after the date upon which the government ceases to be a member. If within six months of the date upon which any government ceases to be a member the Association suspends operations under section 5 of this Article, all rights of such government shall be determined by the provisions of such Section 5 and such government shall be considered a member of the Association for purposes of such Section 5, except that it shall have no voting rights.

SECTION 5. *Suspension of Operations and Settlement of Obligations*

(a) The Association may permanently suspend its operations by vote of a majority of the Governors exercising a majority of the total voting power. After such suspension of operations the Association shall forthwith cease all activities, except those incident to the orderly realization, conservation and preservation of its assets and settlement of its obligations. Until final settlement of such obligations and distribution of such assets, the Association shall remain in existence and all mutual rights and obligations of the Association and its members under this Agreement shall continue unimpaired, except that no member shall be suspended or shall withdraw and that no distribution shall be made to members except as in this Section provided.

(b) No distribution shall be made to members on account of their subscriptions until all liabilities to creditors shall have been discharged or provided for and until the Board of Governors, by a vote of a majority of the Governors exercising a majority of the total voting power, shall have decided to make such distribution.

(c) Subject to the foregoing, and to any special arrangements for the disposition of supplementary resources agreed upon in connection with the provision of such resources to the Association, the Association shall distribute its assets to members *pro rata* in proportion to amounts paid in by them on account of their subscriptions. Any distribution pursuant to the foregoing provision of this paragraph (c) shall be subject, in the case of any member, to prior settlement of all outstanding claims by the Association against such member. Such distribution shall be made at such times, in such currencies, and in cash or other assets as the Association shall deem fair and equitable. Distribution to the several members need not be uniform in respect of the type of assets distributed or of the currencies in which they are expressed.

(d) Any member receiving assets distributed by the Association pursuant to this Section or Section 4 shall enjoy the same rights with respect to such assets as the Association enjoyed prior to their distribution.

ARTICLE VIII

STATUS, IMMUNITIES AND PRIVILEGES

SECTION 1. *Purposes of Article*

To enable the Association to fulfill the functions with which it is entrusted, the status, immunities and privileges provided in this Article shall be accorded to the Association in the territories of each member.

SECTION 2. *Status of the Association*

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

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

SECTION 3. *Position of the Association with Regard to Judicial Process*

Actions may be brought against the Association only in a court of competent jurisdiction in the territories of a member in which the Association has an office, has appointed an agent for the purpose of accepting service or notice of process, or has issued or guaranteed securities. No actions shall, however, be brought by members or persons acting for or deriving claims from members. The property and assets of the Association shall, wherever located and by whomsoever held, be immune from all forms of seizure, attachment or execution before the delivery of final judgment against the Association.

SECTION 4. *Immunity of Assets from Seizure*

Property and assets of the Association, wherever located and by whomsoever held, shall be immune from search, requisition, confiscation, expropriation or any other form of seizure by executive or legislative action.

SECTION 5. *Immunity of Archives*

The archives of the Association shall be inviolable.

SECTION 6. *Freedom of Assets from Restrictions*

To the extent necessary to carry out the operations provided for in this Agreement and subject to the provisions of this Agreement, all property and assets of the Association shall be free from restrictions, regulations, controls and moratoria of any nature.

SECTION 7. *Privilege for Communications*

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

SECTION 8. *Immunities and Privileges of Officers and Employees*

All Governors, Executive Directors, Alternates, officers and employees of the Association—

- (i) shall be immune from legal process with respect to acts performed by them in their official capacity except when the Association waives this immunity;

(ii) not being local nationals, shall be accorded the same immunities from immigration restrictions, alien registration requirements and national service obligations and the same facilities as regards exchange restrictions as are accorded by members to the representatives, officials, and employees of comparable rank of other members;

(iii) shall be granted the same treatment in respect of traveling facilities as is accorded by members to representatives, officials and employees of comparable rank of other members.

SECTION 9. Immunities from Taxation

(a) The Association, its assets, property, income and its operations and transactions authorized by this Agreement, shall be immune from all taxation and from all customs duties. The Association shall also be immune from liability for the collection or payment of any tax or duty.

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

(c) No taxation of any kind shall be levied on any obligation or security issued by the Association (including any dividend or interest thereon) by whomsoever held

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

(d) No taxation of any kind shall be levied on any obligation or security guaranteed by the Association (including any dividend or interest thereon) by whomsoever held

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

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

SECTION 10. Application of Article

Each member shall take such action as is necessary in its own territories for the purpose of making effective in terms of its own law the principles set forth in this Article and shall inform the Association of the detailed action which it has taken.

ARTICLE IX

AMENDMENTS

(a) Any proposal to introduce modifications in this Agreement, whether emanating from a member, a Governor or the Executive Directors, shall be communicated to the Chairman of the Board of Governors who shall bring the proposal before the Board. If the proposed amendment is approved by the Board, the Association shall, by circular letter or telegram, ask all members whether they accept the proposed amendment. When three-fifths of the members, having

four-fifths of the total voting power, have accepted the proposed amendments, the Association shall certify the fact by formal communication addressed to all members.

(b) Notwithstanding (a) above, acceptance by all members is required in the case of any amendment modifying

(i) the right to withdraw from the Association provided in Article VII, Section I;

(ii) the right secured by Article III, Section 1(c);

(iii) the limitation on liability provided in Article II, Section 3.

(c) Amendments shall enter into force for all members three months after the date of the formal communication unless a shorter period is specified in the circular letter or telegram.

ARTICLE X

INTERPRETATION AND ARBITRATION

(a) Any question of interpretation of the provisions of this Agreement arising between any member and the Association or between any members of the Association shall be submitted to the Executive Directors for their decision. If the question particularly affects any member of the Association not entitled to appoint an Executive Director of the Bank, it shall be entitled to representation in accordance with Article VI, Section 4(g).

(b) In any case where the Executive Directors have given a decision under (a) above, any member may require that the question be referred to the Board of Governors, whose decision shall be final. Pending the result of the reference to the Board of Governors, the Association may, so far as it deems necessary, act on the basis of the decision of the Executive Directors.

(c) Whenever a disagreement arises between the Association and a country which has ceased to be a member, or between the Association and any member during the permanent suspension of the Association, such disagreement shall be submitted to arbitration by a tribunal of three arbitrators, one appointed by the Association, another by the country involved and an umpire who, unless the parties otherwise agree, shall be appointed by the President of the International Court of Justice or such other authority as may have been prescribed by regulation adopted by the Association. The umpire shall have full power to settle all questions of procedure in any case where the parties are in disagreement with respect thereto.

ARTICLE XI

FINAL PROVISION

SECTION 1. *Entry into Force*

This Agreement shall enter into force when it has been signed on behalf of governments whose subscriptions comprise not less than sixty-five percent of the total subscriptions set forth in Schedule A and when the instruments referred to in Section 2(a) of this Article have been deposited on their behalf, but in no event shall this Agreement enter into force before September 15, 1960.

SECTION 2. *Signature*

(a) Each government on whose behalf this Agreement is signed shall deposit with the Bank an instrument setting forth that it has accepted this Agreement in accordance with its law and has taken all steps necessary to enable it to carry out all of its obligations under this Agreement.

(b) Each government shall become a member of the Association as from the date of the deposit on its behalf of the instrument referred to in paragraph (a) above except that no government shall become a member before this Agreement enters into force under Section 1 of this Article.

(c) This Agreement shall remain open for signature until the close of business on December 31, 1960, at the principal office of the Bank, on behalf of the governments of the states whose names are set forth in Schedule A, provided that, if this Agreement shall not have entered into force by that date, the Executive Directors of the Bank may extend the period during which this Agreement shall remain open for signature by not more than six months.

(d) After this Agreement shall have entered into force, it shall be open for signature on behalf of the government of any state whose membership shall have been approved pursuant to Article II, Section 1(b).

SECTION 3. *Territorial Application*

By its signature of this Agreement, each government accepts it both on its own behalf and in respect of all territories for whose international relations such government is responsible except those which are excluded by such government by written notice to the Association.

SECTION 4. *Inauguration of the Association*

(a) As soon as this Agreement enters into force under Section 1 of this Article the President shall call a meeting of the Executive Directors.

(b) The Association shall begin operations on the date when such meeting is held.

(c) Pending the first meeting of the Board of Governors, the Executive Directors may exercise all the powers of the Board of Governors except those reserved to the Board of Governors under this Agreement.

SECTION 5. *Registration*

The Bank is authorized to register this Agreement with the Secretariat of the United Nations in accordance with Article 102 of the Charter of the United Nations and the Regulations thereunder adopted by the General Assembly.

Done at Washington, in a single copy which shall remain deposited in the archives of the International Bank for Reconstruction and Development, which has indicated by its signature below its agreement to the act as depository of this Agreement, to register this Agreement with the Secretariat of the United Nations and to notify all governments whose names are set forth in Schedule A of the date when this Agreement shall have entered into force under Article XI, Section 1 hereof.

SCHEDULE A—INITIAL SUBSCRIPTIONS

(US \$ Millions)*

Part I:		Part II—Continued	
Australia.....	20.18	Guatemala.....	0.40
Austria.....	5.04	Haiti.....	0.78
Belgium.....	22.70	Honduras.....	0.30
Canada.....	37.83	Iceland.....	0.10
Denmark.....	8.74	India.....	40.35
Finland.....	3.83	Indonesia.....	11.10
France.....	52.96	Iran.....	4.54
Germany.....	52.96	Iraq.....	0.76
Italy.....	18.16	Ireland.....	3.03
Japan.....	33.59	Israel.....	1.68
Luxembourg.....	1.01	Jordan.....	0.30
Netherlands.....	27.74	Korea.....	1.26
Norway.....	6.72	Lebanon.....	0.45
Sweden.....	10.09	Libya.....	1.01
Union of South Africa.....	10.09	Malaya.....	2.52
United Kingdom.....	131.14	Mexico.....	8.74
United States.....	320.29	Morocco.....	3.53
		Nicaragua.....	0.30
Subtotal.....	763.07	Pakistan.....	10.09
		Panama.....	0.02
Part II:		Paraguay.....	0.30
Afghanistan.....	1.01	Peru.....	1.77
Argentina.....	18.83	Philippines.....	5.04
Bolivia.....	1.06	Saudi Arabia.....	3.70
Brazil.....	18.83	Spain.....	10.09
Burma.....	2.02	Sudan.....	1.01
Ceylon.....	3.03	Thailand.....	3.03
Chile.....	3.53	Tunisia.....	1.51
China.....	30.26	Turkey.....	5.80
Colombia.....	3.53	United Arab Republic.....	6.03
Costa Rica.....	0.20	Uruguay.....	1.06
Cuba.....	4.71	Venezuela.....	7.06
Dominican Republic.....	0.40	Vietnam.....	1.51
Ecuador.....	0.65	Yugoslavia.....	4.04
El Salvador.....	0.30		
Ethiopia.....	0.50	Subtotal.....	236.93
Ghana.....	2.38		
Greece.....	2.52	Total.....	1,000.00

*In terms of U.S. dollars of the weight and fineness in effect on Jan. 1, 1960.

71-594 O-67—49

International Development Association

Text of Public Law 86-565, 86th Congress [H.R. 11001], 74 Stat. 293, approved June 30, 1960, as amended by Public Law 88-310, 78 Stat. 200 [S. 2214], approved May 26, 1964

AN ACT To provide for the participation of the United States in the International Development Association.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "International Development Association Act".

ACCEPTANCE OF MEMBERSHIP

SEC. 2. The President is hereby authorized to accept membership for the United States in the International Development Association (hereinafter referred to as the "Association"), provided for by the Articles of Agreement (hereinafter referred to as the "Articles") of the Association deposited in the archives of the International Bank for Reconstruction and Development.

GOVERNOR, EXECUTIVE DIRECTOR, AND ALTERNATES

SEC. 3. The Governor and Executive Director of the International Bank for Reconstruction and Development, and the alternate for each of them, appointed under section 3 of the Bretton Woods Agreements Act, as amended (22 U.S.C. 286a), shall serve as Governor, Executive Director and alternates, respectively, of the Association.

NATIONAL ADVISORY COUNCIL ON INTERNATIONAL MONETARY AND FINANCIAL PROBLEMS

SEC. 4. The provisions of section 4 of the Bretton Woods Agreements Act, as amended (22 U.S.C. 286b), shall apply with respect to the Association to the same extent as with respect to the International Bank for Reconstruction and Development and the International Monetary Fund. Reports with respect to the Association under paragraphs (5) and (6) of subsection (b) of section 4 of said Act, as amended, shall be included in the first report made thereunder after the establishment of the Association and in each succeeding report.

CERTAIN ACTS NOT TO BE TAKEN WITHOUT AUTHORIZATION

SEC. 5. Unless Congress by law authorizes such action, neither the President nor any person or agency shall, on behalf of the United

States, (a) subscribe to additional funds under article III, section 1, of the articles; (b) accept any amendment under article IX of the articles; or (c) make a loan or provide other financing to the Association.

DEPOSITORIES

SEC. 6. Any Federal Reserve bank which is requested to do so by the Association shall act as its depository or as its fiscal agent, and the Board of Governors of the Federal Reserve System shall supervise and direct the carrying out of these functions by the Federal Reserve banks.

PAYMENT OF SUBSCRIPTIONS

SEC. 7. (a) There is hereby authorized to be appropriated, without fiscal year limitation, for the subscription of the United States to the Association, \$320,290,000.¹

(b)² The United States Governor is hereby authorized (1) to vote for an increase in the resources of the Association and (2) to agree on behalf of the United States to contribute to the Association the sum of \$312 million, both as recommended by the Executive Directors, in a report dated September 9, 1963, to the Board of Governors of the Association. There is hereby authorized to be appropriated out of funds supplied by the Nation's taxpayers or out of funds borrowed on their credit, without fiscal year limitation, \$312 million to provide the United States share of the increase in the resources of the Association.

(c)³ For the purpose of keeping to a minimum the cost to the United States of participation in the Association, the Secretary of the Treasury is authorized and directed to issue special notes of the United States from time to time, at par, and to deliver such notes to the Association in exchange for dollars to the extent permitted by the articles. The special notes provided for in this subsection shall be issued under the authority and subject to the provisions of the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act are extended to include the purposes for which special notes are authorized and directed to be issued under this subsection, but such notes shall bear no interest, shall be nonnegotiable, and shall be payable on demand of the Association. The face amount of special notes issued to the Association under the authority of this subsection and outstanding at any one time shall not exceed in the aggregate, the amount actually paid to the Association under the articles.

¹ The United States subscription is payable in five annual installments (see Art. II, Sec. 2, IDA Articles of Agreement, *infra*, p. 553), one of \$73,666,700 and four of \$61,655,825. For the first installment appropriation see P.L. 86-651, approved July 14, 1960 (74 Stat. 514); for the second installment appropriation see P.L. 87-329, approved September 30, 1961 (75 Stat. 721); and for the third installment appropriation see P.L. 87-827, approved October 23, 1962 (76 Stat. 1163). Title II of the Foreign Aid and Related Agencies Appropriation Act, 1964, Public Law 88-258, 77 Stat. 862, approved January 6, 1964, appropriated \$61,656,000 for payment of the fourth installment of the United States subscription, to remain available until expended.

² This subsection was added by section 1 of Public Law 88-310 (78 Stat. 200) approved May 26, 1964.

³ The following changes were made in this subsection by section 2 of Public Law 88-310: the subsection was redesignated as "(c)"; the phrase "after paying the requisite part of the subscription of the United States in the Association required to be made under the articles," which appeared after the word "Treasury" was deleted; and in the last sentence the words "of the subscription of the United States" which preceded the word "actually" were deleted.

(d)* Any payment made to the United States by the Association as a distribution of net income shall be covered into the Treasury as a miscellaneous receipt.

JURISDICTION AND VENUE OF ACTIONS

SEC. 8. For the purpose of any action which may be brought within the United States, its possessions, or the Commonwealth of Puerto Rico, by or against the Association in accordance with the articles, the Association shall be deemed to be an inhabitant of the Federal judicial district in which its principal office in the United States is located, and any such action at law or in equity to which the Association shall be a party shall be deemed to arise under the laws of the United States, and the district courts of the United States shall have original jurisdiction of any such action. When the Association is a defendant in any such action, it may, at any time before the trial thereof, remove such action from a State court into the district court of the United States for the proper district by following the procedure for removal of causes otherwise provided by law.

STATUS, IMMUNITIES, AND PRIVILEGES

SEC. 9. The provisions of article VII, section 5(d), and article VIII, sections 2 to 9, both inclusive, of the articles shall have full force and effect in the United States, its possessions, and the Commonwealth of Puerto Rico, upon acceptance of membership by the United States in, and the establishment of, the Association.

* This subsection was redesignated "(e)" by section 2 of Public Law 88-310.

International Finance Corporation

Text of Articles of Agreement

The governments on whose behalf this Agreement is signed agree as follows:

INTRODUCTORY ARTICLE

The International Finance Corporation (hereinafter called the Corporation) is established and shall operate in accordance with the following provisions:

ARTICLE I. PURPOSE

The purpose of the Corporation is to further economic development by encouraging the growth of productive private enterprise in member countries, particularly in the less developed areas, thus supplementing the activities of the International Bank for Reconstruction and Development (hereinafter called the Bank). In carrying out this purpose, the Corporation shall—

- (i) in association with private investors, assist in financing the establishment, improvement and expansion of productive private enterprises which would contribute to the development of its member countries by making investments, without guarantee of repayment by the member government concerned, in cases where sufficient private capital is not available on reasonable terms;
- (ii) seek to bring together investment opportunities, domestic and foreign private capital, and experienced management; and
- (iii) seek to stimulate, and to help create conditions conducive to, the flow of private capital, domestic and foreign, into productive investment in member countries.

The Corporation shall be guided in all its decisions by the provisions of this Article.

ARTICLE II. MEMBERSHIP AND CAPITAL

SECTION 1. *Membership*

(a) The original members of the Corporation shall be those members of the Bank listed in Schedule A hereto which shall, on or before the date specified in Article IX, Section 2(c), accept membership in the Corporation.

(b) Membership shall be open to other members of the Bank at such times and in accordance with such terms as may be prescribed by the Corporation.

SEC. 2. *Capital Stock*

(a) The authorized capital stock of the Corporation shall be \$100,000,000, in terms of United States dollars.

(b) The authorized capital stock shall be divided into 100,000 shares having a par value of one thousand United States dollars each. Any such shares not initially subscribed by original members shall be available for subsequent subscription in accordance with Section 3(d) of this Article.

(c) The amount of capital stock at any time authorized may be increased by the Board of Governors as follows:

(i) by a majority of the votes cast, in case such increase is necessary for the purpose of issuing shares of capital stock on initial subscription by members other than original members, provided that the aggregate of any increases authorized pursuant to this subparagraph shall not exceed 10,000 shares;

(ii) in any other case, by a three-fourths majority of the total voting power.

(d) In case of an increase authorized pursuant to paragraph (c) above, each member shall have a reasonable opportunity to subscribe, under such conditions as the Corporation shall decide, to a proportion of the increase of stock equivalent to the proportion which its stock theretofore subscribed bears to the total capital stock of the Corporation, but no member shall be obligated to subscribe to any part of the increased capital.

(e) Issuance of shares of stock, other than those subscribed either on initial subscription or pursuant to paragraph (d) above, shall require a three-fourths majority of the total voting power.

(f) Shares of stock of the Corporation shall be available for subscription only by, and shall be issued only to, members.

Sec. 3. Subscriptions

(a) Each original member shall subscribe to the number of shares of stock set forth opposite its name in Schedule A. The number of shares of stock to be subscribed by other members shall be determined by the Corporation.

(b) Shares of stock initially subscribed by original members shall be issued at par.

(c) The initial subscription of each original member shall be payable in full within 30 days after either the date on which the Corporation shall begin operations pursuant to Article IX, Section 3(b), or the date on which such original member becomes a member, whichever shall be later, or at such date thereafter as the Corporation shall determine. Payment shall be made in gold or United States dollars in response to a call by the Corporation which shall specify the place or places of payment.

(d) The price and other terms of subscription of shares of stock to be subscribed, otherwise than on initial subscription by original members, shall be determined by the Corporation.

Sec. 4. Limitation on Liability

No member shall be liable, by reason of its membership, for obligations of the Corporation.

Sec. 5. Restrictions on Transfers and Pledges of Shares

Shares of stock shall not be pledged or encumbered in any manner whatever, and shall be transferable only to the Corporation.

ARTICLE III. OPERATIONS

SECTION 1. Financing Operations

The Corporation may make investments of its funds in productive private enterprises in the territories of its members. The existence of a government or other public interest in such an enterprise shall

not necessarily preclude the Corporation from making an investment therein.

SEC. 2. *Forms of Financing*

The Corporation may make investments of its funds in such form or forms as it may deem appropriate in the circumstances.¹

SEC. 3. *Operational Principles*

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

(i) the Corporation shall not undertake any financing for which in its opinion sufficient private capital could be obtained on reasonable terms;

(ii) the Corporation shall not finance an enterprise in the territories of any member if the member objects to such financing;

(iii) the Corporation shall impose no conditions that the proceeds of any financing by it shall be spent in the territories of any particular country;

(iv) the Corporation shall not assume responsibility for managing any enterprise in which it has invested and shall not exercise voting rights for such purpose or for any other purpose which, in its opinion, properly is within the scope of managerial control;¹

(v) the Corporation shall undertake its financing on terms and conditions which it considers appropriate, taking into account the requirements of the enterprise, the risks being undertaken by the Corporation and the terms and conditions normally obtained by private investors for similar financing;

(vi) the Corporation shall seek to resolve its funds by selling its investments to private investors whenever it can appropriately do so on satisfactory terms;

(vii) the Corporation shall seek to maintain a reasonable diversification in its investments.

SEC. 4. *Protection of Interests*

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

¹ Amended language. The purpose of the amended language is to authorize the Corporation to make investments of its funds in capital stock and to limit the exercise of voting rights by the Corporation unless exercise of such rights is deemed necessary by the Corporation to protect its interests. (See section 5 of the International Finance Corporation Act, page 687.)

The resolution to amend the Articles was adopted on September 1, 1961, and on September 21, 1961, the Governors resolved that the amendment should be effective forthwith.

Section 2 formerly read as follows:

"(a) The Corporation's financing shall not take the form of investments in capital stock. Subject to the foregoing, the Corporation may make investments of its funds in such form or forms as it may deem appropriate in the circumstances, including (but without limitation) investments according to the holder thereof the right to participate in earnings, and the right to subscribe to, or to convert the investment into, capital stock.

"(b) The Corporation shall not itself exercise any right to subscribe to, or to convert any investment into, capital stock."

Section 3(iv) formerly read: "the Corporation shall not assume responsibility for managing any enterprise in which it has invested."

SEC. 5. *Applicability of Certain Foreign Exchange Restrictions*

Funds received by or payable to the Corporation in respect of an investment or the Corporation made in any member's territories pursuant to Section 1 of this Article shall not be free, solely by reason of any provision of this Agreement, from general applicable foreign exchange restrictions, regulations and controls in force in the territories of that member.

SEC. 6. *Miscellaneous Operations*

In addition to the operations specified elsewhere in this Agreement, the Corporation shall have the power to—

(i) borrow funds, and in that connection to furnish such collateral or other security therefor as it shall determine; provided, however, that before making a public sale of its obligations in the markets of a member, the Corporation shall have obtained the approval of that member and of the member in whose currency the obligations are to be denominated;

(ii) invest funds not needed in its financing operations in such obligations as it may determine and invest funds held by it for pension or similar purposes in any marketable securities, all without being subject to the restrictions imposed by other sections of this Article;

(iii) guarantee securities in which it has invested in order to facilitate their sale;

(iv) buy and sell securities it has issued or guaranteed or in which it has invested;

(v) exercise such other powers incidental to its business as shall be necessary or desirable in furtherance of its purposes.

SEC. 7. *Valuation of Currencies*

Whenever it shall become necessary under this Agreement to value any currency in terms of the value of another currency, such valuation shall be as reasonably determined by the Corporation after consultation with the International Monetary Fund.

SEC. 8. *Warning To Be Placed on Securities*

Every security issued or guaranteed by the Corporation shall bear on its face a conspicuous statement to the effect that it is not an obligation of the Bank or, unless expressly stated on the security, of any government.

SEC. 9. *Political Activity Prohibited*

The Corporation and its officers shall not interfere in the political affairs of any member; nor shall they be influenced in their decisions by the political character of the member or members concerned. Only economic considerations shall be relevant to their decisions, and these considerations shall be weighed impartially in order to achieve the purposes stated in this Agreement.

ARTICLE IV. ORGANIZATION AND MANAGEMENT

SECTION 1. *Structure of the Corporation*

The Corporation shall have a Board of Governors, a Board of Directors, a Chairman of the Board of Directors, a President and such other officers and staff to perform such duties as the Corporation may determine.

SEC. 2. Board of Governors

(a) All the powers of the Corporation shall be vested in the Board of Governors.

(b) Each governor and alternate governor of the Bank appointed by a member of the Bank which is also a member of the Corporation shall *ex officio* be a governor or alternate governor, respectively, of the Corporation. No alternate governor may vote except in the absence of his principal. The Board of Governors shall select one of the governors as Chairman of the Board of Governors. Any governor or alternate governor shall cease to hold office if the member by which he was appointed shall cease to be a member of the Corporation.

(c) The Board of Governors may delegate to the Board of Directors authority to exercise any of its powers, except the power to—

(i) admit new members and determine the conditions of their admission;

(ii) increase or decrease the capital stock;

(iii) suspend a member;

(iv) decide appeals from interpretations of this Agreement given by the Board of Directors;

(v) make arrangements to cooperate with other international organizations (other than informal arrangements of a temporary and administrative character);

(vi) decide to suspend permanently the operations of the Corporation and to distribute its assets;

(vii) declare dividends;

(viii) amend this Agreement.

(d) The Board of Governors shall hold an annual meeting and such other meetings as may be provided for by the Board of Governors or called by the Board of Directors.

(e) The annual meeting of the Board of Governors shall be held in conjunction with the annual meeting of the Board of Governors of the Bank.

(f) A quorum for any meeting of the Board of Governors shall be a majority of the governors, exercising not less than two-thirds of the total voting power.

(g) The Corporation may by regulation establish a procedure whereby the Board of Directors may obtain a vote of the governors on a specific question without calling a meeting of the Board of Governors.

(h) The Board of Governors, and the Board of Directors to the extent authorized, may adopt such rules and regulations as may be necessary or appropriate to conduct the business of the Corporation.

(i) Governors and alternate governors shall serve as such without compensation from the Corporation.

SEC. 3. Voting

(a) Each member shall have two hundred and fifty votes plus one additional vote for each share of stock held.

(b) Except as otherwise expressly provided, all matters before the Corporation shall be decided by a majority of the votes cast.

SEC. 4. Board of Directors

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

(b) The Board of Directors of the Corporation shall be composed *ex officio* of each Executive Director of the Bank who shall have been either (i) appointed by a member of the Bank which is also a member of the Corporation, or (ii) elected in an election in which the votes of at least one member of the Bank which is also a member of the Corporation shall have counted toward his election. The alternate to each such Executive Director of the Bank shall *ex officio* be an alternate director of the Corporation. Any director shall cease to hold office if the member by which he was appointed, or if all the members whose votes counted toward his election, shall cease to be members of the Corporation.

(c) Each director who is an appointed Executive Director of the Bank shall be entitled to cast the number of votes which the member by which he was so appointed is entitled to cast in the Corporation. Each director who is an elected Executive Director of the Bank shall be entitled to cast the number of votes which the member or members of the Corporation whose votes counted toward his election in the Bank are entitled to cast in the Corporation. All the votes which a director is entitled to cast shall be cast as a unit.

(d) An alternate director shall have full power to act in the absence of the director who shall have appointed him. When a director is present his alternate may participate in meetings but shall not vote.

(e) A quorum for any meeting of the Board of Directors shall be a majority of the directors exercising not less than one-half of the total voting power.

(f) The Board of Directors shall meet as often as the business of the Corporation may require.

(g) The Board of Governors shall adopt regulations under which a member of the Corporation not entitled to appoint an Executive Director of the Bank may send a representative to attend any meeting of the Board of Directors of the Corporation when a request made by, or a matter particularly affecting, that member is under consideration.

SEC. 5. Chairman, President and Staff

(a) The President of the Bank shall be *ex officio* Chairman of the Board of Directors of the Corporation, 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 at such meetings.

(b) The President of the Corporation shall be appointed by the Board of Directors on the recommendation of the Chairman. The President shall be chief of the operating staff of the Corporation. Under the direction of the Board of Directors and the general supervision of the Chairman, he shall conduct the ordinary business of the Corporation and under their general control shall be responsible for the organization, appointment and dismissal of the officers and staff.

The President may participate in meetings of the Board of Directors but shall not vote at such meetings. The President shall cease to hold office by decision of the Board of Directors in which the Chairman concurs.

(c) The President, officers and staff of the Corporation, in the discharge of their offices, owe their duty entirely to the Corporation and to no other authority. Each member of the Corporation 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.

(d) Subject to the paramount importance of securing the highest standards of efficiency and of technical competence, due regard shall be paid, in appointing the officers and staff of the Corporation, to the importance of recruiting personnel on as wide a geographical basis as possible.

SEC. 6. *Relationship to the Bank*

(a) The Corporation shall be an entity separate and distinct from the Bank and the funds of the Corporation shall be kept separate and apart from those of the Bank. The Corporation shall not lend to or borrow from the Bank. The provisions of this section shall not prevent the Corporation from making arrangements with the Bank regarding facilities, personnel and services and arrangements for reimbursement of administrative expenses paid in the first instance by either organization on behalf of the other.

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

SEC. 7. *Relations With Other International Organizations*

The Corporation, acting through the Bank, shall enter into formal arrangements with the United Nations, and may enter into such arrangements with other public international organizations having specialized responsibilities in related fields.

SEC. 8. *Location of Offices*

The principal office of the Corporation shall be in the same locality as the principal office of the Bank. The Corporation may establish other offices in the territories of any member.

SEC. 9. *Depositories*

Each member shall designate its central bank as a depository in which the Corporation may keep holdings of such member's currency or other assets of the Corporation or, if it has no central bank, it shall designate for such purpose such other institution as may be acceptable to the Corporation.

SEC. 10. *Channel of Communication*

Each member shall designate an appropriate authority with which the Corporation may communicate in connection with any matter arising under this Agreement.

SEC. 11. *Publication of Reports and Provision of Information*

(a) The Corporation shall publish an annual report containing an audited statement of its accounts and shall circulate to members at appropriate intervals a summary statement of its financial position and a profit and loss statement showing the results of its operations.

(b) The Corporation may publish such other reports as it deems desirable to carry out its purposes.

(c) Copies of all reports, statements and publications made under this section shall be distributed to members.

SEC. 12. Dividends

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

(b) Dividends shall be distributed *pro rata* in proportion to capital stock held by members.

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

ARTICLE V. WITHDRAWAL; SUSPENSION OF MEMBERSHIP; SUSPENSION OF OPERATIONS

SECTION 1. Withdrawal by Members

Any member may withdraw from membership in the Corporation at any time by transmitting a notice in writing to the Corporation at its principal office. Withdrawal shall become effective upon the date such notice is received.

SEC. 2. Suspension of Membership

(a) If a member fails to fulfill any of its obligations to the Corporation, the Corporation may suspend its membership by decision of a majority of the governors, exercising a majority of the total voting power. The member so suspended shall automatically cease to be a member one year from the date of its suspension unless a decision is taken by the same majority 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 obligations.

SEC. 3. Suspension or Cessation of Membership in the Bank

Any member which is suspended from membership in, or ceases to be a member of, the Bank shall automatically be suspended from membership in, or cease to be a member of, the Corporation, as the case may be.

SEC. 4. Rights and Duties of Governments Ceasing To Be Members

(a) When a government ceases to be a member it shall remain liable for all amounts due from it to the Corporation. The Corporation shall arrange for the repurchase of such government's capital stock as a part of the settlement of accounts with it in accordance with the provisions of this section, but the government shall have no other rights under this Agreement except as provided in this section and in Article VIII(c).

(b) The Corporation and the government may agree on the repurchase of the capital stock of the government on such terms as may be appropriate under the circumstances, without regard to the provisions of paragraph (c) below. Such agreement may provide, among other things, for a final settlement of all obligations of the government to the Corporation.

(c) If such agreement shall not have been made within six months after the government ceases to be a member or such other time as the Corporation and such government may agree, the repurchase price of the government's capital stock shall be the value thereof shown by the books of the Corporation on the day when the government ceases to be a member. The repurchase of the capital stock shall be subject to the following conditions:

(i) payments for shares of stock may be made from time to time, upon their surrender by the government, in such installments, at such times and in such available currency or currencies as the Corporation reasonably determines, taking into account the financial position of the Corporation;

(ii) any amount due to the government for its capital stock shall be withheld so long as the government or any of its agencies remains liable to the Corporation for payment of any amount and such amount may, at the option of the Corporation, be set off, as it becomes payable, against the amount due from the Corporation;

(iii) if the Corporation sustains a net loss on the investments made pursuant to Article III, Section 1, and held by it on the date when the government ceases to be a member, and the amount of such loss exceeds the amount of the reserves provided therefor on such date, such government shall repay on demand the amount by which the repurchase price of its shares of stock would have been reduced if such loss had been taken into account when the repurchase price was determined.

(d) In no event shall any amount due to a government for its capital stock under this section be paid until six months after the date upon which the government ceases to be a member. If within six months of the date upon which any government ceases to be a member the Corporation suspends operations under Section 5 of this Article, all rights of such government shall be determined by the provisions of such Section 5 and such government shall be considered still a member of the Corporation for purposes of such Section 5, except that it shall have no voting rights.

SEC. 5. Suspension of Operations and Settlement of Obligations

(a) The Corporation may permanently suspend its operations by vote of a majority of the governors exercising a majority of the total voting power. After such suspension of operations the Corporation shall forthwith cease all activities, except those incident to the orderly realization, conservation and preservation of its assets and settlement of its obligations. Until final settlement of such obligations and distribution of such assets, the Corporation shall remain in existence and all mutual rights and obligations of the Corporation and its members under this Agreement shall continue unimpaired, except that no member shall be suspended or withdraw and that no distribution shall be made to members except as in this section provided.

(b) No distribution shall be made to members on account of their subscriptions to the capital stock of the Corporation until all liabilities to creditors shall have been discharged or provided for and until the Board of Governors, by vote of a majority of the governors exer-

cising a majority of the total voting power, shall have decided to make such distribution.

(c) Subject to the foregoing, the Corporation shall distribute the assets of the Corporation to members *pro rata* in proportion to capital stock held by them, subject, in the case of any member, to prior settlement of all outstanding claims by the Corporation against such member. Such distribution shall be made at such times, in such currencies, and in cash or other assets as the Corporation shall deem fair and equitable. The shares distributed to the several members need not necessarily be uniform in respect of the type of assets distributed or of the currencies in which they are expressed.

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

ARTICLE VI. STATUS, IMMUNITIES AND PRIVILEGES

SECTION 1. *Purposes of Article*

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

SEC. 2. *Status of the Corporation*

The Corporation shall possess full juridical personality and, in particular, the capacity—

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

SEC. 3. *Positions of the Corporation With Regard to Judicial Process*

Actions may be brought against the Corporation only in a court of competent jurisdiction in the territories of a member in which the Corporation has an office, has appointed an agent for the purpose of accepting service or notice of process, or has issued or guaranteed securities. No actions shall, however, be brought by members or persons acting for or deriving claims from members. The property and assets of the Corporation shall, wheresoever located and by whomsoever held, be immune from all forms of seizure, attachment or execution before the delivery of final judgment against the Corporation.

SEC. 4. *Immunity of Assets From Seizure*

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

SEC. 5. *Immunity of Archives*

The archives of the Corporation shall be inviolable.

SEC. 6. *Freedom of Assets From Restrictions*

To the extent necessary to carry out the operations provided for in this Agreement and subject to the provisions of Article III, Section

5, and the other provisions of this Agreement, all property and assets of the Corporation shall be free from restrictions, regulations, controls and moratoria of any nature.

SEC. 7. *Privilege for Communications*

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

SEC. 8. *Immunities and privileges of Officers and Employees*

All governors, directors, alternates, officers and employees of the Corporation—

(i) shall be immune from legal process with respect to acts performed by them in their official capacity;

(ii) not being local nationals, shall be accorded the same immunities from immigration restrictions, alien registration requirements and national service obligations and the same facilities as regards exchange restrictions as are accorded by members to the representatives, officials, and employees of comparable rank of other members;

(iii) shall be granted the same treatment in respect of traveling facilities as is accorded by members to representatives, officials and employees of comparable rank of other members.

SEC. 9. *Immunities From Taxation*

(a) The Corporation, its assets, property, income and its operations and transactions authorized by this Agreement, shall be immune from all taxation and from all customs duties. The Corporation shall also be immune from liability for the collection or payment of any tax or duty.

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

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

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

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

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

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

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

SEC. 10. *Application of Article*

Each member shall take such action as is necessary in its own territories for the purpose of making effective in terms of its own law the principles set forth in this Article and shall inform the Corporation of the detailed action which it has taken.

SEC. 11. *Waiver*

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

ARTICLE VII. AMENDMENTS

(a) This Agreement may be amended by vote of three-fifths of the governors exercising four-fifths of the total voting power.

(b) Notwithstanding paragraph (a) above, the affirmative vote of all governors is required in the case of any amendment modifying—

(i) the right to withdraw from the Corporation provided in Article V, Section 1;

(ii) the preemptive right secured by Article II, Section 2(d);

(iii) the limitation on liability provided in Article II, Section 4.

(c) Any proposal to amend this Agreement, whether emanating from a member, a governor 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 duly adopted, the Corporation shall so certify by formal communication addressed to all members. Amendments shall enter into force for all members three months after the date of the formal communication unless the Board of Governors shall specify a shorter period.

ARTICLE VIII. INTERPRETATION AND ARBITRATION

(a) Any question of interpretation of the provisions of this Agreement arising between any member and the Corporation or between any members of the Corporation shall be submitted to the Board of Directors for its decision. If the question particularly affects any member of the Corporation not entitled to appoint an Executive Director of the Bank, it shall be entitled to representation in accordance with Article IV, Section 4(g).

(b) In any case where the Board of Directors has given a decision under (a) above, any member may require that the question be referred to the Board of Governors, whose decision shall be final. Pending the result of the reference to the Board of Governors, the Corporation may, so far as it deems necessary, act on the basis of the decision of the Board of Directors.

(c) Whenever a disagreement arises between the Corporation and a country which has ceased to be a member, or between the Corporation and any member during the permanent suspension of the Corporation, such disagreement shall be submitted to arbitration by a tribunal of three arbitrators, one appointed by the Corporation, another by the country involved and an umpire who, unless the parties otherwise

agree, shall be appointed by the President of the International Court of Justice or such other authority as may have been prescribed by regulation adopted by the Corporation. The umpire shall have full power to settle all questions of procedure in any case where the parties are in disagreement with respect thereto.

ARTICLE IX. FINAL PROVISIONS

SECTION 1. *Entry Into Force*

This Agreement shall enter into force when it has been signed on behalf of not less than 30 governments whose subscriptions comprise not less than 75 percent of the total subscriptions set forth in Schedule A and when the instruments referred to in Section 2 (a) of this Article have been deposited on their behalf, but in no event shall this Agreement enter into force before October 1, 1955.

SEC. 2. *Signature*

(a) Each government on whose behalf this Agreement is signed shall deposit with the Bank an instrument setting forth that it has accepted this Agreement without reservation in accordance with its law and has taken all steps necessary to enable it to carry out all of its obligations under this Agreement.

(b) Each government shall become a member of the Corporation as from the date of the deposit on its behalf of the instrument referred to in paragraph (a) above except that no government shall become a member before this Agreement enters into force under Section 1 of this Article.

(c) This Agreement shall remain open for signature until the close of business on December 31, 1956, at the principal office of the Bank on behalf of the governments of the countries whose names are set forth in Schedule A.

(d) After this Agreement shall have entered into force, it shall be open for signature on behalf of the government of any country whose membership has been approved pursuant to Article II, Section 1(b).

SEC. 3. *Inauguration of the Corporation*

(a) As soon as this Agreement enters into force under Section 1 of this Article the Chairman of the Board of Directors shall call a meeting of the Board of Directors.

(b) The Corporation shall begin operations on the date when such meeting is held.

(c) Pending the first meeting of the Board of Governors, the Board of Directors may exercise all the powers of the Board of Governors except those reserved to the Board of Governors under this Agreement.

DONE at Washington, in a single copy which shall remain deposited in the archives of the International Bank for Reconstruction and Development, which has indicated by its signature below its agreement to act as depository of this Agreement and to notify all governments whose names are set forth in Schedule A of the date when this Agreement shall enter into force under Article IX, Section 1 hereof.

**SCHEDULE A. SUBSCRIPTION TO CAPITAL STOCK OF THE
INTERNATIONAL FINANCE CORPORATION**

Country	Number of shares	Amount (in United States dollars)
Australia.....	2, 215	2, 215, 000
Austria.....	554	554, 000
Belgium.....	2, 492	2, 492, 000
Bolivia.....	78	78, 000
Brazil.....	1, 163	1, 163, 000
Burma.....	166	166, 000
Canada.....	3, 600	3, 600, 000
Ceylon.....	166	166, 000
Chile.....	388	388, 000
China.....	6, 646	6, 646, 000
Colombia.....	388	388, 000
Costa Rica.....	22	22, 000
Cuba.....	388	388, 000
Denmark.....	753	753, 000
Dominican Republic.....	22	22, 000
Ecuador.....	35	35, 000
Egypt.....	590	590, 000
El Salvador.....	11	11, 000
Ethiopia.....	33	33, 000
Finland.....	421	421, 000
France.....	5, 815	5, 815, 000
Germany.....	3, 655	3, 655, 000
Greece.....	277	277, 000
Guatemala.....	22	22, 000
Haiti.....	22	22, 000
Honduras.....	11	11, 000
Iceland.....	11	11, 000
India.....	4, 431	4, 431, 000
Indonesia.....	1, 218	1, 218, 000
Iran.....	372	372, 000
Iraq.....	67	67, 000
Israel.....	50	50, 000
Italy.....	1, 994	1, 994, 000
Japan.....	2, 769	2, 769, 000
Jordan.....	33	33, 000
Lebanon.....	50	50, 000
Luxembourg.....	111	111, 000
Mexico.....	720	720, 000
Netherlands.....	3, 046	3, 046, 000
Nicaragua.....	9	9, 000
Norway.....	554	554, 000
Pakistan.....	1, 108	1, 108, 000
Panama.....	2	2, 000
Paraguay.....	16	16, 000
Peru.....	194	194, 000
Philippines.....	166	166, 000
Sweden.....	1, 108	1, 108, 000
Syria.....	72	72, 000
Thailand.....	139	139, 000
Turkey.....	476	476, 000
Union of South Africa.....	1, 108	1, 108, 000
United Kingdom.....	14, 400	14, 400, 000
United States.....	35, 168	35, 168, 000
Uruguay.....	116	116, 000
Venezuela.....	116	116, 000
Yugoslavia.....	443	443, 000
Total.....	100, 000	100, 000, 000

International Finance Corporation

Text of Public Law 350, 81st Congress [S. 1894], 69 Stat. 669, approved August 11, 1955, as amended by Public Law 87-185 [H.R. 6765], 75 Stat. 413, approved August 30, 1961, and by Public Law 89-126 [S. 1742], 79 Stat. 519, approved August 14, 1965

AN ACT To provide for the participation of the United States in the International Finance Corporation.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "International Finance Corporation Act".

ACCEPTANCE OF MEMBERSHIP

SEC. 2. The President is hereby authorized to accept membership for the United States in the International Finance Corporation (hereinafter referred to as the Corporation), provided for by the Articles of Agreement of the Corporation deposited in the archives of the International Bank for Reconstruction and Development.

GOVERNOR, EXECUTIVE DIRECTOR, AND ALTERNATES

SEC. 3. The governor and executive director of the International Bank for Reconstruction and Development, and the alternate for each of them, appointed under section 3 of the Bretton Woods Agreements Act, as amended (22 U.S.C. 286a), shall serve as governor, director and alternates, respectively, of the Corporation.

NATIONAL ADVISORY COUNCIL ON INTERNATIONAL MONETARY AND FINANCIAL PROBLEMS

SEC. 4. The provisions of section 4 of the Bretton Woods Agreements Act, as amended (22 U.S.C. 286b), shall apply with respect to the Corporation to the same extent as with respect to the International Bank for Reconstruction and Development. Reports with respect to the Corporation under paragraphs 5 and 6 of subsection (b) of section 4 of said Act, as amended, shall be included in the first report made thereunder after the establishment of the Corporation and in each succeeding report.

CERTAIN ACTS NOT TO BE TAKEN WITHOUT AUTHORIZATION

SEC. 5. Unless Congress by law authorizes such action, neither the President nor any person or agency shall on behalf of the United States (a) subscribe to additional shares of stock under article II, section 3, of the Articles of Agreement of the Corporation; (b) accept

any amendment under article VII of the Articles of Agreement of the Corporation; (c) make any loan to the Corporation. The United States Governor of the Corporation is authorized to agree to an amendment to article III of the Articles of Agreement of the Corporation to authorize the Corporation to make investments of its funds in capital stock and to limit the exercise of voting rights by the Corporation unless exercise of such rights is deemed necessary by the Corporation to protect its interests, as proposed in the resolution submitted by the Board of Directors on February 20, 1961.¹ Unless Congress by law authorizes such action, no governor or alternate representing the United States shall vote for an increase of capital stock of the Corporation under article II, section 2(c)(ii), of the Articles of Agreement of the Corporation.

DEPOSITORIES

SEC. 6. Any Federal Reserve bank which is requested to do so by the Corporation shall act as its depository or as its fiscal agent, and the Board of Governors of the Federal Reserve System shall supervise and direct the carrying out of these functions by the Federal Reserve banks.

PAYMENT OF SUBSCRIPTIONS

SEC. 7. (a) The Secretary of the Treasury is authorized to pay the subscription of the United States to the Corporation and for this purpose is authorized to use as a public-debt transaction not to exceed \$35,168,000 of the proceeds of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act are extended to include such purpose. Payment under this subsection of the subscription of the United States to the Corporation and any repayment thereof shall be treated as public-debt transactions of the United States.

(b) Any payment of dividends made to the United States by the Corporation shall be covered into the Treasury as a miscellaneous receipt.

JURISDICTION AND VENUE OF ACTIONS

SEC. 8. For the purpose of any action which may be brought within the United States or its Territories or possessions by or against the Corporation in accordance with the Articles of Agreement of the Corporation, the Corporation shall be deemed to be an inhabitant of the Federal judicial district in which its principal office in the United States is located, and any such action at law or in equity to which the Corporation shall be a party shall be deemed to arise under the laws of the United States, and the district courts of the United States shall have original jurisdiction of any such action. When the Corporation is a defendant in any such action, it may, at any time before the trial thereof, remove such action from a State court into the district court of the United States for the proper district by following the procedure for removal of causes otherwise provided by law.

¹ This sentence added by Act authorizing acceptance of an amendment to the articles of agreement of the International Finance Corporation permitting investment in capital stock, Public Law 87-185 (75 Stat. 413), approved August 30, 1961.

STATUS, IMMUNITIES AND PRIVILEGES

SEC. 9. The provisions of article V, section 5(d), and article VI, sections 2 to 9, both inclusive, of the Articles of Agreement of the Corporation shall have full force and effect in the United States and its Territories and possessions upon acceptance of membership by the United States in, and the establishment of, the Corporation.

SEC. 10.² The United States Governor of the Corporation is authorized to agree to the amendments of the articles of agreement of the Corporation to remove the prohibition therein contained against the Corporation lending to or borrowing from the International Bank for Reconstruction and Development, and to place limitations on such borrowings.

² Added by sec. 2 of Public Law 89-126 (79 Stat. 519), approved August 14, 1965.

International Monetary Fund

a. TEXT OF ARTICLES OF AGREEMENT

The governments on whose behalf the present Agreement is signed agree as follows:

INTRODUCTORY ARTICLE

The International Monetary Fund is established and shall operate in accordance with the following provisions:

ARTICLE I. PURPOSES

The purposes of the International Monetary Fund are:

(i) To promote international monetary cooperation through a permanent institution which provides the machinery for consultation and collaboration on international monetary problems.

(ii) To facilitate the expansion and balanced growth of international trade, and to contribute thereby to the promotion and maintenance of high levels of employment and real income and to the development of the productive resources of all members as primary objectives of economic policy.

(iii) To promote exchange stability, to maintain orderly exchange arrangements among members, and to avoid competitive exchange depreciation.

(iv) To assist in the establishment of a multilateral system of payments in respect of current transactions between members and in the elimination of foreign exchange restrictions which hamper the growth of world trade.

(v) To give confidence to members by making the Fund's resources available to them under adequate safeguards, thus providing them with opportunity to correct maladjustments in their balance of payments without resorting to measures destructive of national or international prosperity.

(vi) In accordance with the above, to shorten the duration and lessen the degree of disequilibrium in the international balances and payments of members.

The Fund shall be guided in all its decisions by the purposes set forth in this Article.

ARTICLE II. MEMBERSHIP

SECTION 1. *Original members.*—The original members of the Fund shall be those of the countries represented at the United Nations Monetary and Financial Conference whose governments accept membership before the date specified in Article XX, Section 2(e).

SEC. 2. *Other members.*—Membership shall be open to the governments of other countries at such times and in accordance with such terms as may be prescribed by the Fund.

ARTICLE III. QUOTAS AND SUBSCRIPTIONS

SECTION 1. Quotas.—Each member shall be assigned a quota. The quotas of the members represented by the United Nations Monetary and Financial Conference which accept membership before the date specified in Article XX, Section 2(e), shall be those set forth in Schedule A. The quotas of other members shall be determined by the Fund.

SEC. 2. Adjustment of quotas.—The Fund shall at intervals of five years review, and if it deems it appropriate propose an adjustment of, the quotas of the members. It may also, if it thinks fit, consider at any other time the adjustment of any particular quota at the request of the member concerned. A four-fifths majority of the total voting power shall be required for any change in quotas and no quota shall be changed without the consent of the member concerned.

SEC. 3. Subscriptions: Time, place, and form of payment.—(a) The subscription of each member shall be equal to its quota and shall be paid in full to the Fund at the appropriate depository on or before the date when the member becomes eligible under Article XX, Section 4 (c) or (d), to buy currencies from the Fund.

(b) Each member shall pay in gold, as a minimum, the smaller of—

(i) twenty-five percent of its quota; or

(ii) ten percent of its net official holdings of gold and United States dollars as at the date when the Fund notifies members under Article XX, Section 4(a) that it will shortly be in a position to begin exchange transactions.

Each member shall furnish to the Fund the data necessary to determine its net official holdings of gold and United States dollars.

(c) Each member shall pay the balance of its quota in its own currency.

(d) If the net official holdings of gold and United States dollars of any member as at the date referred to in (b) (ii) above are not ascertainable because its territories have been occupied by the enemy, the Fund shall fix an appropriate alternative date for determining such holdings. If such date is later than that on which the country becomes eligible under Article XX, Section 4 (c) or (d), to buy currencies from the Fund, the Fund and the member shall agree on a provisional gold payment to be made under (b) above, and the balance of the member's subscription shall be paid in the member's currency, subject to appropriate adjustment between the member and the Fund when the net official holdings have been ascertained.

SEC. 4. Payments when quotas are changed.—(a) Each member which consents to an increase in its quota shall, within thirty days after the date of its consent, pay to the Fund twenty-five percent of the increase in gold and the balance in its own currency. If, however, on the date when the member consents to an increase, its monetary reserves are less than its new quota, the Fund may reduce the proportion of the increase to be paid in gold.

(b) If a member consents to a reduction in its quota, the Fund shall, within thirty days after the date of the consent, pay to the member an amount equal to the reduction. The payment shall be made in the member's currency and in such amount of gold as may be

necessary to prevent reducing the Fund's holdings of the currency below seventy-five percent of the new quota.

Sec. 5. Substitution of securities for currency.—The Fund shall accept from any member in place of any part of the member's currency which in the judgment of the Fund is not needed for its operations, notes or similar obligations issued by the member or the depository designated by the member under Article XIII, Section 2, which shall be non-negotiable, non-interest bearing and payable at their par value on demand by crediting the account of the Fund in the designated depository. This section shall apply not only to currency subscribed by members but also to any currency otherwise due to, or acquired by, the Fund.

ARTICLE IV. PAR VALUES OF CURRENCIES

SECTION 1. Expression of par values.—(a) The par value of the currency of each member shall be expressed in terms of gold as a common denominator or in terms of the United States dollar of the weight and fineness in effect on July 1, 1944.

(b) All computations relating to currencies of members for the purpose of applying the provisions of this Agreement shall be on the basis of their par values.

Sec. 2. Gold purchases based on par values.—The Fund shall prescribe a margin above and below par value for transactions in gold by members, and no member shall buy gold at a price above par value plus the prescribed margin, or sell gold at a price below par value minus the prescribed margin.

Sec. 3. Foreign exchange dealings based on parity.—The maximum and the minimum rates for exchange transactions between the currencies of members taking place within their territories shall not differ from parity—

(i) in the case of spot exchange transactions, by more than one percent; and

(ii) in the case of other exchange transactions, by a margin which exceeds the margin for spot exchange transactions by more than the Fund considers reasonable.

Sec. 4. Obligations regarding exchange stability.—(a) Each member undertakes to collaborate with the Fund to promote exchange stability, to maintain orderly exchange arrangements with other members, and to avoid competitive exchange alterations.

(b) Each member undertakes, through appropriate measures consistent with this Agreement, to permit within its territories exchange transactions between its currency and the currencies of other members only within the limits prescribed under Section 3 of this Article. A member whose monetary authorities, for the settlement of international transactions, in fact freely buy and sell gold within the limits prescribed by the Fund under Section 2 of this Article shall be deemed to be fulfilling this undertaking.

Sec. 5. Changes in par values.—(a) A member shall not propose a change in the par value of its currency except to correct a fundamental disequilibrium.

(b) A change in the par value of a member's currency may be made only on the proposal of the member and only after consultation with the Fund.

(c) When a change is proposed, the Fund shall first take into account the changes, if any, which have already taken place in the initial par value of the member's currency as determined under Article XX, Section 4. If the proposed change, together with all previous changes, whether increases or decreases—

(i) does not exceed ten percent of the initial par value, the Fund shall raise no objection;

(ii) does not exceed a further ten percent of the initial par value, the Fund may either concur or object, but shall declare its attitude within seventy-two hours if the member so requests;

(iii) is not within (i) or (ii) above, the Fund may either concur or object, but shall be entitled to a longer period in which to declare its attitude.

(d) Uniform changes in par values made under Section 7 of this Article shall not be taken into account in determining whether a proposed change falls within (i), (ii), or (iii) or (c) above.

(e) A member may change the par value of its currency without the concurrence of the Fund if the change does not affect the international transactions of members of the Fund.

(f) The Fund shall concur in a proposed change which is within the terms of (c) (ii) or (c) (iii) above if it is satisfied that the change is necessary to correct a fundamental disequilibrium. In particular, provided it is so satisfied, it shall not object to a proposed change because of the domestic social or political policies of the member proposing the change.

SEC. 6. *Effect of unauthorized changes.*—If a member changes the par value of its currency despite the objection of the Fund, in cases where the Fund is entitled to object, the member shall be ineligible to use the resources of the Fund unless the Fund otherwise determines; and if, after the expiration of a reasonable period, the difference between the member and the Fund continues, the matter shall be subject to the provisions of Article XV, Section 2(b).

SEC. 7. *Uniform changes in par values.*—Notwithstanding the provisions of Section 5(b) of this Article, the Fund by a majority of the total voting power may make uniform proportionate changes in the par values of the currencies of all members, provided each such change is approved by every member which has ten percent or more of the total of the quotas. The par value of a member's currency shall, however, not be changed under this provision if, within seventy-two hours of the Fund's action, the member informs the Fund that it does not wish the par value of its currency to be changed by such action.

SEC. 8. *Maintenance of gold value of the Fund's assets.*—(a) The gold value of the Fund's assets shall be maintained notwithstanding changes in the par or foreign exchange value of the currency of any member.

(b) Whenever (i) the par value of a member's currency is reduced, or (ii) the foreign exchange value of a member's currency has, in the opinion of the Fund, depreciated to a significant extent within that member's territories, the member shall pay to the Fund within a reasonable time an amount of its own currency equal to the reduction in the gold value of its currency held by the Fund.

(c) Whenever the par value of a member's currency is increased, the Fund shall return to such member within a reasonable time an

amount in its currency equal to the increase in the gold value of its currency held by the Fund.

(d) The provisions of this section shall apply to a uniform proportionate change in the par values of the currencies of all members, unless at the time when such a change is proposed the Fund decides otherwise.

SEC. 9. *Separate currencies within a member's territories.*—A member proposing a change in the par value of its currency shall be deemed, unless it declares otherwise, to be proposing a corresponding change in the par value of the separate currencies of all territories in respect of which it has accepted this Agreement under Article XX, Section 2(g). It shall, however, be open to a member to declare that its proposal relates either to the metropolitan currency alone, or only to one or more specified separate currencies, or to the metropolitan currency and one or more specified separate currencies.

ARTICLE V. TRANSACTIONS WITH THE FUND

SECTION 1. *Agencies dealing with the Fund.*—Each member shall deal with the Fund only through its treasury, central bank, stabilization fund, or other similar fiscal agency and the Fund shall deal only with or through the same agencies.

SEC. 2. *Limitation on the Fund's operations.*—Except as otherwise provided in this Agreement, operations on the account of the Fund shall be limited to transactions for the purpose of supplying a member, on the initiative of such member, with the currency of another member in exchange for gold or for the currency of the member desiring to make the purchase.

SEC. 3. *Conditions governing use of the Fund's resources.*—(a) A member shall be entitled to buy the currency of another member from the Fund in exchange for its own currency subject to the following conditions:

(i) The member desiring to purchase the currency represents that it is presently needed for making in that currency payments which are consistent with the provisions of this Agreement;

(ii) The Fund has not given notice under Article VII, Section 3, that its holdings of the currency desired have become scarce;

(iii) The proposed purchase would not cause the Fund's holdings of the purchasing member's currency to increase by more than twenty-five percent of its quota during the period of twelve months ending on the date of the purchase nor to exceed two hundred percent of its quota, but the twenty-five percent limitation shall apply only to the extent that the Fund's holdings of the member's currency have been brought above seventy-five percent of its quota if they had been below that amount;

(iv) The Fund has not previously declared under Section 5 of this Article, Article IV, Section 6, Article VI, Section 1, or Article XV, Section 2(a), that the member desiring to purchase is ineligible to use the resources of the Fund.

(b) A member shall not be entitled without the permission of the Fund to use the Fund's resources to acquire currency to hold against forward exchange transactions.

SEC. 4. *Waiver of conditions.*—The Fund may in its discretion, and on terms which safeguard its interests, waive any of the conditions prescribed in Section 3(a) of this Article, especially in the case of members with a record of avoiding large or continuous use of the Fund's resources. In making a waiver it shall take into consideration periodic or exceptional requirements of the member requesting the waiver. The Fund shall also take into consideration a member's willingness to pledge as collateral security gold, silver, securities, or other acceptable assets having a value sufficient in the opinion of the Fund to protect its interests and may require as a condition of waiver the pledge of such collateral security.

SEC. 5. *Ineligibility to use the Fund's resources.*—Whenever the Fund is of the opinion that any member is using the resources of the Fund in a manner contrary to the purposes of the Fund, it shall present to the member a report setting forth the views of the Fund and prescribing a suitable time for reply. After presenting such a report to a member, the Fund may limit the use of its resources by the member. If no reply to the report is received from the member within the prescribed time, or if the reply received is unsatisfactory, the Fund may continue to limit the member's use of the Fund's resources or may, after giving reasonable notice to the member, declare it ineligible to use the resources of the Fund.

SEC. 6. *Purchases of currencies from the Fund for gold.*—(a) Any member desiring to obtain, directly, or indirectly, the currency of another member for gold shall, provided that it can do so with equal advantage, acquire it by the sale of gold to the Fund.

(b) Nothing in this section shall be deemed to preclude any member from selling in any market gold newly produced from mines located within its territories.

SEC. 7. *Repurchase by a member of its currency held by the Fund.*—(a) A member may repurchase from the Fund and the Fund shall sell for gold any part of the Fund's holdings of its currency in excess of its quota.

(b) At the end of each financial year of the Fund, a member shall repurchase from the Fund with gold or convertible currencies, as determined in accordance with Schedule B, part of the Fund's holdings of its currency under the following conditions:

(i) Each member shall use in repurchases of its own currency from the Fund an amount of its monetary reserves equal in value to one-half of any increase that has occurred during the year in the Fund's holdings of its currency plus one-half of any increase, or minus one-half of any decrease, that has occurred during the year in the member's monetary reserves. This rule shall not apply when a member's monetary reserves have decreased during the year by more than the Fund's holdings of its currency have increased.

(ii) If after the repurchase described in (i) above (if required) has been made, a member's holdings of another member's currency (or of gold acquired from that member) are found to have increased by reason of transactions in terms of that currency with other members or persons in their territories, the member whose holdings of such currency (or gold) have thus increased shall use the increase to repurchase its own currency from the Fund.

(c) None of the adjustments described in (b) above shall be carried to a point at which—

- (i) the member's monetary reserve are below its quota, or
- (ii) the Fund's holdings of its currency are below seventy-five percent of its quota, or
- (iii) the Fund's holdings of any currency required to be used are above seventy-five percent of the quota of the member concerned.

SEC. 8. *Charges.*—(a) Any member buying the currency of another member from the Fund in exchange for its own currency shall pay a service charge uniform for all members of three-fourths percent in addition to the parity price. The Fund in its discretion may increase this service charge to not more than one percent or reduce it to not less than one-half percent.

(b) The Fund may levy a reasonable handling charge on any member buying gold from the Fund or selling gold to the Fund.

(c) The Fund shall levy charges uniform for all members which shall be payable by any member on the average daily balances of its currency held by the Fund in excess of its quota. These charges shall be at the following rates:

(i) *On amounts not more than twenty-five percent in excess of the quota:* no charge for the first three months; one-half percent per annum for the next nine months; and thereafter an increase in the charge of one-half percent for each subsequent year.

(ii) *On amounts more than twenty-five percent and not more than fifty percent in excess of the quota:* an additional one-half percent for the first year; and an additional one-half percent for each subsequent year.

(iii) *On each additional bracket of twenty-five percent in excess of the quota:* an additional one-half percent for the first year; and an additional one-half percent for each subsequent year.

(d) Whenever the Fund's holdings of a member's currency are such that the charge applicable to any bracket for any period has reached the rate of four percent per annum, the Fund and the member shall consider means by which the Fund's holdings of the currency can be reduced. Thereafter, the charges shall rise in accordance with the provisions of (c) above until they reach five percent and failing agreement, the Fund may then impose such charges as it deems appropriate.

(e) The rates referred to in (c) and (d) above may be changed by a three-fourths majority of the total voting power.

(f) All charges shall be paid in gold. If, however, the member's monetary reserves are less than one-half of its quota, it shall pay in gold only that proportion of the charges due which such reserves bear to one-half of its quota, and shall pay the balance in its own currency.

ARTICLE VI. CAPITAL TRANSFERS

SECTION 1. *Use of the Fund's resources for capital transfers.*—(a) A member may not make net use of the Fund's resources to meet a large or sustained outflow of capital, and the Fund may request a member to exercise controls to prevent such use of the resources of the Fund.

If, after receiving such a request, a member fails to exercise appropriate controls, the Fund may declare the member ineligible to use the resources of the Fund.

(b) Nothing in this section shall be deemed--

(i) to prevent the use of the resources of the Fund for capital transactions of reasonable amount required for the expansion of exports or in the ordinary course of trade, banking or other business, or

(ii) to affect capital movements which are met out of a member's own resources of gold and foreign exchange, but members undertake that such capital movements will be in accordance with the purpose of the Fund.

SEC. 2. *Special provisions for capital transfers.*—If the Fund's holdings of the currency of a member have remained below seventy-five percent of its quota for an immediately preceding period of not less than six months, such member, if it has not been declared ineligible to use the resources of the Fund under Section 1 of this Article, Article IV, Section 6, Article V, Section 5, or Article XV, Section 2(a), shall be entitled, notwithstanding the provisions of Section 1(a) of this Article, to buy the currency of another member from the Fund with its own currency for any purpose, including capital transfers. Purchases for capital transfers under this section shall not, however, be permitted if they have the effect of raising the Fund's holdings of the currency of the member desiring to purchase above seventy-five percent of its quota, or of reducing the Fund's holdings of the currency desired below seventy-five percent of the quota of the member whose currency is desired.

SEC. 3. *Controls of capital transfers.*—Members may exercise such controls as are necessary to regulate international capital movements, but no member may exercise these controls in a manner which will restrict payments for current transactions or which will unduly delay transfers of funds in settlement of commitments, except as provided in Article VII, Section 3(b), and in Article XIV, Section 2.

ARTICLE VII. SCARCE CURRENCIES

SECTION 1. *General scarcity of currency.*—If the Fund finds that a general scarcity of a particular currency is developing, the Fund may so inform members and may issue a report setting forth the causes of the scarcity and containing recommendations designed to bring it to an end. A representative of the member whose currency is involved shall participate in the preparation of the report.

SEC. 2.¹ *Measures to replenish the Fund's holdings of scarce currencies.*—The Fund may, if it deems such action appropriate to replenish its holdings of any member's currency, take either or both of the following steps:

(i) Propose to the member that, on terms and conditions agreed between the Fund and the member, the latter lend its currency to the Fund or that, with the approval of the member, the Fund borrow such currency from some other source either within or

¹ See Fund Executive Board Decision No. 1289-(62/1) on General Arrangements to Borrow; also Sections 17 and 18 of the Bretton Woods Agreements Act concerning United States adherence to this Decision.

outside the territories of the member, but no member shall be under any obligation to make such loans to the Fund or to approve the borrowing of its currency by the Fund from any other source.

(ii) Require the member to sell its currency to the Fund for gold.

SEC. 3. Scarcity of the Fund's holdings.—(a) If it becomes evident to the Fund that the demand for a member's currency seriously threatens the Fund's ability to supply that currency, the Fund, whether or not it has issued a report under Section 1 of this Article, shall formally declare such currency scarce and shall thenceforth apportion its existing and accruing supply of the scarce currency with due regard to the relative needs of members, the general international economic situation, and any other pertinent considerations. The Fund shall also issue a report concerning its action.

(b) A formal declaration under (a) above shall operate as an authorization to any member, after consultation with the Fund, temporarily to impose limitations on the freedom of exchange operations in the scarce currency. Subject to the provisions of Article IV, Sections 3 and 4, the member shall have complete jurisdiction in determining the nature of such limitations, but they shall be no more restrictive than is necessary to limit the demand for the scarce currency to the supply held by, or accruing to, the member in question: and they shall be relaxed and removed as rapidly as conditions permit.

(c) The authorization under (b) above shall expire whenever the Fund formally declares the currency in question to be no longer scarce.

SEC. 4. Administration of restrictions.—Any member imposing restrictions in respect of the currency of any other member pursuant to the provisions of Section 3(b) of this Article shall give sympathetic consideration to any representations by the other member regarding the administration of such restrictions.

SEC. 5. Effect of other international agreements on restrictions.—Members agree not to invoke the obligations of any engagements entered into with other members prior to this Agreement in such a manner as will prevent the operation of the provisions of this Article.

ARTICLE VIII. GENERAL OBLIGATIONS OF MEMBERS

SECTION 1. Introduction.—In addition to the obligations assumed under other articles of this Agreement, each member undertakes the obligations set out in this Article.

SEC. 2. Avoidance of restrictions on current payments.—(a) Subject to the provisions of Article VII, Section 3(b), and Article XIV, Section 2, no member shall, without the approval of the Fund, impose restrictions on the making of payments and transfers for current international transactions.

(b) Exchange contracts which involve the currency of any member and which are contrary to the exchange control regulations of that member maintained or imposed consistently with this Agreement shall be unenforceable in the territories of any member. In addition, members may, by mutual accord, cooperate in measures for the purpose of making the exchange control regulations of either member more effective, provided that such measures and regulations are consistent with this Agreement.

SEC. 3. Avoidance of discriminatory currency practices.—No member shall engage in, or permit any of its fiscal agencies referred to in Article V, Section 1, to engage in, any discriminatory currency arrangements or multiple currency practices except as authorized under this Agreement or approved by the Fund. If such arrangements and practices are engaged in at the date when this Agreement enters into force the member concerned shall consult with the Fund as to their progressive removal unless they are maintained or imposed under Article XIV, Section 2, in which case the provisions of Section 4 of that Article shall apply.

SEC. 4. Convertibility of foreign-held balances.—(a) Each member shall buy balances of its currency held by another member if the latter, in requesting the purchase, represents—

- (i) that the balances to be bought have been recently acquired as a result of current transactions; or
- (ii) that their conversion is needed for making payments for current transactions.

The buying member shall have the option to pay either in the currency of the member making the request or in gold.

(b) The obligation in (a) above shall not apply—

- (i) when the convertibility of the balances has been restricted consistently with Section 2 of this Article, or Article VI, Section 3; or
- (ii) when the balances have accumulated as a result of transactions effected before the removal by a member of restrictions maintained or imposed under Article XIV, Section 2; or
- (iii) when the balances have been acquired contrary to the exchange regulations of the member which is asked to buy them; or
- (iv) when the currency of the member requesting the purchase has been declared scarce under Article VII, Section 3(a); or
- (v) when the member requested to make the purchase is for any reason not entitled to buy currencies of other members from the Fund for its own currency.

SEC. 5. Furnishing of information.—(a) The Fund may require members to furnish it with such information as it deems necessary for its operations, including, as the minimum necessary for the effective discharge of the Fund's duties, national data on the following matters:

- (i) Official holdings at home and abroad, of (1) gold, (2) foreign exchange.
- (ii) Holdings at home and abroad by banking and financial agencies, other than official agencies, of (1) gold, (2) foreign exchange.
- (iii) Production of gold.
- (iv) Gold exports and imports according to countries of destination and origin.
- (v) Total exports and imports of merchandise, in terms of local currency values, according to countries of destination and origin.
- (vi) International balance of payments, including (1) trade in goods and services, (2) gold transactions, (3) known capital transactions, and (4) other items.
- (vii) International investment position, *i.e.*, investments within the territories of the member owned abroad and investments

abroad owned by persons in its territories so far as it is possible to furnish this information.

(viii) National income.

(ix) Price indices, *i.e.*, indices of commodity prices in wholesale and retail markets and of export and import prices.

(x) Buying and selling rates for foreign currencies.

(xi) Exchange controls, *i.e.*, a comprehensive statement of exchange controls in effect at the time of assuming membership in the Fund and details of subsequent changes as they occur.

(xii) Where official clearing arrangements exist, details of amounts awaiting clearance in respect of commercial and financial transactions and of the length of time during which such arrears have been outstanding.

(b) In requesting information the Fund shall take into consideration the varying ability of members to furnish the data requested. Members shall be under no obligation to furnish information in such detail that the affairs of individuals or corporations are disclosed. Members undertake, however, to furnish the desired information in as detailed and accurate a manner as is practicable, and, so far as possible, to avoid mere estimates.

(c) The Fund may arrange to obtain further information by agreement with members. It shall act as a center for the collection and exchange of information on monetary and financial problems, thus facilitating the preparation of studies designed to assist members in developing policies which further the purposes of the Fund.

SEC. 6. *Consultation between members regarding existing international agreements.*—Where under this Agreement a member is authorized in the special or temporary circumstances specified in the Agreement to maintain or establish restrictions on exchange transactions, and there are other engagements between members entered into prior to this Agreement which conflicts with the application of such restrictions, the parties to such engagements will consult with one another with a view to making such mutually acceptable adjustments as may be necessary. The provisions of this Article shall be without prejudice to the operation of Article VII, Section 5.

ARTICLE IX. STATUS, IMMUNITIES AND PRIVILEGES

SECTION 1. *Purpose of Article.*—To enable the Fund to fulfill the functions with which it is entrusted, the status, immunities and privileges set forth in this Article shall be accorded to the Fund in the territories of each member.

SEC. 2. *Status of the Fund.*—The Fund shall possess full juridical personality, and in particular, the capacity—

(i) to contract;

(ii) to acquire and dispose of immovable and movable property;

(iii) to institute legal proceedings.

SEC. 3. *Immunity from judicial process.*—The Fund, its property and its assets, wherever located and by whomsoever held, shall enjoy immunity from every form of judicial process except to the extent

that it expressly waives its immunity for the purpose of any proceedings or by the terms of any contract.

SEC. 4. Immunity from other action.—Property and assets of the Fund, wherever located and by whomsoever held, shall be immune from search, requisition, confiscation, expropriation or any other form of seizure by executive or legislative action.

SEC. 5. Immunity of archives.—The archives of the Fund shall be inviolable.

SEC. 6. Freedom of assets from restrictions.—To the extent necessary to carry out the operations provided for in this Agreement, all property and assets of the Fund shall be free from restrictions, regulations, controls and moratoria of any nature.

SEC. 7. Privilege for communications.—The official communications of the Fund shall be accorded by members the same treatment as the official communications of other members.

SEC. 8. Immunities and privileges of officers and employees.—All governors, executive directors, alternates, officers and employees of the Fund—

(i) shall be immune from legal process with respect to acts performed by them in their official capacity except when the Fund waives this immunity;

(ii) not being local nationals, shall be granted the same immunities from immigration restrictions, alien registration requirements and national service obligations and the same facilities as regards exchange restrictions as are accorded by members to the representatives, officials, and employees of comparable rank of other members;

(iii) shall be granted the same treatment in respect of traveling facilities as is accorded by members to representatives, officials and employees of comparable rank of other members.

SEC. 9. Immunities from taxation.—(a) The Fund, its assets, property, income and its operations and transactions authorized by this Agreement, shall be immune from all taxation and from all customs duties. The Fund shall also be immune from liability for the collection or payment of any tax or duty.

(b) No tax shall be levied on or in respect of salaries and emoluments paid by the Fund to executive directors, alternates, officers or employees of the Fund who are not local citizens, local subjects, or other local nationals.

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

(i) which discriminates against such obligation or security solely because of its origin; 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 Fund.

SEC. 10. Application of Article.—Each member shall take such action as is necessary in its own territories for the purpose of making effective in terms of its own law the principles set forth in this Article and shall inform the Fund of the detailed action which it has taken.

ARTICLE X. RELATIONS WITH OTHER INTERNATIONAL ORGANIZATIONS

The Fund shall cooperate within the terms of this Agreement with any general international organization and with public international organizations having specialized responsibilities in related fields. Any arrangements for such cooperation which would involve a modification of any provision of this Agreement may be effected only after amendment to this Agreement under Article XVII.

ARTICLE XI. RELATIONS WITH NON-MEMBER COUNTRIES

SECTION 1. *Undertakings regarding relations with non-member countries.*—Each member undertakes:

(i) Not to engage in, nor to permit any of its fiscal agencies referred to in Article V, Section 1, to engage in, any transactions with a non-member or with persons in a non-member's territories which would be contrary to the provisions of this Agreement or the purposes of the Fund;

(ii) Not to cooperate with a non-member or with persons in a non-member's territories in practices which would be contrary to the provisions of this Agreement or the purposes of the Fund; and

(iii) To cooperate with the Fund with a view to the application in its territories of appropriate measures to prevent transactions with non-members or with persons in their territories which would be contrary to the provisions of this Agreement or the purposes of the Fund.

SEC. 2. *Restrictions on transactions with non-member countries.*—Nothing in this Agreement shall affect the right of any member to impose restrictions on exchange transactions with non-members or with persons in their territories unless the Fund finds that such restrictions prejudice the interests of members and are contrary to the purposes of the Fund.

ARTICLE XII. ORGANIZATION AND MANAGEMENT

SECTION 1. *Structure of the Fund.*—The Fund shall have a Board of Governors, Executive Directors, a Managing Director, and a staff.

SEC. 2. *Board of Governors.*—(a) All powers of the Fund shall be vested in the Board of Governors, consisting of one governor and one alternate appointed by each member in such manner as it may determine. Each governor and each alternate shall serve for five years, subject to the pleasure of the member appointing him, and may be reappointed. No alternate may vote except in the absence of his principal. The Board shall select one of the governors as chairman.

(b) The Board of Governors may delegate to the Executive Directors authority to exercise any powers of the Board, except the power to:

(i) Admit new members and determine the conditions of their admission.

(ii) Approve a revision of quotas.

(iii) Approve a uniform change in the par value of the currencies of all members.

(iv) Make arrangements to cooperate with other international organizations (other than informal arrangements of a temporary or administrative character).

(v) Determine the distribution of the net income of the Fund.

(vi) Require a member to withdraw.

(vii) Decide to liquidate the Fund.

(viii) Decide appeals from interpretations of this agreement given by the Executive Directors.

(c) 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 Executive Directors. Meetings of the Board shall be called by the directors whenever requested by five members or by members having one-quarter of the total voting power.

(d) A quorum for any meeting of the Board of Governors shall be a majority of the governors exercising not less than two-thirds of the total voting power.

(e) Each governor shall be entitled to cast the number of votes allotted under Section 5 of this Article to the member appointing him.

(f) The Board of Governors may by regulation establish a procedure whereby the Executive Directors, when they deem such action to be in the best interests of the Fund, may obtain a vote of the governors on a specific question without calling a meeting of the Board.

(g) The Board of Governors, and the Executive Directors to the extent authorized, may adopt such rules and regulations as may be necessary or appropriate to conduct the business of the Fund.

(h) Governors and alternates shall serve as such without compensation from the Fund, but the Fund shall pay them reasonable expenses incurred in attending meetings.

(i) The Board of Governors shall determine the remuneration to be paid to the Executive Directors and the salary and terms of the contract of service of the Managing Director.

Sec. 3. Executive Directors. - (a) The Executive Directors shall be responsible for the conduct of the general operations of the Fund, and for this purpose shall exercise all the powers delegated to them by the Board of Governors.

(b) There shall be not less than twelve directors who need not be governors, and of whom—

(i) five shall be appointed by the five members having the largest quotas;

(ii) not more than two shall be appointed when the provisions of (c) below apply;

(iii) five shall be elected by the members not entitled to appoint directors, other than the American Republics; and

(iv) two shall be elected by the American Republics not entitled to appoint directors.

For the purposes of this paragraph, members means governments of countries whose names are set forth in Schedule A, whether they become members in accordance with Article XX or in accordance with Article II, Section 2. When governments of other countries become members, the Board of Governors may, by a four-fifths majority of the total voting power, increase the number of directors to be elected.

(c) If, at the second regular election of directors and thereafter, the members entitled to appoint directors under (b) (i) above do not include the two members, the holdings of whose currencies by the Fund have been, on the average over the preceding two years, reduced below their quotas by the largest absolute amounts in terms of gold as a common denominator, either one or both of such members, as the case may be, shall be entitled to appoint a director.

(d) Subject to Article XX, Section 3(b) elections of elective directors shall be conducted at intervals of two years in accordance with the provisions of Schedule C, supplemented by such regulations as the Fund deems appropriate. Whenever the Board of Governors increases the number of directors to be elected under (b) above, it shall issue regulations making appropriate changes in the proportion of votes required to elect directors under the provisions of Schedule C.

(e) Each director shall appoint an alternate with full power to act for him when he is not present. When the directors appointing them are present, alternates may participate in meetings but may not vote.

(f) Directors shall continue in office until their successors are appointed or elected. If the office of an elected director becomes vacant more than ninety days before the end of his term, another director shall be elected for the remainder of the term by the members who elected the former director. A majority of the votes cast shall be required for election. While the office remains vacant, the alternate of the former director shall exercise his powers, except that of appointing an alternate.

(g) The Executive Directors shall function in continuous session at the principal office of the Fund and shall meet as often as the business of the Fund may require.

(h) A quorum for any meeting of the Executive Directors shall be a majority of the directors representing not less than one half of the voting power.

(i) Each appointed director shall be entitled to cast the number of votes allotted under Section 5 of this Article to the member appointing him. Each elected director shall be entitled to cast the number of votes which counted toward his election. When the provisions of Section 5(b) of this Article are applicable, the votes which a director would otherwise be entitled to cast shall be increased or decreased correspondingly. All the votes which a director is entitled to cast shall be cast as a unit.

(j) The Board of Governors shall adopt regulations under which a member not entitled to appoint a director under (b) above may send a representative to attend any meeting of the Executive Directors when a request made by, or a matter particularly affecting, that member is under consideration.

(k) The Executive Directors may appoint such committees as they deem advisable. Membership of committees need not be limited to governors or directors or their alternates.

SEC. 4. Managing Director and Staff.—(a) The Executive Directors shall select a Managing Director who shall not be a governor or an executive director. The Managing Director shall be chairman of the Executive 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 at such meetings. The Manag-

ing Director shall cease to hold office when the Executive Directors so decide.

(b) The Managing Director shall be chief of the operating staff of the Fund and shall conduct, under the direction of the Executive Directors, the ordinary business of the Fund. Subject to the general control of the Executive Directors, he shall be responsible for the organization, appointment and dismissal of the staff of the Fund.

(c) The Managing Director and the Staff of the Fund, in the discharge of their functions, shall owe their duty entirely to the Fund and to no other authority. Each member of the Fund shall respect the international character of this duty and shall refrain from all attempts to influence any of the staff in the discharge of his functions.

(d) In appointing the staff the Managing Director shall, subject to the paramount importance of securing the highest standards of efficiency and of technical competence, pay due regard to the importance of recruiting personnel on as wide a geographical basis as possible.

SEC. 5. *Voting.*—(a) Each member shall have two hundred and fifty votes plus one additional vote for each part of its quota equivalent to one hundred thousand United States dollars.

(b) Whenever voting is required under Article V, Section 4 or 5, each member shall have the number of votes to which it is entitled under (a) above, adjusted—

(i) by the addition of one vote for the equivalent of each four hundred thousand United States dollars of net sales of its currency up to the date when the vote is taken, or

(ii) by the subtraction of one vote for the equivalent of each four hundred thousand United States dollars of its net purchases of the currencies of other members up to the date when the vote is taken;

provided, that neither net purchases nor net sales shall be deemed at any time to exceed an amount equal to the quota of the member involved.

(c) For the purpose of all computations under this section, United States dollars shall be deemed to be of the weight and fineness in effect on July 1, 1944, adjusted for any uniform change under Article IV, Section 7, if a waiver is made under Section 8(d) of that Article.

(d) Except as otherwise specifically provided, all decisions of the Fund shall be made by a majority of the votes cast.

SEC. 6. *Distribution of net income.*—(a) The Board of Governors shall determine annually what part of the Fund's net income shall be placed to reserve and what part, if any, shall be distributed.

(b) If any distribution is made, there shall first be distributed a two-percent non-cumulative payment to each member on the amount by which seventy-five percent of its quota exceeded the Fund's average holdings of its currency during that year. The balance shall be paid to all members in proportion to their quotas. Payment to each member shall be made in its own currency.

SEC. 7. *Publication of reports.*—(a) The Fund shall publish an annual report containing an audited statement of its accounts, and shall issue, at intervals of three months or less, a summary statement of its transactions and its holdings of gold and currencies of members.

(b) The Fund may publish such other reports as it deems desirable for carrying out its purposes.

SEC. 8. *Communication of views to members.*—The Fund shall at all times have the right to communicate its views informally to any member on any matter arising under this Agreement. The Fund may, by a two-thirds majority of the total voting power, decide to publish a report made to a member regarding its monetary or economic conditions and developments which directly tend to produce a serious disequilibrium in the international balance of payments of members. If the member is not entitled to appoint an executive director, it shall be entitled to representation in accordance with Section 3(j) of this Article. The Fund shall not publish a report involving changes in the fundamental structure of the economic organization of members.

ARTICLE XIII. OFFICES AND DEPOSITORIES

SECTION 1. *Location of offices.*—The principal office of the Fund shall be located in the territory of the member having the largest quota, and agencies or branch offices may be established in the territories of other members.

SEC. 2. *Depositories.*—(a) Each member country shall designate its central bank as a depository for all the Fund's holdings of its currency, or if it has no central bank it shall designate such other institution as may be acceptable to the Fund.

(b) The Fund may hold other assets, including gold, in the depositories designated by the five members having the largest quotas and in such other designated depositories as the Fund may select. Initially, at least one-half of the holdings of the Fund shall be held in the depository designated by the member in whose territories the Fund has its principal office and at least forty percent shall be held in the depositories designated by the remaining four members referred to above. However, all transfers of gold by the Fund shall be made with due regard to the costs of transport and anticipated requirements of the Fund. In an emergency the Executive Directors may transfer all or any part of the Fund's gold holdings to any place where they can be adequately protected.

SEC. 3. *Guarantee of the Fund's assets.*—Each member guarantees all assets of the Fund against loss resulting from failure or default on the part of the depository designated by it.

ARTICLE XIV. TRANSITIONAL PERIOD

SECTION 1. *Introduction.*—The Fund is not intended to provide facilities for relief or reconstruction or to deal with international indebtedness arising out of the war.

SEC. 2. *Exchange restrictions.*—In the postwar transitional period members may, notwithstanding the provisions of any other articles of this Agreement, maintain and adapt to changing circumstances (and, in the case of members whose territories have been occupied by the enemy, introduce where necessary) restrictions on payments and transfers for current international transactions. Members shall, however, have continuous regard in their foreign exchange policies to the purposes of the Fund; and, as soon as conditions permit, they

shall take all possible measures to develop such commercial and financial arrangements with other members as will facilitate international payments and the maintenance of exchange stability. In particular, members shall withdraw restrictions maintained or imposed under this section as soon as they are satisfied that they will be able, in the absence of such restrictions, to settle their balance of payments in a manner which will not unduly encumber their access to the resources of the Fund.

SEC. 3. *Notification to the Fund.*—Each member shall notify the Fund before it becomes eligible under Article XX, Section 4(c) or (d), to buy currency from the Fund, whether it intends to avail itself of the transitional arrangements in Section 2 of this Article, or whether it is prepared to accept the obligations of Article VIII, Sections 2, 3, and 4. A member availing itself of the transitional arrangements shall notify the Fund as soon thereafter as it is prepared to accept the above-mentioned obligations.

SEC. 4. *Action of the Fund relating to restrictions.*—Not later than three years after the date on which the Fund begins operations and in each year thereafter, the Fund shall report on the restrictions still in force under Section 2 of this Article. Five years after the date on which the Fund begins operations, and in each year thereafter, any member still retaining any restrictions inconsistent with Article VIII, Sections 2, 3, or 4, shall consult the Fund as to their further retention. The Fund may, if it deems such action necessary in exceptional circumstances, make representations to any member that conditions are favorable for the withdrawal of any particular restriction, or for the general abandonment of restrictions, inconsistent with the provisions of any other article of this Agreement. The members shall be given a suitable time to reply to such representations. If the Fund finds that the member persists in maintaining restrictions which are inconsistent with the purposes of the Fund, the member shall be subject to Article XV, Section 2(a).

SEC. 5. *Nature of transitional period.*—In its relations with members, the Fund shall recognize that the postwar transitional period will be one of change and adjustment and in making decisions on requests occasioned thereby which are presented by any member it shall give the member the benefit of any reasonable doubt.

ARTICLE XV. WITHDRAWAL FROM MEMBERSHIP

SECTION 1. *Right of members to withdraw.*—Any member may withdraw from the Fund at any time by transmitting a notice in writing to the Fund at its principal office. Withdrawal shall become effective on the date such notice is received.

SEC. 2. *Compulsory withdrawal.*—(a) If a member fails to fulfill any of its obligations under this Agreement, the Fund may declare the member ineligible to use the resources of the Fund. Nothing in this section shall be deemed to limit the provisions of Article IV, Section 6, Article V, Section 5, or Article VI, Section 1.

(b) If, after the expiration of a reasonable period the member persists in its failure to fulfill any of its obligations under this Agreement, or a difference between a member and the Fund under Article IV,

section shall be deemed to limit the provisions of Article IV, Section 6, membership in the Fund by a decision of the Board of Governors carried by a majority of the governors representing a majority of the total voting power.

(c) Regulations shall be adopted to ensure that before action is taken against any member under (a) or (b) above, the member shall be informed in reasonable time of the complaint against it and given an adequate opportunity for stating its case, both orally and in writing.

SEC. 3. Settlement of accounts with members withdrawing.—When a member withdraws from the Fund, normal transactions of the Fund in its currency shall cease and settlement of all accounts between it and the Fund shall be made with reasonable dispatch by agreement between it and the Fund. If agreement is not reached promptly, the provisions of Schedule D shall apply to the settlement of accounts.

ARTICLE XVI. EMERGENCY PROVISIONS

SECTION 1. Temporary suspensions.—(a) In the event of an emergency or the development of unforeseen circumstances threatening the operations of the Fund, the Executive Directors by unanimous vote may suspend for a period of not more than one hundred and twenty days the operation of any of the following provisions:

- (i) Article IV, Sections 3 and 4(b).
- (ii) Article V, Sections 2, 3, 7, 8 (a) and (f).
- (iii) Article VI, Section 2.
- (iv) Article XI, Section 1.

(b) Simultaneously with any decision to suspend the operation of any of the foregoing provisions, the Executive Directors shall call a meeting of the Board of Governors for the earliest practicable date.

(c) The Executive Directors may not extend any suspension beyond one hundred and twenty days. Such suspension may be extended, however, for an additional period of not more than two hundred and forty days, if the Board of Governors by a four-fifths majority of the total voting power so decides, but it may not be further extended except by amendment of this Agreement pursuant to Article XVII.

(d) The Executive Directors may, by a majority of the total voting power, terminate such suspension at any time.

SEC. 2. Liquidation of the Fund.—(a) The Fund may not be liquidated except by decision of the Board of Governors. In an emergency, if the Executive Directors decide that liquidation of the Fund may be necessary, they may temporarily suspend all transactions, pending decision by the Board.

(b) If the Board of Governors decides to liquidate the Fund, the Fund shall forthwith cease to engage in any activities except those incidental to the orderly collection and liquidation of its assets and the settlement of its liabilities, and all obligations of members under this Agreement shall cease except those set out in this Article, in Article XVIII, paragraph (c), in Schedule D, paragraph 7, and in Schedule E.

(c) Liquidation shall be administered in accordance with the provisions of Schedule E.

ARTICLE XVII. AMENDMENTS

(a) Any proposal to introduce modifications in this Agreement, whether emanating from a member, a governor or the Executive Directors, shall be communicated to the chairman of the Board of Governors who shall bring the proposal before the Board. If the proposed amendment is approved by the Board the Fund shall, by circular letter or telegram, ask all members whether they accept the proposed amendment. When three-fifths of the members, having four-fifths of the total voting power, have accepted the proposed amendment, the Fund shall certify the fact by a formal communication addressed to all members.

(b) Notwithstanding (a) above, acceptance by all members is required in the case of any amendment modifying—

(i) the right to withdraw from the Fund (Article XV, Section 1);

(ii) the provision that no change in a member's quota shall be made without its consent (Article III, Section 2);

(iii) the provision that no change may be made in the par value of a member's currency except on the proposal of that member (Article IV, Section 5(b)).

(c) Amendments shall enter into force for all members three months after the date of the formal communication unless a shorter period is specified in the circular letter or telegram.

ARTICLE XVIII. INTERPRETATION

(a) Any question of interpretation of the provisions of this Agreement arising between any member and the Fund or between any members of the Fund shall be submitted to the Executive Directors for their decision. If the question particularly affects any member not entitled to appoint an executive director it shall be entitled to representation in accordance with Article XII, Section 3(j).

(b) In any case where the Executive Directors have given a decision under (a) above, any member may require that the question be referred to the Board of Governors, whose decision shall be final. Pending the result of the reference to the Board the Fund may, so far as it deems necessary, act on the basis of the decision of the Executive Directors.

(c) Whenever a disagreement arises between the Fund and a member which has withdrawn, or between the Fund and any member during liquidation of the Fund, such disagreement shall be submitted to arbitration by a tribunal of three arbitrators, one appointed by the Fund, another by the member or withdrawing member and an umpire who, unless the parties otherwise agree, shall be appointed by the President or the Permanent Court of International Justice or such other authority as may have been prescribed by regulation adopted by the Fund. The umpire shall have full power to settle all questions of procedure in any case where the parties are in disagreement with respect thereto.

ARTICLE XIX. EXPLANATION OF TERMS

In interpreting the provisions of this Agreement the Fund and its members shall be guided by the following:

(a) A member's monetary reserves means its net official holdings of gold, of convertible currencies of other members, and of the currencies of such non-members as the Fund may specify.

(b) The official holdings of a member means central holdings (that is, the holdings of its treasury, central bank, stabilization fund, or similar fiscal agency).

(c) The holdings of other official institutions or other banks within its territories may, in any particular case, be deemed by the Fund, after consultation with the member, to be official holdings to the extent that they are substantially in excess of working balances; provided that for the purpose of determining whether, in a particular case, holdings are in excess of working balances, there shall be deducted from such holdings amounts of currency due to official institutions and banks in the territories of members or non-members specified under (d) below.

(d) A member's holdings of convertible currencies means its holdings of the currencies of other members which are not availing themselves of the transitional arrangements under Article XIV, Section 2, together with its holdings of the currencies of such non-members as the Fund may from time to time specify. The term currency for this purpose includes without limitation coins, paper money, bank balances, bank acceptances, and government obligations issued with a maturity not exceeding twelve months.

(e) A member's monetary reserves shall be calculated by deducting from its central holdings the currency liabilities to the treasuries, central banks, stabilization funds, or similar fiscal agencies of other members or non-members specified under (d) above, together with similar liabilities to other official institutions and other banks in the territories of members, or non-members specified under (d) above. To these net holdings shall be added the sums deemed to be official holdings of other official institutions and other banks under (c) above.

(f) The Fund's holding of the currency of a member shall include any securities accepted by the Fund under Article III, Section 5.

(g) The Fund, after consultation with a member which is availing itself of the transitional arrangements under Article XIV, Section 2, may deem holdings of the currency of that member which carry specified rights of conversion into another currency or into gold to be holdings of convertible currency for the purpose of the calculation of monetary reserves.

(h) For the purpose of calculating gold subscriptions under Article III, Section 3, a member's net official holdings of gold and United States dollars shall consist of its official holdings of gold and United States currency after deducting central holdings of its currency by other countries and holdings of its currency by other official institutions and other banks if these holdings carry specified rights of conversion into gold or United States currency.

(i) Payments for current transactions means payments which are not for the purpose of transferring capital, and includes, without limitation:

(1) All payments due in connection with foreign trade, other current business, including services, and normal short-term banking and credit facilities;

(2) Payments due as interest on loans and as net income from other investments;

(3) Payments of moderate amount for amortization of loans or for depreciation of direct investments;

(4) Moderate remittances for family living expenses.

The Fund may, after consultation with the members concerned, determine whether certain specific transactions are to be considered current transactions or capital transactions.

ARTICLE XX. FINAL PROVISIONS

SECTION 1. *Entry into force.*—This Agreement shall enter into force when it has been signed on behalf of governments having sixty-five percent of the total of the quotas set forth in Schedule A and when the instruments referred to in Section 2(a) of this Article have been deposited on their behalf, but in no event shall this Agreement enter into force before May 1, 1945.

SEC. 2. *Signature.*—(a) Each government on whose behalf this Agreement is signed shall deposit with the Government of the United States of America an instrument setting forth that it has accepted this Agreement in accordance with its law and has taken all steps necessary to enable it to carry out all of its obligations under this Agreement.

(b) Each government shall become a member of the Fund as from the date of the deposit on its behalf of the instrument referred to in (a) above, except that no government shall become a member before this Agreement enters into force under Section 1 of this Article.

(c) The Government of the United States of America shall inform the governments of all countries whose names are set forth in Schedule A, and all governments whose membership is approved in accordance with Article II, Section 2, of all signatures of this Agreement and of the deposit of all instruments referred to in (a) above.

(d) At the time this Agreement is signed on its behalf, each government shall transmit to the Government of the United States of America one one-hundredth of one percent of its total subscription in gold or United States dollars for the purpose of meeting administrative expenses of the Fund. The Government of the United States of America shall hold such funds in a special deposit account and shall transmit them to the Board of Governors of the Fund when the initial meeting has been called under Section 3 of this Article. If this Agreement has not come into force by December 31, 1945, the Government of the United States of America shall return such funds to the governments that transmitted them.

(e) This Agreement shall remain open for signature at Washington on behalf of the governments of the countries whose names are set forth in Schedule A until December 31, 1945.

(f) After December 31, 1945, this Agreement shall be open for signature on behalf of the government of any country whose membership has been approved in accordance with Article II, Section 2.

(g) By their signature of this Agreement, all governments accept it both on their own behalf and in respect of all their colonies, overseas territories, all territories under their protection suzerainty, or authority and all territories in respect of which they exercise a mandate.

(h) In the case of governments whose metropolitan territories have been under enemy occupation, the deposit of the instrument referred to in (a) above may be delayed until one hundred and eighty days after the date on which these territories have been liberated. If, however, it is not deposited by any such government before the expiration of this period the signature affixed on behalf of that government shall become void and the portion of its subscription paid under (d) above shall be returned to it.

(i) Paragraphs (d) and (h) shall come into force with regard to each signatory government as from the date of its signature.

Sec. 3. Inauguration of the Fund.—(a) As soon as this Agreement enters into force under Section 1 of this Article, each member shall appoint a governor and the member having the largest quota shall call the first meeting of the Board of Governors.

(b) At the first meeting of the Board of Governors, arrangements shall be made for the selection of provisional executive directors. The governments of the five countries for which the largest quotas are set forth in Schedule A shall appoint provisional executive directors. If one or more of such governments have not become members, the executive directorships they would be entitled to fill shall remain vacant until they become members, or until January 1, 1946, whichever is the earlier. Seven provisional executive directors shall be elected in accordance with the provisions of Schedule C and shall remain in office until the date of the first regular election of executive directors which shall be held as soon as practicable after January 1, 1946.

(c) The Board of Governors may delegate to the provisional executive directors any powers except those which may not be delegated to the Executive Directors.

Sec. 4. Initial determination of par value.—(a) When the Fund is of the opinion that it will shortly be in a position to begin exchange transactions, it shall so notify the members and shall request each member to communicate within thirty days the par value of its currency based on the rates of exchange prevailing on the sixtieth day before the entry into force of this Agreement. No member whose metropolitan territory has been occupied by the enemy shall be required to make such a communication while that territory is a theater of major hostilities or for such period thereafter as the Fund may determine. When such a member communicates the par value of its currency the provisions of (d) below shall apply.

(b) The par value communicated by a member whose metropolitan territory has not been occupied by the enemy shall be the par value of that member's currency for the purposes of this Agreement unless, within ninety days after the request referred to in (a) above has been received, (i) the member notifies the Fund that it regards the par value as unsatisfactory, or (ii) the Fund notifies the member that in its opinion the par value cannot be maintained without causing recourse to the Fund on the part of that member or others on a scale

prejudicial to the Fund and to members. When notification is given under (i) or (ii) above, the Fund and the member shall, within a period determined by the Fund in the light of all relevant circumstances, agree upon a suitable par value for that currency. If the Fund and the member do not agree within the period so determined, the members shall be deemed to have withdrawn from the Fund on the date when the period expires.

(c) When the par value of a member's currency has been established under (b) above, either by the expiration of ninety days without notification, or by agreement after notification, the member shall be eligible to buy from the Fund the currencies of other members to the full extent permitted in this Agreement, provided that the Fund has begun exchange transactions.

(d) In the case of a member whose metropolitan territory has been occupied by the enemy, the provisions of (b) above shall apply, subject to the following modifications:

(i) The period of ninety days shall be extended so as to end on a date to be fixed by agreement between the Fund and the member.

(ii) Within the extended period the member may, if the Fund has begun exchange transactions, buy from the Fund with its currency the currencies of other members, but only under such conditions and in such amounts as may be prescribed by the Fund.

(iii) At any time before the date fixed under (i) above, changes may be made by agreement with the Fund in the par value communicated under (a) above.

(e) If a member whose metropolitan territory has been occupied by the enemy adopts a new monetary unit before the date to be fixed under (d) (i) above, the par value fixed by that member for the new unit shall be communicated to the Fund and the provisions of (d) above shall apply.

(f) Changes in par values agreed with the Fund under this section shall not be taken into account in determining whether a proposed change falls within (i), (ii), or (iii) of Article IV, Section 5(c).

(g) A member communicating to the Fund a par value for the currency of its metropolitan territory shall simultaneously communicate a value, in terms of that currency, for each separate currency, where such exists, in the territories in respect of which it has accepted this Agreement under Section 2(g) of this Article, but no member shall be required to make a communication for the separate currency of a territory which has been occupied by the enemy while that territory is a theater of major hostilities or for such period thereafter as the Fund may determine. On the basis of the par value so communicated, the Fund shall compute the par value of each separate currency. A communication or notification to the Fund under (a), (b) or (d) above regarding the par value of a currency, shall also be deemed, unless the contrary is stated, to be a communication or notification regarding the par value of all the separate currencies referred to above. Any member may, however, make a communication or notification relating to the metropolitan or any of the separate currencies alone. If the member does so, the provisions of the preceding paragraphs (including (d) above, if a territory where a separate currency exists has been occupied by the enemy) shall apply to each of these currencies separately.

(h) The Fund shall begin exchange transactions at such date as it may determine after members having sixty-five percent of the total of the quotas set forth in Schedule A have become eligible, in accordance with the preceding paragraphs of this section, to purchase the currencies of other members, but in no event until after major hostilities in Europe have ceased.

(i) The Fund may postpone exchange transactions with any member if its circumstances are such that, in the opinion of the Fund, they would lead to use of the resources of the Fund in a manner contrary to the purposes of this Agreement or prejudicial to the Fund or the members.

(j) The par values of the currencies of governments which indicate their desire to become members after December 31, 1945, shall be determined in accordance with the provisions of Article II, Section 2.

DONE at Washington, in a single copy which shall remain deposited in the Archives of the Government of the United States of America, which shall transmit certified copies to all governments whose names are set forth in Schedule A and to all governments whose membership is approved in accordance with Article II, Section 2.

SCHEDULE A. QUOTAS

[In millions of United States dollars]

Australia.....	200	Iran.....	25
Belgium.....	225	Iraq.....	8
Bolivia.....	10	Liberia.....	.5
Brazil.....	150	Luxembourg.....	10
Canada.....	300	Mexico.....	90
Chile.....	50	Netherlands.....	275
China.....	550	New Zealand.....	50
Colombia.....	50	Nicaragua.....	2
Costa Rica.....	5	Norway.....	50
Cuba.....	50	Panama.....	.5
Czechoslovakia.....	125	Paraguay.....	2
Denmark.....	(¹)	Peru.....	25
Dominican Republic.....	5	Philippine Commonwealth.....	15
Ecuador.....	5	Poland.....	125
El Salvador.....	2.5	Union of South Africa.....	100
Egypt.....	45	Union of Soviet Socialist Re-	
Ethiopia.....	6	publics.....	1,200
France.....	450	United Kingdom.....	1,800
Greece.....	40	United States.....	2,750
Guatemala.....	5	Uruguay.....	15
Haiti.....	5	Venezuela.....	15
Honduras.....	2.5	Yugoslavia.....	60
Iceland.....	1		
India.....	400	Total.....	8,000

¹ The quota of Denmark shall be determined by the Fund after the Danish Government has declared its readiness to sign this Agreement but before signature takes place.

SCHEDULE B. PROVISIONS WITH RESPECT TO REPURCHASE BY A MEMBER OF ITS CURRENCY HELD BY THE FUND

1. In determining the extent to which repurchase of a member's currency from the fund under Article V, Section 7(b), shall be made with each type of monetary reserve, that is, with gold and with each convertible currency, the following rule, subject to 2 below, shall apply:

(a) If the member's monetary reserves have not increased during the year, the amount payable to the Fund shall be distributed among all types of reserves in proportion to the member's holdings thereof at the end of the year.

(b) If the member's monetary reserves have increased during the year, a part of the amount payable to the Fund equal to one-half of the increase shall be distributed among those types of reserves which have increased in proportion to the amount by which each of them has increased. The remainder of the sum payable to the Fund shall be distributed among all types of reserves in proportion to the member's remaining holdings thereof.

(c) If after all the repurchases required under Article V, Section 7(b), had been made, the result would exceed any of the limits specified in Article V, Section 7(c), the Fund shall require such repurchases to be made by the members proportionately in such manner that the limits will not be exceeded.

2. The Fund shall not acquire the currency of any non-member under Article V, Section 7(b) and (c).

3. In calculating monetary reserves and the increase in monetary reserves during any year for the purpose of Article V, Section 7(b) and (c), no account shall be taken, unless deductions have otherwise been made by the member for such holdings, of any increase in those monetary reserves which is due to currency previously inconvertible having become convertible during the year; or to holdings which are the proceeds of a long-term or medium-term loan contracted during the year; or to holdings which have been transferred or set aside for repayment of a loan during the subsequent year.

4. In the case of members whose metropolitan territories have been occupied by the enemy, gold newly produced during the five years after the entry into force of this Agreement from mines located within their metropolitan territories shall not be included in computations of their monetary reserves or of increases in their monetary reserves.

SCHEDULE C. ELECTION OF EXECUTIVE DIRECTORS

1. The election of the elective executive directors shall be by ballot of the governors eligible to vote under Article XII, Section 3(b) (iii) and (iv).

2. In balloting for the five directors to be elected under Article XII, Section 3(b) (iii), each of the governors eligible to vote shall cast for one person all of the votes to which he is entitled under Article XII, Section 5(a). The five persons receiving the greatest number of votes shall be directors, provided that no person who received less than nineteen percent of the total number of votes that can be cast (eligible votes) shall be considered elected.

3. When five persons are not elected on the first ballot, a second ballot shall be held in which the person who received the lowest number of votes shall be ineligible for election and in which there shall vote only (a) those governors who voted in the first ballot for a person not elected, and (b) those governors whose votes for a person elected are deemed under 4 below to have raised the votes cast for that person above twenty percent of the eligible votes.

4. In determining whether the votes cast by a governor are to be deemed to have raised the total of any person above twenty percent of the eligible votes the twenty percent shall be deemed to include, first, the votes of the governor casting the largest number of votes for such person, then the votes of the governor casting the next largest number, and so on until twenty percent is reached.

5. Any governor, part of whose votes must be counted in order to raise the total of any person above nineteen percent, shall be considered as casting all of his votes for such person even if the total votes for such person thereby exceed twenty percent.

6. If, after the second ballot, five persons have not been elected, further ballots shall be held on the same principles until five persons have been elected, provided that after four persons are elected, the fifth may be elected by a simple majority of the remaining votes and shall be deemed to have been elected by all such votes.

7. The directors to be elected by the American Republics under Article XII, Section 3(b) (iv) shall be elected as follows:

(a) Each of the directors shall be elected separately.

(b) In the election of the first director, each governor representing an American Republic eligible to participate in the election shall cast for one person all the votes to which he is entitled. The person receiving the largest number of votes shall be elected provided that he has received not less than forty-five percent of the total votes.

(c) If no person is elected on the first ballot, further ballots shall be held, in each of which the person receiving the lowest number of votes shall be eliminated, until one person receives a number of votes sufficient for election under (b) above.

(d) Governors whose votes contributed to the election of the first director shall take no part in the election of the second director.

(e) Persons who did not succeed in the first election shall not be ineligible for election as the second director.

(f) A majority of the votes which can be cast shall be required for election of the second director. If at the first ballot no person receives a majority, further ballots shall be held in each of which the person receiving the lowest number of votes shall be eliminated, until some person obtains a majority.

(g) The second director shall be deemed to have been elected by all the votes which could have been cast in the ballot securing his election.

SCHEDULE D. SETTLEMENT OF ACCOUNTS WITH MEMBERS WITHDRAWING

1. The Fund shall be obligated to pay to a member withdrawing an amount equal to its quota, plus any other amounts due to it from the Fund, less any amounts due to the Fund, including charges accruing after the date of its withdrawal; but no payment shall be made until six months after the date of withdrawal. Payments shall be made in the currency of the withdrawing member.

2. If the Fund's holdings of the currency of the withdrawing member are not sufficient to pay the net amount due from the Fund, the balance shall be paid in gold, or in such other manner as may be agreed. If the Fund and the withdrawing member do not reach

agreement within six months of the date of withdrawal, the currency in question held by the Fund shall be paid forthwith to the withdrawing member. Any balance due shall be paid in ten half-yearly installments during the ensuing five years. Each such installment shall be paid, at the option of the Fund, either in the currency of the withdrawing member acquired after its withdrawal or by the delivery of gold.

3. If the Fund fails to meet any installment which is due in accordance with the preceding paragraphs, the withdrawing member shall be entitled to require the Fund to pay the installment in any currency held by the Fund with the exception of any currency which has been declared scarce under Article VII, Section 3.

4. If the Fund's holdings of the currency of a withdrawing member exceed the amount due to it, and if agreement on the method of settling accounts is not reached within six months of the date of withdrawal, the former member shall be obligated to redeem such excess currency in gold or, at its option, in the currencies of members which at the time of redemption are convertible. Redemption shall be made at the parity existing at the time of withdrawal from the Fund. The withdrawing member shall complete redemption within five years of the date of withdrawal, or within such longer period as may be fixed by the Fund, but shall not be required to redeem in any half-yearly period more than one-tenth of the Fund's excess holdings of its currency at the date of withdrawal plus further acquisitions of the currency during such half-yearly period. If the withdrawing member does not fulfill this obligation, the Fund may in an orderly manner liquidate in any market the amount of currency which should have been redeemed.

5. Any member desiring to obtain the currency of a member which has withdrawn shall acquire it by purchase from the Fund, to the extent that such member has access to the resources of the Fund and that such currency is available under 4 above.

6. The withdrawing member guarantees the unrestricted use at all times of the currency disposed of under 4 and 5 above for the purchase of goods or for payment of sums due to it or to persons within its territories. It shall compensate the Fund for any loss resulting from the difference between the par value of its currency on the date of withdrawal and the value realized by the Fund on disposal under 4 and 5 above.

7. In the event of the Fund going into liquidation under Article XVI, Section 2, within six months of the date on which the member withdraws, the account between the Fund and that government shall be settled in accordance with Article XVI, Section 2, and Schedule E.

SCHEDULE E. ADMINISTRATION OF LIQUIDATION

1. In the event of liquidation the liabilities of the Fund other than the repayment of subscriptions shall have priority in the distribution of the assets of the Fund. In meeting each such liability the Fund shall use its assets in the following order:

- (a) the currency in which the liability is payable;
- (b) gold;
- (c) all other currencies in proportion, so far as may be practicable, to the quotas of the members.

2. After the discharge of the Fund's liabilities in accordance with 1 above, the balance of the Fund's assets shall be distributed and apportioned as follows:

(a) The Fund shall distribute its holdings of gold among the members whose currencies are held by the Fund in amounts less than their quotas. These members shall share the gold so distributed in the proportions of the amounts by which their quotas exceed the Fund's holdings of their currencies.

(b) The Fund shall distribute to each member one-half the Fund's holdings of its currency but such distribution shall not exceed fifty percent of its quota.

(c) The Fund shall apportion the remainder of its holdings of each currency among all the members in proportion to the amounts due to each member after the distributions under (a) and (b) above.

3. Each member shall redeem the holdings of its currency apportioned to other members under 2(c) above, and shall agree with the Fund within three months after a decision to liquidate upon an orderly procedure for such redemption.

4. If a member has not reached agreement with the Fund within the three-month period referred to in 3 above, the Fund shall use the currencies of other members apportioned to that member under 2(c) above to redeem the currency of that member apportioned to other members. Each currency apportioned to a member which has not reached agreement shall be used, so far as possible, to redeem its currency apportioned to the members which have made agreements with the Fund under 3 above.

5. If a member has reached agreement with the Fund in accordance with 3 above, the Fund shall use the currencies of other members apportioned to that member under 2(c) above to redeem the currency of that member apportioned to other members which have made agreements with the Fund under 3 above. Each amount so redeemed shall be redeemed in the currency of the member to which it was apportioned.

6. After carrying out the preceding paragraphs, the Fund shall pay to each member the remaining currencies held for its account.

7. Each member whose currency has been distributed to other members under 6 above shall redeem such currency in gold or, at its option, in the currency of the member requesting redemption, or in such other manner as may be agreed between them. If the members involved do not otherwise agree, the member obligated to redeem shall complete redemption within five years of the date of distribution, but shall not be required to redeem in any half-yearly period more than one-tenth of the amount distributed to each other member. If the member does not fulfill this obligation, the amount of currency which should have been redeemed may be liquidated in an orderly manner in any market.

8. Each member whose currency has been distributed to other members under 6 above guarantees the unrestricted use of such currency at all times for the purchase of goods or for payment of sums due to it or to persons in its territories. Each member so obligated agrees to compensate other members for any loss resulting from the difference between the par value of its currency on the date of the decision to liquidate the Fund and the value realized by such members on disposal of its currency.

b. Text of the decision of the Executive Directors of the International Monetary Fund, January 5, 1962

INTERNATIONAL MONETARY FUND

**Executive Board Decision No. 1289-(62/1).
Subject: General Arrangements To Borrow.**

Preamble

In order to enable the International Monetary Fund to fulfill more effectively its role in the international monetary system in the new conditions of widespread convertibility, including greater freedom for short-term capital movements, the main industrial countries have agreed that they will, in a spirit of broad and willing cooperation, strengthen the Fund by general arrangements under which they will stand ready to lend their currencies to the Fund up to specified amounts under Article VII, Section 2 of the Articles of Agreement when supplementary resources are needed to forestall or cope with an impairment of the international monetary system in the aforesaid conditions. In order to give effect to these intentions, the following terms and conditions are adopted under Article VII, Section 2 of the Articles of Agreement.

PARAGRAPH 1. *Definitions*

As used in this Decision the term:

- (i) "Articles" means the Articles of Agreement of the International Monetary Fund;
- (ii) "credit arrangement" means an undertaking to lend to the Fund on the terms and conditions of this Decision;
- (iii) "participant" means a participating member or a participating institution;
- (iv) "participating institution" means an official institution of a member that has entered into a credit arrangement with the Fund with the consent of the member;
- (v) "participating member" means a member of the Fund that has entered into a credit arrangement with the Fund;
- (vi) "amount of a credit arrangement" means the maximum amount expressed in units of its currency that a participant undertakes to lend to the Fund under a credit arrangement;
- (vii) "call" means a notice by the Fund to a participant to make a transfer under its credit arrangement to the Fund's account;
- (viii) "borrowed currency" means currency transferred to the Fund's account under a credit arrangement;
- (ix) "drawer" means a member that purchases borrowed currency from the Fund in an exchange transaction or in an exchange transaction under a stand-by arrangement;
- (x) "indebtedness" of the Fund means the amount it is committed to repay under a credit arrangement.

PARAGRAPH 2. *Credit Arrangements*

A member or institution that adheres to this Decision undertakes to lend its currency to the Fund on the terms and conditions of this Decision up to the amount in units of its currency set forth in the Annex to this Decision or established in accordance with Paragraph 3(b).

PARAGRAPH 3. *Adherence*

(a) Any member or institution specified in the Annex may adhere to this Decision in accordance with Paragraph 3 (c).

(b) Any member or institution not specified in the Annex that wishes to become a participant may at any time, after consultation with the Fund, give notice of its willingness to adhere to this Decision, and, if the Fund shall so agree and no participant object, the member or institution may adhere in accordance with Paragraph 3(c). When giving notice of its willingness to adhere under this Paragraph 3(b) a member or institution shall specify the amount, expressed in terms of its currency, of the credit arrangement which it is willing to enter into, provided that the amount shall not be less than the equivalent at the date of adherence of one hundred million United States dollars of the weight and fineness in effect on July 1, 1944.

(c) A member or institution shall adhere to this Decision by depositing with the Fund an instrument setting forth that it has adhered in accordance with its law and has taken all steps necessary to enable it to carry out the terms and conditions of this Decision. On the deposit of the instrument the member or institution shall be a participant as of the date of the deposit or of the effective date of this decision, whichever shall be later.

PARAGRAPH 4. *Entry into Force*

This Decision shall become effective when it has been adhered to by at least seven of the members or institutions included in the Annex with credit arrangements amounting in all to not less than the equivalent of five and one-half billion United States dollars of the weight and fineness in effect on July 1, 1944.

PARAGRAPH 5. *Changes in Amounts of Credit Arrangements*

The amounts of participants' credit arrangements may be reviewed from time to time in the light of developing circumstances and changed with the agreement of the Fund and all participants.

PARAGRAPH 6. *Initial Procedure*

When a participating member or a member whose institution is a participant approaches the Fund on an exchange transaction or stand-by arrangement and the Managing Director, after consultation, considers that the exchange transaction or stand-by arrangement is necessary in order to forestall or cope with an impairment of the international monetary system, and that the Fund's resources need to be supplemented for this purpose, he shall initiate the procedure for making calls under Paragraph 7.

PARAGRAPH 7. *Calls*

(a) The Managing Director shall make a proposal for calls for an exchange transaction or for future calls for exchange transactions under a stand-by arrangement only after consultation with Executive

Directors and participants. A proposal shall become effective only if it is accepted by participants and the proposal is then approved by the Executive Directors. Each participant shall notify the Fund of the acceptance of a proposal involving a call under its credit arrangement.

(b) The currencies and amounts to be called under one or more of the credit arrangements shall be based on the present and prospective balance of payments and reserve positions of participating members or members whose institutions are participants and on the Fund's a stand-by arrangement shall be made in the currencies of participants holdings of currencies.

(c) Unless otherwise provided in a proposal for future calls approved under Paragraph 7(a), purchases of borrowed currency under in proportion to the amounts in the proposal.

(d) If a participant on which calls may be made pursuant to Paragraph 7(a) for a drawer's purchases under a stand-by arrangement gives notice to the Fund that in the participant's opinion, based on the present and prospective balance of payments and reserve position, calls should no longer be made on the participant or that calls should be for a smaller amount, the Managing Director may propose to other participants that substitute amounts be made available under their credit arrangements, and this proposal shall be subject to the procedure of Paragraph 7(a). The proposal as originally approved under Paragraph 7(a) shall remain effective unless and until a proposal for substitute amounts is approved in accordance with Paragraph 7(a).

(e) When the Fund makes a call pursuant to this Paragraph 7, the participant shall promptly make the transfer in accordance with the call.

PARAGRAPH 8. *Evidence of Indebtedness*

(a) The Fund shall issue to a participant, on its request, nonnegotiable instruments evidencing the Fund's indebtedness to the participant. The form of the instruments shall be agreed between the Fund and the participant.

(b) Upon repayment of the amount of any instrument issued under Paragraph 8(a) and all accrued interest, the instrument shall be returned to the Fund for cancellation. If less than the amount of any such instrument is repaid, the instrument shall be returned to the Fund and a new instrument for the remainder of the amount shall be substituted with the same maturity date as in the old instrument.

PARAGRAPH 9. *Interest and Charges*

(a) The Fund shall pay a charge of one-half of one percent on transfers made in accordance with Paragraph 7(e).

(b) The Fund shall pay interest on its indebtedness at the rate of one and one-half percent per annum. In the event that this becomes different from a basic rate determined as follows:

the charge levied by the Fund pursuant to Article V, Section 8(a) plus the charge levied by the Fund pursuant to Article V, Section 8(c) (i), as changed from time to time under Article V, Section 8(e), during the first year after a purchase of exchange from the Fund, minus one-half of one percent.

the interest payable by the Fund shall be changed by the same amount as from the date when the difference in the basic rate takes effect.

Interest shall be paid as soon as possible after July 31, October 31, January 31, and April 30.

(c) Interest and charges shall be paid in gold to the extent that this can be effected in bars. Any balance not so paid shall be paid in United States dollars.

(d) Gold payable to a participant in accordance with Paragraph 9(b) or Paragraph 11 shall be delivered at any gold depository of the Fund chosen by the participant at which the Fund has sufficient gold for making the payment. Such delivery shall be free of any charges or costs for the participant.

PARAGRAPH 10. *Use of Borrowed Currency*

The Fund's policies and practices on the use of its resources and stand-by arrangements, including those relating to the period of use, shall apply to purchases of currency borrowed by the Fund.

PARAGRAPH 11. *Repayment by the Fund*

(a) Subject to the other provisions of this Paragraph 11, the Fund, five years after a transfer by a participant, shall repay the participant an amount equivalent to the transfer calculated in accordance with Paragraph 12. If the drawer for whose purchase participants make transfers is committed to repurchase at a fixed date earlier than five years after its purchase, the Fund shall repay the participants at that date. Repayment under this Paragraph 11(a) or under Paragraph 11(c) shall be, as determined by the Fund, in the participant's currency whenever feasible, or in gold, or, after consultation with the participant, in other currencies that are convertible in fact. Repayments to a participant under the subsequent provisions of this Paragraph 11 shall be credited against transfers by the participant for a drawer's purchases in the order in which repayment must be made under this Paragraph 11(a).

(b) Before the date prescribed in Paragraph 11(a), the Fund, after consultation with a participant, may make repayment to the participant, in part or in full, with any increases in the Fund's holdings of the participant's currency that exceed the Fund's working requirements, and participants shall accept such repayment.

(c) Whenever a drawer repurchases, the Fund shall promptly repay an equivalent amount, except in any of the following cases:

(i) The repurchase is under Article V, Section 7(b) and can be identified as being in respect of a purchase of currency other than borrowed currency.

(ii) The repurchase is in discharge of a commitment entered into on a purchase of currency other than borrowed currency.

(iii) The repurchase entitles the drawer to augmented rights under a stand-by arrangement pursuant to Section II of Decision No. 876-(59/15) of the Executive Directors, provided that, to the extent that the drawer does not exercise such augmented rights, the Fund shall promptly repay an equivalent amount on the expiration of the stand-by arrangement.

(d) Whenever the Fund decides in agreement with a drawer that the problem for which the drawer made its purchases has been overcome, the drawer shall complete repurchase, and the Fund shall complete repayment and be entitled to use its holdings of the drawer's

currency below 75 percent of the drawer's quota in order to complete such repayment.

(e) Repayments under Paragraph 11(c) and (d) shall be made in the order established under Paragraph 11(a) and in proportion to the Fund's indebtedness to the participants that made transfers in respect of which repayment is being made.

(f) Before the date prescribed in Paragraph 11(a) a participant may give notice representing that there is a balance of payments need for repayment of part or all of the Fund's indebtedness and requesting such repayment. The Fund shall give the overwhelming benefit of any doubt to the participant's representation. Repayment shall be made after consultation with the participant in the currencies of other members that are convertible in fact, or made in gold, as determined by the Fund. If the Fund's holdings of currencies in which repayment should be made are not wholly adequate, individual participants shall be requested, and will be expected, to provide the necessary balance under their credit arrangements. If, notwithstanding the expectation that the participants will provide the necessary balance, they fail to do so, repayment shall be made to the extent necessary in the currency of the drawer for whose purchases the participant requesting repayment made transfers. For all of the purposes of this Paragraph 11, transfers under this Paragraph 11(f) shall be deemed to have been made at the same time and for the same purchases as the transfers by the participant obtaining repayment under this Paragraph 11(f).

(g) All repayments to a participant in a currency other than its own shall be guided, to the maximum extent practicable, by the present and prospective balance of payments and reserve positions of the members whose currencies are to be used in repayment.

(h) The Fund shall at no time reduce its holdings of a drawer's currency below an amount equal to the Fund's indebtedness to the participants resulting from transfers for the drawer's purchases.

(i) When any repayment is made to a participant, the amount that can be called for under its credit arrangement in accordance with this Decision shall be restored *pro tanto* but not beyond the amount of the credit arrangement.

PARAGRAPH 12. *Rates of Exchange*

(a) The value of any transfer shall be calculated as of the date of the transfer in terms of a stated number of fine ounces of gold or of the United States dollar of the weight and fineness in effect on July 1, 1944, and the Fund shall be obliged to repay an equivalent value.

(b) For all of the purposes of this Decision, the equivalent in currency of any number of fine ounces of gold or of the United States dollar of the weight and fineness in effect on July 1, 1944, or *vice versa*, shall be calculated at the rate of exchange at which the Fund holds such currency at the date as of which the calculation is made; provided however that the provisions of Decision No. 321-(54/32) of the Executive Directors on Transactions and Computations Involving Fluctuating Currencies, as amended by Decision No. 1245-(61/45) and Decision No. 1283-(61/56), shall determine the rate of exchange for any currency to which that decision, as amended, has been applied.

PARAGRAPH 13. *Transferability*

A participant may not transfer all or part of its claim to repayment under a credit arrangement except with the prior consent of the Fund and on such terms and conditions as the Fund may approve.

PARAGRAPH 14. *Notices*

Notice to or by a participating member under this Decision shall be in writing or by cable and shall be given to or by the fiscal agency of the participating member designated in accordance with Article V, Section 1 of the Articles and Rule G-1 of the Rules and Regulations of the Fund. Notice to or by a participating institution shall be in writing or by cable and shall be given to or by the participating institution.

PARAGRAPH 15. *Amendment*

This Decision may be amended during the period prescribed in Paragraph 19(a) only by a decision of the Fund and with the concurrence of all participants. Such concurrence shall not be necessary for the modification of the Decision on its renewal pursuant to Paragraph 19(b).

PARAGRAPH 16. *Withdrawal of Adherence*

A participant may withdraw its adherence to this Decision in accordance with Paragraph 19(b) but may not withdraw within the period prescribed in Paragraph 19(a) except with the agreement of the Fund and all participants.

PARAGRAPH 17. *Withdrawal from Membership*

If a participating member or a member whose institution is a participant withdraws from membership in the Fund, the participant's credit arrangement shall cease at the same time as the withdrawal takes effect. The Fund's indebtedness under the credit arrangement shall be treated as an amount due from the Fund for the purpose of Article XV, Section 3, and Schedule D of the Articles.

PARAGRAPH 18. *Suspension of Exchange Transactions and Liquidation*

(a) The right of the Fund to make calls under Paragraph 7 and the obligation to make repayments under Paragraph 11 shall be suspended during any suspension of exchange transactions under Article XVI of the Articles.

(b) In the event of liquidation of the Fund, credit arrangements shall cease and the Fund's indebtedness shall constitute liabilities under Schedule E of the Articles. For the purpose of Paragraph 1(a) of Schedule E, the currency in which the liability of the Fund shall be payable shall be first the participant's currency and then the currency of the drawer for whose purchases transfers were made by the participant.

PARAGRAPH 19. *Period and Renewal*

(a)¹ This Decision shall continue in existence for four years from its effective date.

¹ On October 15, 1965 the Executive Directors approved a four year renewal dating from October, 1966 of Executive Board Decision No. 1289-(62/1). Under the terms of the renewal, it will be reviewed in the light of further experience prior to October, 1968 (Annual Report of the International Monetary Fund, 1966, pp. 34-35).

(b) This Decision may be renewed for such period or periods and with such modifications, subject to Paragraph 5, as the Fund may decide. The Fund shall adopt a decision on renewal and modification, if any, not later than twelve months before the end of the period prescribed in Paragraph 19(a). Any participant may advise the Fund not less than six months before the end of the period prescribed in Paragraph 19(a) that it will withdraw its adherence to the Decision as renewed. In the absence of such notice, a participant shall be deemed to continue to adhere to the Decision as renewed. Withdrawal of adherence in accordance with this Paragraph 19(b) by a participant, whether or not included in the Annex, shall not preclude its subsequent adherence in accordance with Paragraph 3(b).

(c) If this Decision is terminated or not renewed, Paragraphs 8 through 14, 17 and 18(b) shall nevertheless continue to apply in connection with any indebtedness of the Fund under credit arrangements in existence at the date of the termination or expiration of the Decision until repayment is completed. If a participant withdraws its adherence to this Decision in accordance with Paragraph 16 or Paragraph 19(b), it shall cease to be a participant under the Decision, but Paragraphs 8 through 14, 17 and 18(b) of the Decision as of the date of the withdrawal shall nevertheless continue to apply to any indebtedness of the Fund under the former credit arrangement until repayment has been completed.

PARAGRAPH 20. *Interpretation*

Any question of interpretation raised in connection with this Decision which does not fall within the purview of Article XVIII of the Articles shall be settled to the mutual satisfaction of the Fund, the participant raising the question, and all other participants. For the purpose of this Paragraph 20 participants shall be deemed to include those former participants to which Paragraphs 8 through 14, 17 and 18(b) continue to apply pursuant to Paragraph 19(c) to the extent that any such former participant is affected by a question of interpretation that is raised.

ANNEX

Participants and amounts of Credit Arrangements

	Units of Participant's Currency	
1. United States of America.....	US\$	2,000,000,000
2. Deutsche Bundesbank.....	DM	4,000,000,000
3. United Kingdom.....	£	357,142,857
4. France.....	FF	2,715,381,428
5. Italy.....	Lit	343,750,000,000
6. Japan.....	Yen	90,000,000,000
7. Canada.....	Can\$	208,038,000
8. Netherlands.....	fl.	724,000,000
9. Belgium.....	BF	7,500,000,000
10. Sweden.....	SKr	517,320,000

The foregoing is the text of a decision of the Executive Board taken at Meeting 62/1, January 5, 1962.

ROMAN L. HORNE, *Secretary*.

ARTICLES OF AGREEMENT ESTABLISHING THE INTER-AMERICAN DEVELOPMENT BANK

The countries on whose behalf this Agreement is signed agree to create the Inter-American Development Bank, which shall operate in accordance with the following provisions:

ARTICLE I. PURPOSE AND FUNCTIONS

SECTION 1. *Purpose*

The purpose of the Bank shall be to contribute to the acceleration of the process of economic development of the member countries, individually and collectively.

SEC. 2. *Functions*

(a) To implement its purpose, the Bank shall have the following functions:

(i) to promote the investment of public and private capital for development purposes;

(ii) to utilize its own capital, funds raised by it in financial markets, and other available resources, for financing the development of the member countries, giving priority to those loans and guarantees that will contribute most effectively to their economic growth;

(iii) to encourage private investment in projects, enterprises, and activities contributing to economic development and to supplement private investment when private capital is not available on reasonable terms and conditions;

(iv) to cooperate with the member countries to orient their development policies toward a better utilization of their resources, in a manner consistent with the objectives of making their economies more complementary and of fostering the orderly growth of their foreign trade; and

(v) to provide technical assistance for the preparation, financing, and implementation of development plans and projects, including the study of priorities and the formulation of specific project proposals.

(b) In carrying out its functions, the Bank shall cooperate as far as possible with national and international institutions and with private sources supplying investment capital.

ARTICLE II. MEMBERSHIP IN AND CAPITAL OF THE BANK

SECTION 1. *Membership*

(a) The original members of the Bank shall be those members of the Organization of American States which, by the date specified in Article XV, Section 1(a), shall accept membership in the Bank.

(b) Membership shall be open to other members of the Organization

of American States at such times and in accordance with such terms as the Bank may determine.

SEC. 2. *Authorized Capital*

(a) The authorized capital stock of the Bank, together with the initial resources of the Fund for Special Operations established in Article IV (hereinafter called the Fund), shall total one billion dollars (\$1,000,000,000) in terms of United States dollars of the weight and fineness in effect on January 1, 1959. Of this sum, eight hundred and fifty million dollars (\$850,000,000) shall constitute the authorized capital stock of the Bank and shall be divided into 85,000 shares having a par value of \$10,000 each, which shall be available for subscription by members in accordance with Section 3 of this article.

(b) The authorized capital stock shall be divided into paid-in shares and callable shares. The equivalent of four hundred million dollars (\$400,000,000) shall be paid in, and four hundred and fifty million dollars (\$450,000,000) shall be callable for the purposes specified in Section 4(a)(ii) of this article.

(c) The capital stock indicated in (a) of this section shall be increased by five hundred million dollars (\$500,000,000) in terms of United States dollars of the weight and fineness existing on January 1, 1959, provided that—

(i) the date for payment of all subscriptions established in accordance with Section 4 of this article shall have passed; and

(ii) a regular or special meeting of the Board of Governors, held as soon as possible after the date referred to in subparagraph (i) of this paragraph, shall have approved the above-mentioned increase of five hundred million dollars (\$500,000,000) by a three-fourths majority of the total voting power of the member countries.

(d) The increase in capital stock provided for in the preceding paragraph shall be in the form of callable capital.

(e) Notwithstanding the provisions of paragraphs (c) and (d) of this section, the authorized capital stock may be increased when the Board of Governors deems it advisable and in a manner agreed upon by a two-thirds majority of the total number of governors representing not less than three-fourths of the total voting power of the member countries.

SEC. 3. *Subscription of Shares*

(a) Each member shall subscribe to shares of the capital stock of the Bank. The number of shares to be subscribed by the original members shall be those set forth in Annex A of this Agreement, which specifies the obligation of each member as to both paid-in and callable capital. The number of shares to be subscribed by other members shall be determined by the Bank.

(b) In case of an increase in capital pursuant to Section 2, paragraph (c) or (e) of this article, each member shall have a right to subscribe, under such conditions as the Bank shall decide, to a proportion of the increase of stock equivalent to the proportion which its stock theretofore subscribed bears to the total capital stock of the Bank. No member, however, shall be obligated to subscribe to any part of such increased capital.

(c) Shares of stock initially subscribed by original members shall be issued at par. Other shares shall be issued at par unless the Board decides in special circumstances to issue them on other terms.

(d) The liability of the member countries on shares shall be limited to the unpaid portion of their issue price.

(e) Shares of stock shall not be pledged or encumbered in any manner, and they shall be transferable only to the Bank.

Sec. 4. *Payment of Subscriptions*

(a) Payment of the subscriptions to the capital stock of the Bank as set forth in Annex A shall be made as follows:

(i) Payment of the amount subscribed by each country to the paid-in capital stock of the Bank shall be made in three installments, the first of which shall be 20 percent, and the second and third each 40 percent, of such amount. The first installment shall be paid by each country at any time on or after the date on which this Agreement is signed, and the instrument of acceptance or ratification deposited, on its behalf in accordance with Article XV, Section 1, but not later than September 30, 1960. The remaining two installments shall be paid on such dates as are determined by the Bank, but not sooner than September 30, 1961, and September 30, 1962, respectively.

Of each installment, 50 percent shall be paid in gold and/or dollars and 50 percent in the currency of the member.

(ii) The callable portion of the subscription for capital shares of the Bank shall be subject to call only when required to meet the obligations of the Bank created under Article III, Section 4 (ii) and (iii) on borrowings of funds for inclusion in the Bank's ordinary capital resources or guarantees chargeable to such resources. In the event of such a call, payment may be made at the option of the member either in gold, in United States dollars, or in the currency required to discharge the obligations of the Bank for the purpose for which the call is made.

Calls on unpaid subscriptions shall be uniform in percentage on all shares.

(b) Each payment of a member in its own currency under paragraph (a) (i) of this section shall be in such amount as, in the opinion of the Bank, is equivalent to the full value in terms of United States dollars of the weight and fineness in effect on January 1, 1959, 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 60 days of the date on which the payment was due, as the Bank shall determine to be necessary to constitute the full dollar value equivalent as provided in this paragraph.

(c) Unless otherwise determined by the Board of Governors by a three-fourths majority of the total voting power of the member countries, the liability of members for payment of the second and third installments of the paid-in portion of their subscriptions to the capital stock shall be conditional upon payment of not less than 90 percent of the total obligations of the members due for—

(i) the first and second installments, respectively, of the paid-in portion of the subscriptions; and

(ii) the initial payment and all prior calls on the subscription quotas to the Fund.

SEC. 5. Ordinary Capital Resources

As used in this Agreement, the term "ordinary capital resources" of the Bank shall be deemed to include the following:

- (i) authorized capital, including both paid-in and callable shares, subscribed pursuant to Sections 2 and 3 of this article;
- (ii) all funds raised by borrowings under the authority of Article VII, Section 1(i) to which the commitment set forth in Section 4(a)(ii) of this article is applicable;
- (iii) all funds received in repayment of loans made with the resources indicated in (i) and (ii) of this section; and
- (iv) all income derived from loans made from the aforementioned funds or from guarantees to which the commitment set forth in Section 4(a)(ii) of this article is applicable.

ARTICLE III. OPERATIONS

SECTION 1. Use of Resources

The resources and facilities of the Bank shall be used exclusively to implement the purpose and functions enumerated in Article I of this Agreement.

SEC. 2. Ordinary and Special Operations

(a) The operations of the Bank shall be divided into ordinary operations and special operations.

(b) The ordinary operations shall be those financed from the Bank's ordinary capital resources, as defined in Article II, Section 5, and shall relate exclusively to loans made, participated in, or guaranteed by the Bank which are repayable only in the respective currency or currencies in which the loans were made. Such operations shall be subject to the terms and conditions that the Bank deems advisable, consistent with the provisions of this Agreement.

(c) The special operations shall be those financed from the resources of the Fund in accordance with the provisions of Article IV.

SEC. 3. Basic Principle of Separation

(a) The ordinary capital resources of the Bank as defined in Article II, Section 5, shall at all times and in all respects be held, used, obligated, invested, or otherwise disposed of entirely separate from the resources of the Fund, as defined in Article IV, Section 3(h).

The financial statements of the Bank shall show the ordinary operations of the Bank and the operations of the Fund separately, and the Bank shall establish such other administrative rules as may be necessary to insure the effective separation of the two types of operations.

The ordinary capital resources of the Bank shall under no circumstances be charged with, or used to discharge, losses or liabilities arising out of operations for which the resources of the Fund were originally used or committed.

(b) Expenses pertaining directly to ordinary operations shall be charged to the ordinary capital resources of the Bank. Expenses pertaining directly to special operations shall be charged to the resources of the Fund. Other expenses shall be charged as the Bank determines.

SEC. 4. *Methods of Making or Guaranteeing Loans*

Subject to the conditions stipulated in this article, the Bank may make or guarantee loans to any member, or any agency or political subdivision thereof, and to any enterprise in the territory of a member, in any of the following ways:

(i) by making or participating in direct loans with funds corresponding to the unimpaired paid-in capital and, except as provided in Section 13 of this article, to its reserves and undistributed surplus; or with the unimpaired resources of the Fund;

(ii) by making or participating in direct loans with funds raised by the Bank in capital markets, or borrowed or acquired in any other manner for inclusion in the ordinary capital resources of the Bank or the resources of the Fund; and

(iii) by guaranteeing in whole or in part loans made, except in special cases, by private investors.

SEC. 5. *Limitations on Ordinary Operations*

(a) The total amount outstanding of loans and guarantees made by the Bank in its ordinary operations shall not at any time exceed the total amount of the unimpaired subscribed capital of the Bank, plus the unimpaired reserves and surplus included in the ordinary capital resources of the Bank, as defined in Article II, Section 5, exclusive of income assigned to the special reserve established pursuant to Section 13 of this article and other income assigned by decision of the Board of Governors to reserves not available for loans or guarantees.

(b) In the case of loans made out of funds borrowed by the Bank to which the obligations provided for in Article II, Section 4(a)(ii) are applicable, the total amount of principal outstanding and payable to the Bank in a specific currency shall at no time exceed the total amount of principal of the outstanding borrowings by the Bank that are payable in the same currency.

SEC. 6. *Direct Loan Financing*

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

(a) By furnishing the borrower currencies of members, other than the currency of the member in whose territory the project is to be carried out, that are necessary to meet the foreign exchange costs of the project.

(b) By providing financing to meet expenses related to the purposes of the loan in the territories of the member in which the project is to be carried out. Only in special cases, particularly when the project indirectly gives rise to an increase in the demand for foreign exchange in that country, shall the financing granted by the Bank to meet local expenses be provided in gold or 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 local expenses incurred by the borrower.

SEC. 7. *Rules and Conditions for Making or Guaranteeing Loans*

(a) The Bank may make or guarantee loans subject to the following rules and conditions:

(i) the applicant for the loan shall have submitted a detailed proposal and the staff of the Bank shall have presented a writ-

ten report recommending the proposal after a study of its merits. In special circumstances, the Board of Executive Directors, by a majority of the total voting power of the member countries, may require that a proposal be submitted to the Board for decision in the absence of such a report;

(ii) in considering a request for a loan or a guarantee, the Bank shall take into account the ability of the borrower to obtain the loan from private sources of financing on terms which, in the opinion of the Bank, are reasonable for the borrower, taking into account all pertinent factors;

(iii) 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;

(iv) in the opinion of the Bank, the rate of interest, other charges and the schedule for repayment of principal are appropriate for the project in question;

(v) in guaranteeing a loan made by other investors, the Bank shall receive suitable compensation for its risk; and

(vi) loans made or guaranteed by the Bank shall be principally for financing specific projects, including those forming part of a national or regional development program. However, the Bank may make or guarantee overall loans to development institutions or similar agencies of the members in order that the latter may facilitate the financing of specific development projects whose individual financing requirements are not, in the opinion of the Bank, large enough to warrant the direct supervision of the Bank.

(b) The Bank shall not finance any undertaking in the territory of a member if that member objects to such financing.

SEC. 8. *Optional Conditions for Making or Guaranteeing Loans*

(a) In the case of loans or guarantees of loans to nongovernmental entities, the Bank may, when it deems it advisable, require that the member in whose territory the project is to be carried out, or a public institution or a similar agency of the member acceptable to the Bank, guarantee the repayment of the principal and the payment of interest and other charges on the loan.

(b) The Bank may attach such other conditions to the making of loans or guarantees as it deems appropriate, taking into account both the interests of the members directly involved in the particular loan or guarantee proposal and the interests of the members as a whole.

SEC. 9. *Use of Loans Made or Guaranteed by the Bank*

(a) Except as provided in Article V, Section 1, the Bank shall impose no condition that the proceeds of a loan shall be spent in the territory of any particular country nor that such proceeds shall not be spent in the territories of any particular member or members.

(b) 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, with due attention to considerations of economy and efficiency.

SEC. 10. *Payment Provisions for Direct Loans*

Direct loan contracts made by the Bank in conformity with Section 4 (i) or (ii) of this article shall establish:

(a) All the terms and conditions of each loan, including among others, provision for payment of principal, interest and other charges, maturities, and dates of payment; and

(b) The currency or currencies in which payments shall be made to the Bank.

SEC. 11. *Guarantees*

(a) In guaranteeing a loan the Bank shall charge a guarantee fee, at a rate determined by the Bank, payable periodically on the amount of the loan outstanding.

(b) Guarantee contracts concluded by the Bank shall provide that the Bank may terminate its liability with respect to interest if, upon default by the borrower and by 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.

(c) In issuing guarantees, the Bank shall have power to determine any other terms and conditions.

SEC. 12. *Special Commission*

On all loans, participations, or guarantees made out of or by commitment of the ordinary capital resources of the Bank, the latter shall charge a special commission. The special commission, payable periodically, shall be computed on the amount outstanding on each loan, participation, or guarantee and shall be at the rate of one per cent per annum, unless the Bank, by a two-thirds majority of the total voting power of the member countries, decides to reduce the rate of commission.

SEC. 13. *Special Reserve*

The amount of commissions received by the Bank under Section 12 of this article shall be set aside as a special reserve, which shall be kept for meeting liabilities of the Bank in accordance with Article VII, Section 3 (b) (i). The special reserve shall be held in such liquid form, permitted under this Agreement, as the Board of Executive Directors may decide.

ARTICLE IV. FUND FOR SPECIAL OPERATIONS

SECTION 1. *Establishment, Purpose, and Functions*

A Fund for Special Operations is established for the making of loans on terms and conditions appropriate for dealing with special circumstances arising in specific countries or with respect to specific projects.

The Fund, whose administration shall be entrusted to the Bank, shall have the purpose and functions set forth in Article I of this Agreement.

SEC. 2. *Applicable Provisions*

The Fund shall be governed by the provisions of the present article and all other provisions of this Agreement, excepting those inconsistent with the provisions of the present article and those expressly applying only to the ordinary operations of the Bank.

SEC. 3. Resources

(a) The original members of the Bank shall contribute to the resources of the Fund in accordance with the provisions of this section.

(b) Members of the Organization of American States that join the Bank after the date specified in Article XV, Section 1 (a), shall contribute to the Fund with such quotas, and under such terms, as may be determined by the Bank.

(c) The Fund shall be established with initial resources in the amount of one hundred and fifty million dollars (\$150,000,000) in terms of United States dollars of the weight and fineness in effect on January 1, 1959, which shall be contributed by the original members of the Bank in accordance with the quotas specified in Annex B.

(d) Payment of the quotas shall be made as follows:

(i) Fifty percent of its quota shall be paid by each member at any time on or after the date on which this Agreement is signed, and the instrument of acceptance or ratification deposited, on its behalf in accordance with Article XV, Section 1, but not later than September 30, 1960.

(ii) The remaining 50 percent shall be paid at any time subsequent to one year after the Bank has begun operations, in such amounts and at such times as are determined by the Bank; provided, however, that the total amount of all quotas shall be made due and payable not later than the date fixed for payment of the third installment of the subscriptions to the paid-in capital stock of the Bank.

(iii) The payments required under this section shall be distributed among the members in proportion to their quotas and shall be made one-half in gold and/or United States dollars, and one-half in the currency of the contributing member.

(e) Each payment of a member in its own currency under the preceding paragraph shall be in such amount as, in the opinion of the Bank, is equivalent to the full value, in terms of United States dollars of the weight and fineness in effect on January 1, 1959, of the portion of the quota 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 60 days of the date on which payment was due, as the Bank shall determine to be necessary to constitute the full dollar value equivalent as provided in this paragraph.

(f) Unless otherwise determined by the Board of Governors by a three-fourths majority of the total voting power of the member countries, the liability of members for payment of any call on the unpaid portion of their subscription quotas to the Fund shall be conditional upon payment of not less than 90 percent of the total obligations of the members for—

(i) the initial payment and all prior calls on such quota subscriptions to the Fund; and

(ii) any installments due on the paid-in portion of the subscriptions to the capital stock of the Bank.

(g) The resources of the Fund shall be increased through additional contributions by the members when the Board of Governors considers it advisable by a three-fourths majority of the total voting

power of the member countries. The provisions of Article II, Section 3 (b), shall apply to such increases, in terms of the proportion between the quota in effect for each member and the total amount of the resources of the Fund contributed by members.

(h) As used in this Agreement, the term "resources of the Fund" shall be deemed to include the following:

- (i) contributions by members pursuant to paragraphs (c) and (g) of this section;
- (ii) all funds raised by borrowing to which the commitment stipulated in Article II, Section 4(a) (ii) is not applicable, i.e., those that are specifically chargeable to the resources of the Fund;
- (iii) all funds received in repayment of loans made from the resources mentioned above;
- (iv) all income derived from operations using or committing any of the resources mentioned above; and
- (v) any other resources at the disposal of the Fund.

SEC. 4. *Operations*

(a) The operations of the Fund shall be those financed from its own resources, as defined in Section 3(h) of the present article.

(b) Loans made with resources of the Fund may be partially or wholly repayable in the currency of the member in whose territory the project being financed will be carried out. The part of the loan not repayable in the currency of the member shall be paid in the currency or currencies in which the loan was made.

SEC. 5. *Limitation on Liability*

In the operations of the Fund, the financial liability of the Bank shall be limited to the resources and reserves of the Fund, and the liability of members shall be limited to the unpaid portion of their respective quotas that has become due and payable.

SEC. 6. *Limitation on Disposition of Quotas*

The rights of members of the Bank resulting from their contributions to the Fund may not be transferred or encumbered, and members shall have no right of reimbursement of such contributions except in cases of loss of the status of membership or of termination of the operations of the Fund.

SEC. 7. *Discharge of Fund Liabilities on Borrowings*

Payments in satisfaction of any liability on borrowings of funds for inclusion in the resources of the Fund shall be charged—

- (i) first, against any reserve established for this purpose; and
- (ii) then, against any other funds available in the resources of the Fund.

SEC. 8. *Administration*

(a) Subject to the provisions of this Agreement, the authorities of the Bank shall have full powers to administer the Fund.

(b) There shall be a Vice President of the Bank in charge of the Fund. The Vice President shall participate in the meetings of the Board of Executive Directors of the Bank, without vote, whenever matters relating to the Fund are discussed.

(c) In the operations of the Fund the Bank shall utilize to the fullest extent possible the same personnel, experts, installations, offices, equipment, and services as it uses for its ordinary operations.

(d) The Bank shall publish a separate annual report showing the results of the Fund's financial operations, including profits or losses. At the annual meeting of the Board of Governors there shall be at least one session devoted to consideration of this report. In addition, the Bank shall transmit to the members a quarterly summary of the Fund's operations.

SEC. 9. *Voting*

(a) In making decisions concerning operations of the Fund, each member country of the Bank shall have the voting power in the Board of Governors accorded to it pursuant to Article VIII, Section 4 (a) and (b), and each director shall have the voting power in the Board of Executive Directors accorded to him pursuant to Article VIII, Section 4 (a) and (c).

(b) All decisions of the Bank concerning the operations of the Fund shall be adopted by a two-thirds majority of the total voting power of the member countries, unless otherwise provided in this article.

SEC. 10. *Distribution of Net Profits*

The Board of Governors of the Bank shall determine what portion of the net profits of the Fund shall be distributed among the members after making provision for reserves. Such net profits shall be shared in proportion to the quotas of the members.

SEC. 11. *Withdrawal of Contributions*

(a) No country may withdraw its contribution and terminate its relations with the Fund while it is still a member of the Bank.

(b) The provisions of Article IX, Section 3, with respect to the settlement of accounts with countries that terminate their membership in the Bank also shall apply to the Fund.

SEC. 12. *Suspension and Termination*

The provisions of Article X also shall apply to the Fund with substitution of terms relating to the Fund and its resources and respective creditors for those relating to the Bank and its ordinary capital resources and respective creditors.

ARTICLE V. CURRENCIES

SECTION 1. *Use of Currencies*

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

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

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

(ii) currencies of members purchased with the gold and dollar funds referred to in (i) of this paragraph;

(iii) currencies obtained by borrowings, pursuant to the provisions of Article VII, Section 1(i), for inclusion in the ordinary capital resources of the Bank;

(iv) gold and dollars received by the Bank in payment on account of principal, interest, and other charges, of loans made from the gold and dollar funds referred to in (i) of this paragraph; currencies received in payment of principal, interest, and other charges, of loans made from currencies referred to in (ii) and (iii) of this paragraph; and currencies received in payment of commissions and fees on all guarantees made by the Bank; and

(v) currencies, other than the member's own currency, received from the Bank pursuant to Article VII, Section 4(c) and Article IV, Section 10, in distribution of net profits.

(c) A member's currency held by the Bank, either in its ordinary capital resources or in the resources of the Fund, not covered by paragraph (b) of this section, also may be used by the Bank or any recipient from the Bank for payments in any country without restriction of any kind, unless the member notifies the Bank of its desire that such currency or a portion thereof be restricted to the uses specified in paragraph (a) of this section.

(d) Members may not place any restrictions on the holding and use by the Bank, for making amortization payments or anticipating payment of, or repurchasing part or all of, the Bank's own obligations, of currencies received by the Bank in repayment of direct loans made from borrowed funds included in the ordinary capital resources of the Bank.

(e) Gold or currency held by the Bank in its ordinary capital resources or in the resources of the Fund shall not be used by the Bank to purchase other currencies unless authorized by a two-thirds majority of the total voting power of the member countries.

SEC. 2. *Valuation of Currencies*

Whenever it shall become necessary under this Agreement to value any currency in terms of another currency, or in terms of gold, such valuation shall be determined by the Bank after consultation with the International Monetary Fund.

SEC. 3. *Maintenance of Value of the Currency Holdings of the Bank*

(a) Whenever the par value in the International Monetary Fund of a member's currency is reduced or the foreign exchange value of a member's currency has, in the opinion of the Bank, depreciated to a significant extent, the member shall pay to the Bank within a reasonable time an additional amount of its own currency sufficient to maintain the value of all the currency of the member held by the Bank in its ordinary capital resources, or in the resources of the Fund, excepting currency derived from borrowings by the Bank. The standard of value for this purpose shall be the United States dollar of the weight and fineness in effect on January 1, 1959.

(b) Whenever the par value in the International Monetary Fund of a member's currency is increased or the foreign exchange value of such member's currency has, in the opinion of the Bank, appreciated

to a significant extent, the Bank shall return to such member within a reasonable time an amount of that member's currency equal to the increase in the value of the amount of such currency which is held by the Bank in its ordinary capital resources or in the resources of the Fund, excepting currency derived from borrowings by the Bank. The standard of value for this purpose shall be the same as that established in the preceding paragraph.

(c) The provisions of this section may be waived by the Bank when a uniform proportionate change in the par value of the currencies of all the Bank's members is made by the International Monetary Fund.

SEC. 4. *Methods of Conserving Currencies*

The Bank shall accept from any member promissory notes or similar securities issued by the government of the member, or by the depository designated by such member, in lieu of any part of the currency of the member representing the 50 percent portion of its subscription to the Bank's authorized capital and the 50 percent portion of its subscription to the resources of the Fund, which, pursuant to the provisions of Article II and Article IV, respectively, are payable by each member in its national currency, provided such currency is not required by the Bank for the conduct of its operations. Such promissory notes or securities shall be non-negotiable, non-interest-bearing, and payable to the Bank at their par value on demand.

ARTICLE VI. TECHNICAL ASSISTANCE

SECTION 1. *Provision of Technical Advice and Assistance*

The Bank may, at the request of any member or members, or of private firms that may obtain loans from it, provide technical advice and assistance in its field of activity, particularly on—

(i) the preparation, financing, and execution of development plans and projects, including the consideration of priorities, and the formulation of loan proposals on specific national or regional development projects; and

(ii) the development and advanced training, through seminars and other forms of instruction, of personnel specializing in the formulation and implementation of development plans and projects.

SEC. 2. *Cooperative Agreements on Technical Assistance*

In order to accomplish the purposes of this article, the Bank may enter into agreements on technical assistance with other national or international institutions, either public or private.

SEC. 3. *Expenses*

(a) The Bank may arrange with member countries or firms receiving technical assistance, for reimbursement of the expenses of furnishing such assistance on terms which the Bank deems appropriate.

(b) The expenses of providing technical assistance not paid by the recipients shall be met from the net income of the Bank or of the Fund. However, during the first three years of the Bank's operations, up to three percent, in total, of the initial resources of the Fund may be used to meet such expenses.

ARTICLE VII. MISCELLANEOUS POWERS AND DISTRIBUTION OF PROFITS

SECTION 1. *Miscellaneous Powers of the Bank*

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

(i) borrow funds and in that connection to furnish such collateral or other security therefore as the Bank shall determine, provided that, before making a sale of its obligations in the markets of a country, the Bank shall have obtained the approval of that country and of the member in whose currency the obligations are denominated. In addition, in the case of borrowings of funds to be included in the Bank's ordinary capital resources, the Bank shall obtain agreement of such countries that the proceeds may be exchanged for the currency of any other country without restriction;

(ii) buy and sell securities it has issued or guaranteed or in which it has invested, provided that the Bank shall obtain the approval of the country in whose territories the securities are to be bought or sold;

(iii) with the approval of a two-thirds majority of the total voting power of the member countries, invest funds not needed in its operations in such obligations as it may determine;

(iv) guarantee securities in its portfolio for the purpose of facilitating their sale; and

(v) exercise such other powers as shall be necessary or desirable in furtherance of its purpose and functions, consistent with the provisions of this Agreement.

SEC. 2. *Warning 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.

SEC. 3. *Methods of Meeting Liabilities of the Bank in Case of Defaults*

(a) The Bank, in the event of actual or threatened default on loans made or guaranteed by the Bank using its ordinary capital resources, shall take such action as it deems appropriate with respect to modifying the terms of the loan, other than the currency of repayment.

(b) The payments in discharge of the Bank's liabilities on borrowings or guarantees under Article III, Section 4 (ii) and (iii) chargeable against the ordinary capital resources of the Bank shall be charged—

(i) first, against the special reserve provided for in Article III, Section 13; and

(ii) then, to the extent necessary and at the discretion of the Bank, against the other reserves, surplus, and funds corresponding to the capital paid in for shares.

(c) Whenever necessary to meet contractual payments of interest, other charges, or amortization on the Bank's borrowings, or to meet the Bank's liabilities with respect to similar payments on loans guaranteed by it chargeable to its ordinary capital resources, the Bank

may call upon the members to pay an appropriate amount of their callable capital subscriptions, in accordance with Article II, Section 4(e)(ii). Moreover, if the Bank believes that a default may be of long duration, it may call an additional part of such subscriptions not to exceed in any one year one percent of the total subscriptions of the members, for the following purposes:

- (i) to redeem prior to maturity, or otherwise discharge its 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 its liability on, all or part of its own outstanding obligations.

SEC. 4. *Distribution of Net Profits and Surplus*

(a) The Board of Governors may determine periodically what part of the net profits of the surplus shall be distributed. Such distributions may be made only when the reserves have reached a level which the Board of Governors considers adequate.

(b) The distributions referred to in the preceding paragraph shall be made in proportion to the number of shares held by each member.

(c) Payments shall be made in such manner and in such currency or currencies as the Board of Governors shall determine. If such payments are made to a member in currencies other than its own, the transfer of such currencies and their use by the receiving country shall be without restriction by any member.

ARTICLE VIII. ORGANIZATION AND MANAGEMENT

SECTION 1. *Structure of the Bank*

The Bank shall have a Board of Governors, a Board of Executive Directors, a President, an Executive Vice President, a Vice President in charge of the Fund, and such other officers and staff as may be considered necessary.

SEC. 2. *Board of Governors*

(a) All the powers of the Bank shall be vested in the Board of Governors. Each member shall appoint one governor and one alternate, who shall serve for five years, subject to termination of appointment at any time, or to reappointment, at the pleasure of the appointing member. No alternate may vote except in the absence of his principal. The Board shall select one of the governors as Chairman, who shall hold office until the next regular meeting of the Board.

(b) The Board of Governors may delegate to the Board of Executive Directors all its powers except power to—

- (i) admit new members and determine the conditions of their admission;
- (ii) increase or decrease the authorized capital stock of the Bank and contributions to the Fund;
- (iii) elect the President of the Bank and determine his remuneration;
- (iv) suspend a member, pursuant to Article IX, Section 2;
- (v) determine the remuneration of the executive directors and their alternates;
- (vi) hear and decide any appeals from interpretations of this Agreement given by the Board of Executive Directors;

(vii) authorize the conclusion of general agreements for co-operation with other international organizations;

(viii) approve, after reviewing the auditors' report, the general balance sheet and the statement of profit and loss of the institution;

(ix) determine the reserves and the distribution of the net profits of the Bank and of the Fund;

(x) select outside auditors to certify to the general balance sheet and the statement of profit and loss of the institution;

(xi) amend this Agreement; and

(xii) decide to terminate the operations of the Bank and to distribute its assets.

(c) The Board of Governors shall retain full power to exercise authority over any matter delegated to the Board of Executive Directors under paragraph (b) above.

(d) The Board of Governors shall, as a general rule, hold a meeting annually. Other meetings may be held when the Board of Governors so provides or when called by the Board of Executive Directors. Meetings of the Board of Governors also shall be called by the Board of Executive Directors whenever requested by five members of the Bank or by members having one-fourth of the total voting power of the member countries.

(e) A quorum for any meeting of the Board of Governors shall be an absolute majority of the total number of governors representing not less than two-thirds of the total voting power of the member countries.

(f) The Board of Governors may establish a procedure whereby the Board of Executive Directors, when it deems such action appropriate, may submit a specific question to a vote of the governors without calling a meeting of the Board of Governors.

(g) The Board of Governors, and the Board of Executive Directors to the extent authorized, may adopt such rules and regulations as may be necessary or appropriate to conduct the business of the Bank.

(h) Governors and alternates shall serve as such without compensation from the Bank, but the Bank may pay them reasonable expenses incurred in attending meetings of the Board of Governors.

SEC. 3. Board of Executive Directors

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

(b) There shall be seven executive directors, who shall not be governors, and of whom—

(i) one shall be appointed by the member having the largest number of shares in the Bank;

(ii) six shall be elected by the governors of the remaining members pursuant to the provisions of Annex C of this Agreement.

Executive directors shall be appointed or elected for terms of three years and may be reappointed or reelected for successive terms. They shall be persons of recognized competence and wide experience in economic and financial matters.

(c) Each executive director shall appoint an alternate who shall have full power to act for him when he is not present. Directors and

alternates shall be citizens of the member countries. None of the elected directors and their alternates may be of the same citizenship. Alternates may participate in meetings but may vote only when they are acting in place of their principals.

(d) Directors shall continue in office until their successors are appointed or elected. If the office of an elected director becomes vacant more than 180 days before the end of his term, a successor shall be elected for the remainder of the term by the governors who elected the former director. An absolute majority of the votes cast shall be required for election. While the office remains vacant, the alternate shall have all the powers of the former director except the power to appoint an alternate.

(e) The Board of Executive Directors shall function in continuous session at the principal office of the Bank and shall meet as often as the business of the Bank may require.

(f) A quorum for any meeting of the Board of Executive Directors shall be an absolute majority of the total number of directors representing not less than two-thirds of the total voting power of the member countries.

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

(h) The Board of Executive Directors may appoint such committees as it deems advisable. Membership of such committees need not be limited to governors, directors, or alternates.

(i) The Board of Executive Directors shall determine the basic organization of the Bank, including the number and general responsibilities of the chief administrative and professional positions of the staff, and shall approve the budget of the Bank.

SEC. 4. *Voting*

(a) Each member country shall have 135 votes plus one vote for each share of the capital stock of the Bank held by that country.

(b) In voting in the Board of Governors, each governor shall be entitled to cast the votes of the member country which he represents. Except as otherwise specifically provided in this Agreement, all matters before the Board of Governors shall be decided by a majority of the total voting power of the member countries.

(c) In voting in the Board of Executive Directors—

(i) the appointed director shall be entitled to cast the number of votes of the member country which appointed him;

(ii) each elected director shall be entitled to cast the number of votes that counted toward his election, which votes shall be cast as a unit; and

(ii) except as otherwise specifically provided in this Agreement, all matters before the Board of Executive Directors shall be decided by a majority of the total voting power of the member countries.

SEC. 5. *President, Executive Vice President, and Staff*

(a) The Board of Governors, by an absolute majority of the total number of governors representing not less than a majority of the total voting power of the member countries, shall elect a President of the

Bank who, while holding office, shall not be a governor or an executive director or alternate for either.

Under the direction of the Board of Executive Directors, the President of the Bank shall conduct the ordinary business of the Bank and shall be chief of its staff. He also shall be the presiding officer at meetings of the Board of Executive Directors, but shall have no vote, except that it shall be his duty to cast a deciding vote when necessary to break a tie.

The President of the Bank shall be the legal representative of the Bank. The term of office of the President of the Bank shall be five years, and he may be reelected to successive terms. He shall cease to hold office when the Board of Governors so decides by a majority of the total voting power of the member countries.

(b) The Executive Vice President shall be appointed by the Board of Executive Directors on the recommendation of the President of the Bank. Under the direction of the Board of Executive Directors and the President of the Bank, the Executive Vice President shall exercise such authority and perform such functions in the administration of the Bank as may be determined by the Board of Executive Directors. In the absence or incapacity of the President of the Bank, the Executive Vice President shall exercise the authority and perform the functions of the President.

The Executive Vice President shall participate in meetings of the Board of Executive Directors but shall have no vote at such meetings, except that he shall cast the deciding vote, as provided in paragraph (a) of this section, when he is acting in place of the President of the Bank.

(c) In addition to the Vice President referred to in Article IV, Section 8(b), the Board of Executive Directors may, on recommendation of the President of the Bank, appoint other vice presidents who shall exercise such authority and perform such functions as the Board of Executive Directors may determine.

(d) The President, officers, and staff of the Bank, in the discharge of their offices, owe their duty entirely to the Bank and shall recognize no other authority. Each member of the Bank shall respect the international character of this duty.

(e) The paramount consideration in the employment of the staff and in the determination of the conditions of service shall be the necessity of securing the highest standards of efficiency, competence, and integrity. Due regard shall be paid to the importance of recruiting the staff on as wide a geographical basis as possible.

(f) The Bank, its officers and employees shall not interfere in the political affairs of any member, nor shall they be influenced in their decisions by the political character of the member or members concerned. Only economic considerations shall be relevant to their decisions, and these considerations shall be weighed impartially in order to achieve the purpose and functions stated in Article I.

SEC. 6. Publication of Reports and Provision of Information

(a) The Bank shall publish an annual report containing an audited statement of the accounts. It shall also transmit quarterly to the members a summary statement of the financial position and a profit-and-loss statement showing the results of its ordinary operations.

(b) The Bank may also publish such other reports as it deems desirable to carry out its purpose and functions.

ARTICLE IX. WITHDRAWAL AND SUSPENSION OF MEMBERS

SECTION 1. *Rights To Withdraw*

Any member may withdraw from the Bank by delivering to the Bank at its principal office written notice of its intention to do so. Such withdrawal shall become finally effective on the date specified in the notice but in no event less than six months after the notice is delivered to 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.

After withdrawing, a 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, including those specified in Section 3 of this article. However, 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.

SEC. 2. *Suspension of Membership*

If a member fails to fulfill any of its obligations to the Bank, the Bank may suspend its membership by decision of the Board of Governors by a two-thirds majority of the total number of governors representing not less than three-fourths of the total voting power of the member countries.

The member so suspended shall automatically cease to be a member of the Bank one year from the date of its suspension unless the Board of Governors decides by the same majority to terminate the suspension.

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.

SEC. 3. *Settlement of Accounts*

(a) After a country ceases to be a member, it no longer shall share in the profits or losses of the Bank, nor shall it incur any liability with respect to loans and guarantees entered into by the Bank thereafter. However, it shall remain liable for all amounts it owes the Bank and for its contingent liabilities to the Bank so long as any part of the loans or guarantees contracted by the Bank before the date on which the country ceased to be a member remains outstanding.

(b) When a country ceases to be a member, the Bank shall arrange for the repurchase of such country's capital stock as a part of the settlement of accounts pursuant to the provisions of this section; but the country shall have no other rights under this Agreement except as provided in this section and in Article XIII, Section 2.

(c) The Bank and the country ceasing to be a member may agree on the repurchase of the capital stock on such terms as are deemed appropriate in the circumstances, without regard to the provisions of the following paragraph. Such agreement may provide, among other things, for a final settlement of all obligations of the country to the Bank.

(d) If the agreement referred to in the preceding paragraph has not been consummated within six months after the country ceases to be a member or such other time as the Bank and such country may agree upon, the repurchase price of such country's capital stock shall be its book value, according to the books of the Bank, on the date when the country ceased to be a member. Such repurchase shall be subject to the following conditions:

(i) As a prerequisite for payment, the country ceasing to be a member shall surrender its stock certificates, and such payment may be made in such installments, at such times and in such available currencies as the Bank determines, taking into account the financial position of the Bank.

(ii) Any amount which the Bank owes the country for the repurchase of its capital stock shall be withheld to the extent that the country or any of its subdivisions or agencies remains liable to the Bank as a result of loan or guarantee operations. The amount withheld may, at the option of the Bank, be applied on any such liability as it matures. However, no amount shall be withheld on account of the country's contingent liability for future calls on its subscription pursuant to Article II, Section 4(a)(ii).

(iii) If the Bank sustains net losses on any loans or participations, or as a result of any guarantees, outstanding on the date the country ceased to be a member, and the amount of such losses exceeds the amount of the reserves provided therefor on such date, such country shall repay on 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 book value of the shares, according to the books of the Bank, was determined. In addition, the former member shall remain liable on any call pursuant to Article II, Section 4(a)(ii), to the 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 share had been determined.

(e) In no event shall any amount due to a country for its shares under this section be paid until six months after the date upon which the country ceases to be a member. If within that period the Bank terminates operations, all rights of such country shall be determined by the provisions of Article X, and such country shall be considered still a member of the Bank for the purposes of such article except that it shall have no voting rights.

ARTICLE X. SUSPENSION AND TERMINATION OF OPERATIONS

SECTION 1. *Suspension of Operations*

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

SEC. 2. *Termination of Operations*

The Bank may terminate its operations by a decision of the Board of Governors by a two-thirds majority of the total number of gover-

nors representing not less than three-fourths of the total voting power of the member countries. After such termination of operations the Bank shall forthwith cease all activities, except those incident to the conservation, preservation, and realization of its assets and settlement of its obligations.

SEC. 3. *Liability of Members and Payment of Claims*

(a) The liability of all members arising from the subscriptions to the capital stock of the Bank and in respect to the depreciation of their currencies shall continue until all direct and contingent obligations shall have been discharged.

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

SEC. 4. *Distribution of Assets*

(a) 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 shall have been discharged or provided for. Moreover, such distribution must be approved by a decision of the Board of Governors by a two-thirds majority of the total number of governors representing not less than three-fourths of the total voting power of the member countries.

(b) Any distribution of the assets of the Bank to the members shall be in proportion to 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 assets. 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.

(c) 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.

ARTICLE XI. STATUS, IMMUNITIES AND PRIVILEGES

SECTION 1. *Scope of Article*

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

SEC. 2. *Legal Status*

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

- (a) to contract;
- (b) to acquire and dispose of immovable and movable property;
- and
- (c) to institute legal proceedings.

SEC. 3. *Judicial Proceedings*

Actions may be brought against the Bank only in a court of competent jurisdiction in the territories of a member in which the Bank has an office, has appointed an agent for the purpose of accepting service or notice of process, or has issued or guaranteed securities.

No action shall be brought against the Bank by members or persons acting for or deriving claims from members. However, member countries shall have recourse to such special procedures to settle controversies between the Bank and its members as may be prescribed in this Agreement, in the bylaws and regulations of the Bank or in contracts entered into with the Bank.

Property and assets of the Banks 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.

SEC. 4. *Immunity of Assets*

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

SEC. 5. *Inviolability of Archives*

The archives of the Bank shall be inviolable.

SEC. 6. *Freedom of Assets From Restrictions*

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

SEC. 7. *Privilege for Communications*

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

SEC. 8. *Personal Immunities and Privileges*

All governors, executive directors, alternates, officers and employees of the Bank shall have the following privileges and immunities:

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

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

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

SEC. 9. *Immunities From Taxation*

(a) The Bank, its property, other assets, income, and the operations and transactions it carries out pursuant to this Agreement, shall be

immune from all taxation and from all customs duties. The Bank shall also be immune from any obligation relating to the payment, withholding or collection of any tax, or duty.

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

(c) No tax of any kind shall be levied on any obligation or security issued by the 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.

(d) 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.

SEC. 10. *Implementation*

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

ARTICLE XII. AMENDMENTS

(a) This Agreement may be amended only by decision of the Board of Governors by a two-thirds majority of the total number of governors representing not less than three-fourths of the total voting power of the member countries.

(b) Notwithstanding the provisions of the preceding paragraph, 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 as provided in Article IX, Section 1;

(ii) the right to purchase capital stock of the Bank and to contribute to the Fund as provided in Article II, Section 3(b) and in Article IV, Section 3(g), respectively; and

(iii) the limitation on liability as provided in Article II, Section 3(d) and Article IV, Section 5.

(c) Any proposal to amend this Agreement, whether emanating from a member or the Board of Executive Directors, shall be communicated to the Chairman of the Board of Governors, who shall bring the proposal before the Board of Governors. When an amendment has been adopted, the Bank shall so certify in an official commu-

nication addressed to all members. Amendments shall enter into force for all members three months after the date of the official communication unless the Board of Governors shall specify a different period.

ARTICLE XIII. INTERPRETATION AND ARBITRATION

SECTION 1. *Interpretation*

(a) Any question of interpretation of the provisions of this Agreement arising between any member and the Bank or between any members of the Bank shall be submitted to the Board of Executive Directors for decision.

Members especially affected by the question under consideration shall be entitled to direct representation before the Board of Executive Directors as provided in Article VIII, Section 3(g).

(b) In any case where the Board of Executive Directors has given a decision under (a) above, any member may require that the question be submitted to the Board of Governors, whose decision shall be final. Pending the decision of the Board of Governors, the Bank may, so far as it deems it necessary, act on the basis of the decision of the Board of Executive Directors.

SEC. 2. *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 decision to terminate the operation 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 Secretary General of the Organization of American States. If all efforts to reach a unanimous agreement fail, decisions shall be made by a majority vote of the three arbitrators.

The third arbitrator shall be empowered to settle all questions of procedure in any case where the parties are in disagreement with respect thereto.

ARTICLE XIV. GENERAL PROVISIONS

SECTION 1. *Principal Office*

The principal office of the Bank shall be located in Washington, District of Columbia, United States of America.

SEC. 2. *Relations With Other Organizations*

The Bank may enter into arrangements with other organizations with respect to the exchange of information or for other purposes consistent with this Agreement.

SEC. 3. *Channel of Communication*

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

SEC. 4. *Depositories*

Each member shall designate its central bank as a depository in which the Bank may keep its holdings of such member's currency and

other assets of the Bank. If a member has no central bank, it shall, in agreement with the Bank, designate another institution for such purpose.

ARTICLE XV. FINAL PROVISIONS

SECTION 1. *Signature and Acceptance*

(a) This Agreement shall be deposited with the General Secretariat of the Organization of American States, where it shall remain open until December 31, 1959, for signature by the representatives of the countries listed in Annex A. Each signatory country shall deposit with the General Secretariat of the Organization of American States an instrument setting forth that it has accepted or ratified this Agreement in accordance with its own laws and has taken the steps necessary to enable it to fulfill all of its obligations under this Agreement.

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

(c) At the time the instrument of acceptance or ratification is deposited on its behalf, each country shall deliver to the General Secretariat of the Organization of American States, for the purpose of meeting administrative expenses of the Bank, gold or United States dollars equivalent to one-tenth of one percent of the purchase price of the shares of the Bank subscribed by it and of its quota in the Fund. This payment shall be credited to the member on account of its subscription and quota prescribed pursuant to Articles II, Section 4(a)(i), and IV, Section 3(d)(i). At any time on or after the date on which its instrument of acceptance or ratification is deposited, any member may make additional payments to be credited to the member on account of its subscription and quota prescribed pursuant to Articles II and IV. The General Secretariat of the Organization of American States shall hold all funds paid under this paragraph in a special deposit account or accounts and shall make such funds available to the Bank not later than the time of the first meeting of the Board of Governors held pursuant to Section 3 of this article. If this Agreement has not come into force by December 31, 1959, the General Secretariat of the Organization of American States shall return such funds to the countries that delivered them.

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

SEC. 2. *Entry Into Force*

(a) This Agreement shall enter into force when it has been signed and instruments of acceptance or ratification have been deposited, in accordance with Section 1(a) of this article, by representatives of countries whose subscriptions comprise not less than 85 percent of the total subscriptions set forth in Annex A.

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

SEC. 3. Commencement of Operations

(a) The Secretary General of the Organization of American States shall call the first meeting of the Board of Governors as soon as this Agreement enters into force under Section 2 of this article.

(b) At the first meeting of the Board of Governors arrangements shall be made for the selection of the executive directors and their alternates in accordance with the provisions of Article VIII, Section 3, and for the determination of the date on which the Bank shall commence operations. Notwithstanding the provisions of Article VII, Section 3, the governors, if they deem it desirable, may provide that the first term to be served by such directors may be less than three years.

DONE at the city of Washington, District of Columbia, United States of America, in a single original, dated April 8, 1959, whose English, French, Portuguese, and Spanish texts are equally authentic.

ANNEX A—SUBSCRIPTIONS TO AUTHORIZED CAPITAL STOCK OF THE BANK

[In shares of U.S. \$10,000 each]

Country	Paid-in capital shares	Callable shares	Total subscription
Argentina.....	5,157	5,157	10,314
Bolivia.....	414	414	828
Brazil.....	5,157	5,157	10,314
Chile.....	1,416	1,416	2,832
Colombia.....	1,415	1,415	2,830
Costa Rica.....	207	207	414
Cuba.....	1,842	1,842	3,684
Dominican Republic.....	276	276	552
Ecuador.....	276	276	552
El Salvador.....	207	207	414
Guatemala.....	276	276	552
Haiti.....	207	207	414
Honduras.....	207	207	414
Mexico.....	3,315	3,315	6,630
Nicaragua.....	207	207	414
Panama.....	207	207	414
Paraguay.....	207	207	414
Peru.....	691	691	1,382
United States of America.....	15,000	20,000	35,000
Uruguay.....	553	553	1,106
Venezuela.....	2,763	2,763	5,526
Total.....	40,000	45,000	85,000

ANNEX B—CONTRIBUTION QUOTAS FOR THE FUND FOR SPECIAL OPERATIONS

[In thousands of U.S. dollars]

Country:	Quota
Argentina.....	10,314
Bolivia.....	828
Brazil.....	10,314
Chile.....	2,832
Colombia.....	2,830
Costa Rica.....	414
Cuba.....	3,684
Dominican Republic.....	552
Ecuador.....	552
El Salvador.....	414
Guatemala.....	552
Haiti.....	414
Honduras.....	414
Mexico.....	6,630
Nicaragua.....	414
Panama.....	414
Paraguay.....	414
Peru.....	1,382
United States of America.....	100,000
Uruguay.....	1,106
Venezuela.....	5,526
Total.....	150,000

ANNEX C—ELECTION OF EXECUTIVE DIRECTORS

(a) The six executive directors referred to in Article VIII, Section 3(b)(ii) shall be elected by the governors eligible to vote for that purpose.

(b) Each governor shall cast in favor of a single person all the votes to which the member he represents is entitled under Article VIII Section 4.

(c) In the first place, as many ballots as are necessary shall be taken until each of four candidates receives a number of votes that represents a percentage not less than the sum of the percentages appertaining to the country with the greatest voting power and to the country with the least voting power. For the purposes of this paragraph, the total voting power of the countries entitled to participate in the voting provided for under this annex shall be counted as 100 percent.

(d) In the second place, governors whose votes have not been cast in favor of any of the directors elected under paragraph (c) of this annex shall elect the other two directors on the basis of one vote for each governor. The two candidates who each receive a greater number of votes than any other candidate, on the same ballot, shall be elected executive directors, and the balloting shall be repeated until this occurs. After the balloting has been completed, each governor who did not vote for either of the candidates elected shall assign his vote to one of them.

The number of votes under Article VIII, Section 4, of each governor who has voted for or assigned his vote to a candidate elected hereunder shall be deemed for the purposes of Article VIII, Section 4(c)(ii) to have counted toward the election of such candidate.

Inter-American Development Bank

Text of Public Law 86-147, 86th Congress [S. 1928], 73 Stat. 299, approved August 7, 1959, as amended by Public Law 88-259 [H.R. 7406], 78 Stat. 3, approved January 22, 1964, and by Public Law 89-6 [H.R. 45], 79 Stat. 23, approved March 24, 1965

AN ACT To provide for the participation of the United States in the Inter-American Development Bank.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Inter-American Development Bank Act".

ACCEPTANCE OF MEMBERSHIP

SEC. 2. The President is hereby authorized to accept membership for the United States in the Inter-American Development Bank (hereinafter referred to as the Bank), provided for by the agreement establishing the bank (hereinafter referred to as the agreement) deposited in the archives of the Organization of American States.

GOVERNOR, ALTERNATE GOVERNOR, AND EXECUTIVE DIRECTOR

SEC. 3. (a) The President, by and with the advice and consent of the Senate, shall appoint a Governor of the Bank and an alternate for the governor. The term of office for the governor and the alternate governor shall be five years, but each shall remain in office until a successor has been appointed.

(b) The President, by and with the advice and consent of the Senate, shall appoint an Executive Director of the Bank. Except as provided for in article XV, section 3, of the agreement, the term of office for the Executive Director shall be three years, but he shall remain in office until a successor has been appointed.

(c) No person shall be entitled to receive any salary or other compensation from the United States for services as a governor, alternate governor, or Executive Director.

NATIONAL ADVISORY COUNCIL ON INTERNATIONAL MONETARY AND FINANCIAL PROBLEMS

SEC. 4. The provisions of section 4 of the Bretton Woods Agreements Act, as amended (22 U. S. C. 286b), shall apply with respect to the Bank to the same extent as with respect to the International Bank for Reconstruction and Development and the International Monetary Fund. Reports with respect to the Bank under paragraphs

(5) and (6) of subsection (b) of section 4 of said Act, as amended, shall be included in the first report made thereunder after the establishment of the Bank and in each succeeding report.

CERTAIN ACTS NOT TO BE TAKEN WITHOUT AUTHORIZATION

SEC. 5. Unless Congress by law authorizes such action, neither the President nor any person or agency shall, on behalf of the United States, (a) subscribe to additional shares of stock under article II, section 3 of the agreement; (b) request or consent to any change in the quota of the United States under article IV, section 3, of the agreement; (c) accept any amendment under article XII of the agreement; or (d) make a loan or provide other financing to the Bank, except that loans or other financing may be provided to the Bank by a United States agency created pursuant to an Act of Congress which is authorized by law to make loans or provide other financing to international organizations. Unless Congress by law authorizes such action, no governor or alternate appointed to represent the United States shall vote for any increase of capital stock of the Bank under article II, section 2, of the agreement or any increase in the resources of the Fund for Special Operations under article IV, section 3(g) thereof.

DEPOSITORIES

SEC. 6. Any Federal Reserve Bank which is requested to do so by the Bank shall act as its depository or as its fiscal agent and the Board of Governors of the Federal Reserve System shall supervise and direct the carrying out of these functions by the Federal Reserve banks.

PAYMENT OF SUBSCRIPTION

SEC. 7. (a) There is hereby authorized to be appropriated, without fiscal year limitation, for the purchase of thirty-five thousand shares of capital stock in the Bank, \$350 million. In addition, there is hereby authorized to be appropriated, without fiscal year limitation, for payment of the subscription of the United States to the Fund for Special Operations, \$100 million.¹

(b) For the purpose of keeping to a minimum the cost to the United States of participation in the Bank, the Secretary of the Treasury, after paying the requisite part of the subscription and quota of the United States in the Bank required to be made under article II, section 4, and article IV, section 3, respectively, of the agreement, is authorized and directed to issue special notes of the United States from time to time, at par, and to deliver such notes to the Bank in exchange for dollars to the extent permitted by the agreement. The special notes provided for in this subsection shall be issued under the

¹ As of October 23, 1962, Congress has appropriated the entire subscription. See the following appropriation Acts: 75 Stat. 445 (1959); 75 Stat. 721 (1961) and 76 Stat. 1163 (1962).

Title II of the Foreign Aid and Related Agencies Appropriation Act, 1964, Public Law 88-258, 77 Stat. 862, approved January 6, 1964, contained the following provision: "For payment of subscriptions to the Inter-American Development Bank for expansion of the Fund for Special Operations, \$50,000,000 to remain available until expended: *Provided*, That this paragraph shall be effective only upon enactment into law of authorizing legislation." Section 2(b) of Public Law 88-259, 78 Stat. 3, approved January 22, 1964, enacted such authorizing legislation.

authority and subject to the provisions of the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act are extended to include the purposes for which special notes are authorized and directed to be issued under this subsection, but such notes shall bear no interest, shall be nonnegotiable and shall be payable on demand of the Bank. The face amount of special notes issued to the Bank under the authority of this subsection and outstanding at any one time shall not exceed, in the aggregate, the amount of the subscription and quota of the United States actually paid to the Bank under article II, section 4, and article IV, section 3, respectively, of the agreement.

(c) Any payment made to the United States by the Bank as a distribution of net income shall be covered into the Treasury as a miscellaneous receipt.

JURISDICTION AND VENUE OF ACTION

SEC. 8. For the purpose of any action which may be brought within the United States, its Territories or possessions, or the Commonwealth of Puerto Rico by or against the Bank in accordance with the agreement, the Bank shall be deemed to be an inhabitant of the Federal judicial district in which its principal office in the United States is located, and any such action at law or in equity to which the Bank shall be a party shall be deemed to arise under the laws of the United States, and the district courts of the United States shall have original jurisdiction of any such action. When the Bank is a defendant in any such action, it may, at any time before the trial thereof, remove such action from a State court into the district court of the United States for the proper district by following the procedure for removal of causes otherwise provided by law.

STATUS, IMMUNITIES AND PRIVILEGES

SEC. 9. The provisions of article X, section 4(c), and article XI, sections 2 to 9, both inclusive, of the agreement shall have full force and effect in the United States, its Territories and possessions, and the Commonwealth of Puerto Rico, upon acceptance of membership by the United States in, and the establishment of, the Bank.

SECURITIES ISSUED BY BANK AS INVESTMENT SECURITIES FOR NATIONAL BANKS

SEC. 10. The last sentence of paragraph seven of section 5136 of the Revised Statutes, as amended (12 U.S.C. 24), is amended by inserting after the words "International Bank for Reconstruction and Development" the words "or the Inter-American Development Bank" and by striking the words "said Bank" and inserting in lieu thereof "either of said Banks".

SECURITIES ISSUED BY BANK AS EXEMPT SECURITIES; REPORT FILED WITH SECURITIES AND EXCHANGE COMMISSION

SEC. 11. (a) Any securities issued by the Bank (including any guarantee by the Bank, whether or not limited in scope) in connection

with raising of funds for including in the Bank's ordinary capital resources as defined in article II, section 5, of the agreement, and any securities guaranteed by the Bank as to both principal and interest to which the commitment in article II, section 4(a) (ii), of the agreement is expressly applicable, shall be deemed to be exempted securities within the meaning of paragraph (a) (2) of section 3 of the Act of May 27, 1933, as amended (15 U.S.C. 77c), and paragraph (a) (12) of section 3 of the Act of June 6, 1934, as amended (15 U.S.C. 78c). The Bank shall file with the Securities and Exchange Commission such annual and other reports with regard to such securities as the Commission shall determine to be appropriate in view of the special character of the Bank and its operations and necessary in the public interest or for the protection of investors.

(b) The Securities and Exchange Commission, acting in consultation with the National Advisory Council on International Monetary and Financial Problems, is authorized to suspend the provisions of subsection (a) at any time as to any or all securities issued or guaranteed by the Bank during the period of such suspension. The Commission shall include in its annual reports to Congress such information as it shall deem advisable with regard to the operations and effect of this section and in connection therewith shall include any views submitted for such purpose by any association of dealers registered with the Commission.

CERTAIN REPORTS REQUIRED

SEC. 12. The reports of the National Advisory Council on International Monetary and Financial Problems provided for in section 4(b) (6) of the Bretton Woods Agreements Act (and referred to in section 4 of this Act) shall also cover and include the effectiveness of the provisions of section 11 of this Act and the exemption for securities issued by the Bank provided by section 5136 of the Revised Statutes in facilitating the operations of the Bank and the development of the economic resources of member countries of the Bank and the recommendations of the Council as to any modifications it may deem desirable in the provisions of this Act.

SEC. 13.² The United States Governor of the Bank is hereby authorized (1) to vote (A) for increases in the authorized capital stock of the Bank under article II, section 2, of the agreement, and (B) for an increase in the resources of the Fund for Special Operations under article IV, section 3, of the agreement, all as recommended by the Executive Directors in a report dated March 18, 1963, to the Board of Governors of the Bank; (2) to agree on behalf of the United States to subscribe to its proportionate share of the \$1,000,000,000 increase in the authorized callable capital stock of the Bank; and (3) to vote for an amendment to article VIII, section 3, of the agreement to provide that the Board of Governors may, upon certain conditions, increase by one the number of Executive Directors.

¹This section was added by section 1 of Public Law 88-259, 78 Stat. 3, approved January 22, 1964.

²Section 2(a) of Public Law 88-259 authorized the appropriation of \$411,760,000, without fiscal year limitation, for payment of the increased United States subscription under section 13.

FUND FOR SPECIAL OPERATIONS OF THE BANK¹

SEC. 14. (a) The United States Governor of the Bank is hereby authorized to vote in favor of the resolution entitled "Increase of Resources of the Fund for Special Operations" proposed by the Governors at their annual meeting in April 1964, and now pending before the Board of Governors of the Bank. Upon the adoption of such resolution, the United States Governor is authorized to agree, on behalf of the United States, to pay to the Fund for Special Operations of the Bank, the sum of \$750,000,000, in accordance with and subject to the terms and conditions of such resolution.

(b) There is hereby authorized to be appropriated without fiscal year limitation, for the United States share in the increase in the resources of the Fund for Special Operations of the Bank, the sum of \$750,000,000.

(c) With respect to any dollars herein provided, the voting power of the United States shall be exercised for the purpose of disapproving any loan from the Fund for Special Operations of the Bank for any project, enterprise, or activity in any country, during any period for which the President has suspended assistance to the government of such country because of any action taken on or after January 1, 1962, by the government of such country or any government agency or subdivision within such country as specified in paragraph (A), (B), or (C) of subsection (e) (1) of section 620 of the Foreign Assistance Act of 1961, as amended, and the failure of such country within a reasonable time to take appropriate steps to discharge its obligations or provide relief in accordance with the provisions of such subsection.

¹ Section 14 was added by Public Law 89-6, 79 Stat. 23, approved March 24, 1965.

Treaty of Rome Extract

ARTICLE 129

A European Investment Bank having legal personality shall hereby be established.

The members of the European Investment Bank shall be the Member States.

The Statute of the European Investment Bank shall form the subject of a Protocol annexed to this Treaty.

ARTICLE 130

The task of the European Investment Bank shall be to contribute, by calling on the capital markets and its own resources, to the balanced and smooth development of the Common Market in the interest of the Community. For this purpose, the Bank shall by granting loans and guarantees on a non-profit-making basis facilitate the financing of the following projects in all sectors of the economy:

(a) projects for developing less developed regions,

(b) projects for modernising or converting enterprises or for creating new activities which are called for by the progressive establishment of the Common Market where such projects by their size or nature cannot be entirely financed by the various means available in each of the Member States; and

(c) projects of common interest to several Member States which by their size or nature cannot be entirely financed by the various means available in each of the Member States.

Statute of the European Investment Bank

THE HIGH CONTRACTING PARTIES,

DESIROUS of laying down the Statute of the European Investment Bank provided for in Article 129 of this Treaty,

HAVE AGREED on the following provisions which shall be annexed to this Treaty:

ARTICLE 1

The European Investment Bank established by Article 129 of this Treaty, hereinafter referred to as "the Bank", shall be constituted and carry out its functions and activities in conformity with the provisions of this Treaty and of this Statute.

The seat of the Bank shall be fixed by the Governments of the Member States acting in common agreement.

ARTICLE 2

The purposes of the Bank shall be those laid down in Article 130 of this Treaty.

ARTICLE 3

In accordance with Article 129 of this Treaty, the following shall be members of the Bank:

the Kingdom of Belgium;
the Federal Republic of Germany;
the French Republic;
the Italian Republic;
the Grand Duchy of Luxembourg and
the Kingdom of the Netherlands.

ARTICLE 4

1. The Bank shall be provided with a capital of one thousand million units of account subscribed by the Member States in the following amounts:

Germany	300	million
France	300	million
Italy	240	million
Belgium	86.5	million
Netherlands . .	71.5	million
Luxembourg . .	2	million

The value of one unit of account shall be 0.88867088 grammes of fine gold.

The Member States shall be responsible only up to the amount of their share of the capital subscribed and not paid up.

2. The admission of a new member shall entail an increase in the subscribed capital corresponding to the additional capital brought in by the new member.

3. The Board of Governors, acting by means of a unanimous vote, may decide to increase the subscribed capital.

4. The share of the subscribed capital may not be ceded or given as collateral security and shall not be attachable.

ARTICLE 5

1. The Member States shall pay up 25 per cent of the subscribed capital, by five equal payments to be made not later than two months, nine months, sixteen months, twenty-three months and thirty months, respectively, after the date of the entry into force of this Treaty.

Each payment shall be made as to one-quarter in gold or a freely convertible currency and as to three-quarters in national currency.

2. The Board of Directors may require that the remaining 75 per cent of the subscribed capital be paid up, to the extent that such payment becomes necessary in order to meet the obligations of the Bank towards those who have provided its funds.

Each Member State shall pay an amount proportionate to its share of the subscribed capital in the currencies needed by the Bank in order to meet such obligations.

ARTICLE 6

The Board of Governors, acting by means of a qualified majority vote on a proposal of the Board of Directors, may decide that Member States shall grant to the Bank special interest-bearing loans if and in so far as the Bank shall need such loans in order to finance specific projects, provided that the Board of Directors shows that the Bank is unable to obtain the necessary resources in the capital markets on conditions which are suitable, having regard to the nature and object of the projects to be financed.

2. Special loans may not be demanded until the beginning of the fourth year after the date of the entry into force of this Treaty. They shall not exceed 400 million units of account in toto, or 100 million units of account *per annum*.

3. The duration of special loans shall be fixed in accordance with the duration of the loans or guarantees which the Bank proposes to grant by means of such special loans; it shall not exceed a period of twenty years. The Board of Governors, acting by means of a qualified majority vote on a proposal of the Board of Directors, may decide upon anticipated repayment of such special loans.

4. Special loans shall bear interest at the rate of 4 per cent *per annum*, unless the Board of Governors, taking due account of the trend and level of rates of interest in the capital markets, decides to fix a different rate.

5. Special loans shall be granted by the Member States *pro rata* to their subscription to the capital; they shall be paid in national currency within a period of six months after having been called.

6. In the event of the liquidation of the Bank, the special loans by Member States shall be repaid only after settlement of the other debts of the Bank.

ARTICLE 7

1. Where the par value of the currency of a Member State in relation to the unit of account as defined in Article 4 is reduced, the amount of

that State's share of the capital paid up by it in its national currency shall be adjusted, proportionately to the change occurring in the par value, by a complementary payment made to the credit of the Bank by the State concerned. The amount subject to adjustment may not, however, exceed the total amount of loans granted by the Bank in the currency concerned and the Bank's holdings in that currency. The complementary payment shall be made within a period of two months or, to the extent that it corresponds to such loans, on the dates on which such loans fall due.

2. Where the par value of the currency of a Member State in relation to the unit of account as defined in Article 4 is increased, the amount of that State's share of the capital paid up by it in its national currency shall be adjusted, proportionately to the change occurring in the par value, by a repayment made to the credit of that State by the Bank. The amount subject to such adjustment may not, however, exceed the total amount of loans granted by the Bank in the currency concerned and the Bank's holdings in that currency. The repayment shall be made within a period of two months or, to the extent that it corresponds to loans, on the dates on which such loans fall due.

3. The par value of the currency of a Member State in relation to the unit of account as defined in Article 4 shall be the relation between the weight of fine gold contained in the unit of account and the weight of fine gold corresponding to the par value of such currency as declared to the International Monetary Fund. Failing this, the par value shall be taken from the rate of exchange in relation to a currency either quoted in or convertible into gold, as applied by the Member State for current payments.

4. The Board of Governors may decide that the rules laid down in paragraphs 1 and 2 shall not be applied in the event of a uniformly proportionate adjustment being made in the par value of all the currencies of the countries members of the International Monetary Fund or of the members of the Bank.

ARTICLE 8

The Bank shall be administered and managed by a Board of Governors, a Board of Directors and a Management Committee.

ARTICLE 9

1. The Board of Governors shall be composed of Ministers appointed by the Member States.

2. The Board of Governors shall lay down general directives concerning the credit policy of the Bank, particularly with regard to those objectives which will call for consideration during the progressive realisation of the Common Market.

The Board of Governors shall ensure the implementation of these directives.

3. In addition, the Board of Governors shall:

(a) decide, in accordance with Article 4, paragraph 3, on any increase of the subscribed capital;

(b) exercise the powers provided for in Article 6 with regard to special loans;

(c) exercise the powers provided for in Articles 11 and 13 with regard to the appointment and removal from office of members of the Board of Directors and the Management Committee;

(d) authorise the derogation provided for in Article 18, paragraph 1;

(e) approve the annual report drawn up by the Board of Directors;

(f) approve the annual balance sheet and the profit and loss account;

(g) exercise the powers and competence provided for in Article 7, 14, 17, 26 and 27; and

(h) approve the rules of procedure of the Bank.

4. The Board of Governors, acting by means of a unanimous vote, is empowered to take, within the framework of this Treaty and this Statute, any decisions in regard to the suspension of the Bank's activities and its possible liquidation.

ARTICLE 10

Except where otherwise provided for in this Statute, the decisions of the Board of Governors shall be taken by means of a majority vote of its members. Voting by the Board of Governors shall be governed by the provisions of Article 148 of this Treaty.

ARTICLE 11

1. The Board of Directors shall have exclusive powers of decision in respect of the granting of loans and guarantees and of the raising of loans; it shall fix the rates of interest for loans granted and the guarantee commissions; it shall supervise and ensure the sound administration of the Bank; it shall ensure that the Bank is managed in conformity with the provisions of this Treaty and Statute and with the general directives laid down by the Board of Governors.

The Board of Directors shall submit a report as at the end of the financial year to the Board of Governors and shall publish it after approval.

2. The Board of Directors shall be composed of twelve directors and twelve alternates.

The directors shall be appointed by the Board of Governors for a term of five years, on nomination by the Member States and the Commission respectively, as follows:

- 3 directors nominated by the Federal Republic of Germany;
- 3 directors nominated by the French Republic;
- 3 directors nominated by the Italian Republic;
- 2 directors nominated by the Benelux countries acting in common agreement; and
- 1 director nominated by the Commission.

Their term of office shall be renewable.

Each director shall be assisted by an alternate appointed under the same conditions and according to the same procedure as the directors.

The alternates may take part in the meetings of the Board of Directors; they shall not have a right to vote unless replacing a director when the latter is unable to carry out his duties.

The Chairman or, in his absence, one of the Vice-Chairmen of the Management Committee shall preside over meetings of the Board of Directors, but shall not vote.

The members of the Board of Directors shall be chosen from among persons of indisputable independence and competence; they shall be responsible only to the Bank.

3. A director may be removed from office by the Board of Governors, acting by means of a qualified majority vote, only in the case where he no longer fulfils the conditions necessary for the exercise of his functions.

The non-approval of the annual report shall entail the resignation of the Board of Directors.

4. In the event of any vacancy arising as a result of death or of individual or collective resignation or of removal from office, such vacancy shall be filled according to the rules laid down in paragraph 2. Save in cases of entire renewal, members shall be replaced for the remainder of their term of office.

5. The Board of Governors shall fix the remuneration of members of the Board of Directors. The Board of Governors, acting by means of a unanimous vote, shall determine what matters are incompatible with regard to the functions of a director or an alternate.

ARTICLE 12

1. Each director shall have one vote on the Board of Directors.
2. Unless otherwise provided for in this Statute, the Board of Directors shall take its decisions by simple majority of the members of the Board entitled to vote. A qualified majority shall mean a majority of at least eight votes. The rules of procedure of the Bank shall fix the quorum necessary for the deliberations of the Board of Directors.

ARTICLE 13

1. The Management Committee shall be composed of a Chairman and two Vice-Chairmen appointed for a term of six years by the Board of Governors on a proposal of the Board of Directors. Their term of office shall be renewable.
2. On a proposal of the Board of Directors, acting by means of a qualified majority vote, the Board of Governors, acting in its turn by means of a qualified majority vote, may remove members of the Management Committee from office.
3. The Management Committee shall be responsible for the management of the current affairs of the Bank, under the authority of the Chairman and under the supervision of the Board of Directors.

It shall prepare the decisions of the Board of Directors with regard, in particular, to the raising of loans and the granting of loans and guarantees; it shall be responsible for the implementation of such decisions.

4. The Management Committee, acting by means of a majority vote, shall formulate its opinions concerning projects for the granting of loans and guarantees and for the raising of loans.

5. The Board of Governors shall fix the remuneration of the members of the Management Committee and shall determine what matters are incompatible with their functions.

6. The Chairman, or, if he is unable to carry out his duties, one of the Vice-Chairmen shall represent the Bank in legal or non-legal matters.

7. The officials and other employees of the Bank shall be under the authority of the Chairman. They shall be engaged and dismissed by him. In the choice of staff, due account shall be taken not only of personal ability and professional qualifications but also of an equitable representation of the nationals of Member States.

8. The Management Committee and the staff of the Bank shall be responsible only to the Bank and shall be completely independent in the exercise of their functions.

ARTICLE 14

1. A Committee composed of three members, appointed on grounds of their competence by the Board of Governors, shall annually verify that the operations of the Bank are properly conducted and the books properly kept.

2. The Committee shall confirm that the balance sheet and profit and loss account are in conformity with the accounts and vouchers and faithfully reflect the situation of the Bank in regard to assets and liabilities.

ARTICLE 15

The Bank shall communicate with each Member State through the channel of the authority designated by the State concerned. In the

conduct of financial operations, the Bank shall have recourse to the bank of issue of the Member State concerned or to other financial institutions approved by the latter.

ARTICLE 16

1. The Bank shall co-operate with all international organisations whose fields of activity are similar to its own.
2. The Bank shall seek all suitable contacts with a view to co-operating with the banking and financial institutions of the countries to which it extends its operations.

ARTICLE 17

The Board of Governors shall, at the request of a Member State or of the Commission or *ex officio*, interpret or supplement, under the same conditions as those under which they were adopted, the directives laid down by the Board under the terms of Article 9 of this Statute.

ARTICLE 18

1. The Bank shall, within the framework of the task defined in Article 130 of this Treaty, grant loans to its members or to public or private enterprises for investment projects to be carried out within the European territories of Member States, to the extent that means from other sources are not available on reasonable terms.

The Bank may, however, by way of an exception, authorised unanimously by the Board of Governors on a proposal of the Board of Directors, grant loans for investment projects to be carried out, in whole or in part, outside the European territories of Member States.

2. The granting of loans shall, as far as possible, be made subject to the employment of other means of financing.
3. The Bank shall, when it has approved a loan to an enterprise or body other than a Member State, make the granting of such loan subject either to a guarantee from the Member State within whose territory the project is to be carried out, or to other adequate guarantees.

4. The Bank may guarantee loans raised by public or private enterprises or other bodies for the purpose of carrying out the operations provided for in Article 130 of this Treaty.

5. The total of outstanding loans and guarantees granted by the Bank shall not exceed 250 per cent of the amount of the subscribed capital.

6. The Bank shall protect itself against exchange risks by including in contracts for loans or guarantees such clauses as it considers appropriate.

ARTICLE 19

1. The rates of interest on loans to be granted by the Bank and the guarantee commissions shall be adapted to conditions prevailing in the capital market and shall be calculated in such a manner that the receipts resulting therefrom shall enable the Bank to meet its obligations, to cover its expenses and to constitute a reserve fund as provided for in Article 24.

2. The Bank shall not grant any reduction in rates of interest. Where a reduction in the rate of interest appears desirable, having regard to the particular nature of the project to be financed, the Member State concerned or a third party may grant a rebate on the interest to the extent that the grant of such rebate is compatible with the rules laid down in Article 92 of this Treaty.

ARTICLE 20

In its operations relating to loans and guarantees, the Bank shall observe the following principles:

It shall ensure that its funds are employed in the most rational manner in the interest of the Community.

It may grant loans or provide guarantees for raising loans only:

(a) where the service of interest and amortisation is guaranteed, in the case of projects carried out by enterprises in the sector of production by earnings, or in the case of other projects by an obligation of the State in which the project is carried out or by any other means; and

(b) where the execution of the project contributes to the increase of economic productivity in general and promotes the development of the Common Market.

2. It shall not acquire any interest in enterprises or undertake any responsibility in the management thereof unless the protection of its rights so requires in order to assure recovery of the debt concerned.

3. It may dispose of its claims in the capital market and may, for this purpose, require its debtors to issue bonds or other securities.

4. Neither the Bank nor the Member States shall impose any conditions according to which the sums lent by the Bank shall be expended within the territory of any specific Member State.

5. It may subject the granting of such loans to the inviting of international tenders.

6. It shall not finance, either in whole or in part, any project which is opposed by the Member State within whose territory it is to be carried out.

ARTICLE 21

1. Applications for loans or guarantees may be addressed to the Bank either through the intermediary of the Commission or through the intermediary of the Member State in whose territory the project is to be carried out. An enterprise may also apply directly to the Bank for a loan or guarantee.

2. Applications made through the intermediary of the Commission shall be submitted for an opinion to the Member State in whose territory the project is to be carried out. Applications made through the intermediary of the State shall be submitted for an opinion to the Commission. Applications made direct by an enterprise shall be submitted to the Member State concerned and to the Commission.

The Member States concerned and the Commission shall give their opinions within a period of not more than two months. Failing a reply within this time-limit, the Bank may assume that the project concerned does not give rise to any objection.

3. The Board of Directors shall rule as to applications for loans or guarantees which are submitted to it by the Management Committee.

4. The Management Committee shall examine whether applications for loans or guarantees submitted to it are in conformity with the provisions of this Statute, in particular, of Article 20. If the Management Committee rules in favour of granting the loan or guarantee, it shall submit the draft contract to the Board of Directors; the Committee may make its favourable opinion subject to such conditions as it thinks essential. If the Committee rules against the granting of the loans or guarantee, it shall submit to the Board of Directors the relevant documents together with its opinion.

5. Where the Management Committee gives an unfavourable opinion, the Board of Directors may only grant such loan or guarantee by means of a unanimous vote.

6. Where the Commission gives an unfavourable opinion, the Board of Directors may only grant such loan or guarantee by means of a unanimous vote, the director appointed on nomination by the Commission abstaining from voting on this occasion.

7. Where both the Management Committee and the Commission give an unfavourable opinion, the Board of Directors may not grant such loan or guarantee.

ARTICLE 22

1. The Bank shall borrow in the international capital markets the funds necessary to the accomplishment of its tasks.

2. The Bank may borrow in the capital market of a Member State within the framework of the legal provisions applying to internal issues or, failing such provisions in a Member State, after the Member State concerned and the Bank have consulted together and reached an agreement concerning the loan contemplated by the latter.

The assent of the competent agencies in the Member State may only be refused if serious disturbances in the capital market of that State are to be feared.

ARTICLE 23

1. The Bank may employ any available funds which it does not immediately need in order to meet its obligations, under the following conditions:

(a) it may make investments in the money market;

(b) it may, subject to the provisions of Article 20, paragraph 2, buy and sell securities issued by itself or by its debtors; or

(c) it may effect any other financial operation relating to its objective.

2. Without prejudice to the provisions of Article 25, the Bank shall not, in managing its investments, engage in any currency arbitrage which is not directly necessitated by the realisation of its loans or by the fulfilment of the obligations which it has contracted by reason of loans floated or guarantees granted by it.

3. The Bank shall, in the sphere referred to in this Article, act in agreement with the competent authorities of the Member States or with their respective banks of issue.

ARTICLE 24

1. A reserve fund, amounting to 10 per cent of the capital subscribed, shall be built up progressively. If the position of the Bank's obligations justifies it, the Board of Directors may decide upon the constitution of additional reserves. For as long as this reserve fund has not been completely built up, it shall be fed by:

(a) receipts from interest on loans granted by the Bank out of the amounts to be paid up by Member States under Article 5; and

(b) receipts from interest on loans granted by the Bank out of the funds derived from repayment to it of the loans referred to in subparagraph (a),

to the extent that these receipts from interest are not required to meet the obligations of the Bank or to cover its expenses.

2. The amounts in the reserve fund shall be invested so as to be at any time available to meet the purpose of that fund.

ARTICLE 25

1. The Bank shall at all times be authorised to transfer its holdings in the currency of one of the Member States into the currency of

another Member State in order to carry out financial operations in conformity with its task as defined in Article 130 of this Treaty and due account being taken of the provisions of Article 23 of this Statute. The Bank shall, as far as possible, avoid making such transfers if it possesses holdings available directly or on call in the currency needed by it.

2. The Bank may not convert its holdings in the currency of one of the Member States into the currency of a third country without the agreement of the Member State concerned.

3. The Bank may freely dispose both of that part of its capital which is paid up in gold or convertible currencies and of foreign currencies borrowed in markets outside the Community.

4. The Member States undertake to make available to the Bank's debtors the foreign currency necessary for the repayment of capital and interest on loans granted or guaranteed by the Bank for projects to be carried out in their territories.

ARTICLE 26

If a Member State fails to fulfil the obligations of membership resulting from this Statute and, in particular, that of paying up its share of the subscribed capital or its special loans or of ensuring the service of its borrowings to it, the granting of loans or guarantees to that Member State or to its nationals may be suspended by a decision of the Board of Governors acting by means of a qualified majority vote.

Such decision shall not release either the State itself or its nationals from their obligations towards the Bank.

ARTICLE 27

1. If the Board of Governors decides to suspend the activities of the Bank, all these activities shall immediately cease, with the exception of operations necessary to ensure the due utilisation, protection and conservation of its assets and the settlement of its obligations.

2. In the event of liquidation, the Board of Governors shall appoint the liquidators and give them instructions for carrying out the liquidation.

ARTICLE 28

1. The bank shall, in each of the Member States, possess the most extensive legal capacity accorded to legal persons under their respective municipal law; it may, in particular, acquire and transfer movable and immovable property and may sue and be sued in its own name.

The privileges and immunities to be granted to the Bank shall be laid down in the Protocol provided for in Article 218 of this Treaty.

2. The property of the Bank shall be exempt from requisitioning or expropriation in any form whatsoever.

ARTICLE 29

Any litigation between the Bank on the one hand and its creditors or debtors or any third parties on the other hand shall, subject to the competence conferred upon the Court of Justice, be decided upon by the competent domestic courts or tribunals.

The Bank shall elect domicile in each of the Member States. It may, however, in any contract, elect a special domicile or provide for an arbitration procedure.

The property and assets of the Bank shall not, except by judicial decision, be subject to seizure or to forced execution.

Done at Rome, on the twenty-fifth day of March in the year one thousand nine hundred and fifty-seven.

P. H. SPAAK.

J. Ch. SNOY et d'OPPUERS.

ADENAUER.

HALLSTEIN.

PINEAU.

M. FAURE.

Antonio SEGNI.

Gaetano MARTINO.

BECH.

Lambert SCHAUS.

J. LUNS.

J. LINTHORST HOMAN.

Asian Development Bank

Text of Articles of Agreement¹

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

ARTICLES OF AGREEMENT

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.

¹ In pursuance of resolution 62 (XXI) of the United Nations Economic Commission for Asia and the Far East, the Executive Secretary of ECAFE convened a Conference of Plenipotentiaries on the Asian Development Bank which met at Manila, Philippines, from December 2 to 4, 1965.

The Governments of the following twenty-seven States were represented at the Conference: Afghanistan, Australia, Belgium, Cambodia, Canada, Ceylon, China, Denmark, Federal Republic of Germany, India, Iran, Italy, Japan, Republic of Korea, Laos, Malaysia, Nepal, Netherlands, New Zealand, Pakistan, the Philippines, Republic of Viet-Nam, Singapore, Thailand, the United Kingdom, the United States of America, and Western Samoa.

The Conference unanimously adopted the above text of the Agreement Establishing the Asian Development Bank and opened it for signature on December 4, 1965.

This agreement has been signed by the following 22 countries, subject to ratification by their respective legislatures: Canada, Germany (Republic of), the Netherlands, United Kingdom, United States, Afghanistan, Australia, Cambodia, Ceylon, China (Republic of), India, Iran, Japan, Korea (Republic of), Laos, Malaysia, Nepal, New Zealand, Pakistan, Philippines, Thailand, and Western Samoa. The closing date for signatures is January 31, 1966. The Bank will enter into force when 15 countries, of whom 10 must be Asian, all of whom have 65 percent of the votes, deposit their instruments of ratification with the Secretary General of the United Nations. Article 64 states that the instruments of ratification or acceptance are to be deposited not later than September 30, 1966.

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 appli-

cant 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 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 currency 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 the 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, pro-

vided 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 ex-

penditures 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 supervision of the Bank;

(ii) In selecting suitable projects, the Bank shall always be guided by the provisions of 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 appro-

priate, 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 connexion 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 outstanding 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) or 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 therewith 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 connexion 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

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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 1(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 auditors' 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 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 the 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 connexion 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 obligations 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 that 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 subparagraph (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 re-

purchase 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 of 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 operations 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 on 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 shall 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 connexion 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, wherever 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 this 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, INTERPRETATIONS, 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 it 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 members 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 Eco-

conomic 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

Country	Amount of subscription (millions U.S. dollars)	Country	Amount of subscription (millions U.S. dollars)
1. Afghanistan.....	3.36	12. Nepal.....	2.16
2. Australia.....	85.00	13. New Zealand.....	22.56
3. Cambodia.....	3.00	14. Pakistan.....	32.00
4. Ceylon.....	8.52	15. Philippines.....	35.00
5. China, Republic of.....	16.00	16. Republic of Viet-Nam.....	7.00
6. India.....	93.00	17. Singapore.....	4.00
7. Iran.....	60.00	18. Thailand.....	20.00
8. Japan.....	200.00	19. Western Samoa.....	.06
9. Korea, Republic of.....	30.00		
10. Laos.....	.42		
11. Malaysia.....	20.00	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 (millions U.S. dollars)
1. Burma.....	7.74
2. Mongolia.....	.18
Total.....	7.92

Part B. Non-Regional Countries

I

Country	Amount of subscription (millions U.S. 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
2. Finland
3. Norway
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).

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 receives 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-six (26) 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 \$345 million, 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.

Asian Development Bank

Text of Public Law 89-369, 89th Congress [H.R. 12563], 80 Stat. 73, approved March 16, 1966

AN ACT To provide for the participation of the United States in the Asian Development Bank

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled. That this Act may be cited as the "Asian Development Bank Act".

ACCEPTANCE OF MEMBERSHIP

SEC. 2. The President is hereby authorized to accept membership for the United States in the Asian Development Bank (hereinafter referred to as the "Bank") provided for by the agreement establishing the Bank (hereinafter referred to as the "agreement") deposited in the archives of the United Nations.

SEC. 3. (a) The President, by and with the advice and consent of the Senate, shall appoint a Governor of the Bank, an alternate for the Governor, and a Director of the Bank.

(b) No person shall be entitled to receive any salary or other compensation from the United States for services as a Governor or Alternate Governor. The Director may, in the discretion of the President, receive such compensation, allowances, and other benefits as, together with those received by him from the Bank, will equal those authorized for a Chief of Mission, class 2, within the meaning of the Foreign Service Act of 1946, as amended.

SEC. 4. (a) The policies and operations of the representatives of the United States on the Bank shall be coordinated with other United States policies in such manner as the President shall direct.

(b) An annual report with respect to United States participation in the Bank shall be submitted to the Congress by such agency or officer as the President shall designate.

SEC. 5. Unless the Congress by law authorizes such action, neither the President nor any person or agency shall, on behalf of the United States, (a) subscribe to additional shares of stock of the Bank; (b) vote for or agree to any amendment of the agreement which increases the obligations of the United States, or which would change the purpose or functions of the Bank; or (c) make a loan or provide other financing to the Bank, except that funds for technical assistance not to exceed \$1,000,000 in any one year may be provided to the Bank by a United States agency created pursuant to an Act of Congress which is authorized by law to provide funds to international organizations.

DEPOSITORIES

SEC. 6. Any Federal Reserve bank which is requested to do so by the Bank shall act as its depository or as its fiscal agent, and the Board of Governors of the Federal Reserve System shall supervise and direct the carrying out of these functions by the Federal Reserve banks.

PAYMENT OF SUBSCRIPTIONS

SEC. 7. (a) There is hereby authorized to be appropriated, without fiscal year limitation, for the purchase of twenty thousand shares of capital stock of the Bank, \$200,000,000.

(b) Any payment made to the United States by the Bank as a distribution of net income shall be covered into the Treasury as a miscellaneous receipt.

JURISDICTION AND VENUE OF ACTIONS

SEC. 8. For the purpose of any civil action which may be brought within the United States, its territories or possessions, or the Commonwealth of Puerto Rico, by or against the Bank in accordance with the agreement, the Bank shall be deemed to be an inhabitant of the Federal judicial district in which its principal office or agency in the United States is located, and any such action to which the Bank shall be a party shall be deemed to arise under the laws of the United States, and the district courts of the United States, including the courts enumerated in title 28, section 460, United States Code, shall have original jurisdiction of any such action. When the Bank is a defendant in any action in a State court, it may, at any time before the trial thereof, remove such action into the district court of the United States for the proper district by following the procedure for removal of causes otherwise provided by law.

STATUS, IMMUNITIES, AND PRIVILEGES

SEC. 9. The agreement, and particularly articles 49 through 56, shall have full force and effect in the United States, its territories and possessions, and the Commonwealth of Puerto Rico, upon acceptance of membership by the United States in, and the establishment of, the Bank. The President, at the time of deposit of the instrument of acceptance of membership by the United States in the Bank, shall also deposit a declaration that the United States retains for itself and its political subdivisions the right to tax salaries and emoluments paid by the Bank to its citizens or nationals.

SECURITIES ISSUED BY BANK AS INVESTMENT SECURITIES FOR NATIONAL BANKS

SEC. 10. The last sentence of paragraph 7 of section 5136 of the Revised Statutes, as amended (12 U.S.C. 24), is amended by striking the word "or" after the words "International Bank for Reconstruction and Development" and inserting a comma in lieu thereof, and by inserting after the words "the Inter-American Development Bank" the words "or the Asian Development Bank".

**SECURITIES ISSUED BY BANK AS EXEMPT SECURITIES; REPORT FILED WITH
SECURITIES AND EXCHANGE COMMISSION**

SEC. 11. (a) Any securities issued by the Bank (including any guarantee by the Bank, whether or not limited in scope) in connection with raising of funds for inclusion in the Bank's ordinary capital resources as defined in article 7 of the agreement and any securities guaranteed by the Bank as to both principal and interest to which the commitment in article 6, section 5, of the agreement is expressly applicable, shall be deemed to be exempted securities within the meaning of paragraph (a) (2) of section 3 of the Act of May 27, 1933, as amended (15 U.S.C. 77c), and paragraph (a) (12) of section 3 of the Act of June 6, 1934, as amended (15 U.S.C. 78c). The Bank shall file with the Securities and Exchange Commission such annual and other reports with regard to such securities as the Commission shall determine to be appropriate in view of the special character of the Bank and its operations and necessary in the public interest or for the protection of investors.

(b) The Securities and Exchange Commission, acting in consultation with such agency or officer as the President shall designate, is authorized to suspend the provisions of subsection (a) at any time as to any or all securities issued or guaranteed by the Bank during the period of such suspension. The Commission shall include in its annual reports to Congress such information as it shall deem advisable with regard to the operations and effect of this section and in connection therewith shall include any views submitted for such purpose by any association of dealers registered with the Commission.

**AGREEMENT ESTABLISHING THE
AFRICAN DEVELOPMENT BANK**

THE GOVERNMENTS on whose behalf this Agreement is signed;

DETERMINED to strengthen African solidarity by means of economic co-operation between African States;

CONSIDERING the necessity of accelerating the development of the extensive human and natural resources of Africa in order to stimulate economic development and social progress in that region;

REALIZING the importance of co-ordinating national plans of economic and social development for the promotion of the harmonious growth of African economies as a whole and the expansion of African foreign trade and, in particular, inter-African trade;

RECOGNIZING that the establishment of a financial institution common to all African countries would serve these ends;

HAVE AGREED to establish hereby the African Development Bank (hereinafter called the "Bank") which shall be governed by the following provisions:

CHAPTER 1

Purpose, Functions, Membership and Structure

ARTICLE 1

Purpose

The purpose of the Bank shall be to contribute to the economic development and social progress of its members — individually and jointly.

ARTICLE 2

Functions

(1) To implement its purpose, the Bank shall have the following functions:

- (a) to use the resources at its disposal for the financing of investment projects and programmes relating to the economic and social development of its members, giving special priority to:
 - (i) projects or programmes which by their nature or scope concern several members; and
 - (ii) projects or programmes designed to make the economies of its members increasingly complementary and to bring about an orderly expansion of their foreign trade;
- (b) to undertake, or participate in, the selection, study and preparation of projects, enterprises and activities contributing to such development;
- (c) to mobilize and increase in Africa, and outside Africa, resources for the financing of such investment projects and programmes;
- (d) generally, to promote investment in Africa of public and private capital in projects or programmes designed to contribute to the economic development or social progress of its members;
- (e) to provide such technical assistance as may be needed in Africa for the study, preparation, financing and execution of development projects or programmes; and
- (f) to undertake such other activities and provide such other services as may advance its purpose.

(2) In carrying out its functions, the Bank shall seek to co-operate with national, regional and sub-regional development institutions

in Africa. To the same end, it should co-operate with other international organizations pursuing a similar purpose and with other institutions concerned with the development of Africa.

(3) The Bank shall be guided in all its decisions by the provisions of Articles 1 and 2 of this Agreement.

ARTICLE 3

Membership and Geographical Area

(1) Any African country which has the status of an independent State may become a member of the Bank. It shall acquire membership in accordance with paragraph (1) or paragraph (2) of Article 64 of this Agreement.

(2) The geographical area to which the membership and development activities of the Bank may extend (referred to in this Agreement as "Africa" or "African", as the case may be) shall comprise the continent of Africa and African islands.

ARTICLE 4

Structure

The Bank shall have a Board of Governors, a Board of Directors, a President, at least one Vice-President and such other officers and staff to perform such duties as the Bank may determine.

CHAPTER II

Capital

ARTICLE 5

Authorized Capital

(1) (a) The authorized capital stock of the Bank shall be 250,000,000 unit of account. It shall be divided into 25,000 shares of a

par value of 10,000 units of account each share, which shall be available for subscription by members.

(b) The value of the unit of account shall be 0.88867088 gramme of fine gold.

(2) The authorized capital stock shall be divided into paid-up shares and callable shares. The equivalent of 125,000,000 units of account shall be paid up, and the equivalent of 125,000,000 units of account shall be callable for the purpose defined in paragraph (4) (a) of Article 7 of this Agreement.

(3) The authorized capital stock may be increased as and when the Board of Governors deems it advisable. Unless that stock is increased solely to provide for the initial subscription of a member, the decision of the Board shall be adopted by a two-thirds majority of the total number of Governors, representing not less than three-quarters of the total voting power of the members.

ARTICLE 6

Subscription of Shares

(1) Each member shall initially subscribe shares of the capital stock of the Bank. The initial subscription of each member shall consist of an equal number of paid-up and callable shares. The initial number of shares to be subscribed by a State which acquires membership in accordance with paragraph (1) of Article 64 of this Agreement, shall be that set forth in its respect in Annex A to this Agreement, which shall form an integral part thereof. The initial number of shares to be subscribed by other members shall be determined by the Board of Governors.

(2) In the event of an increase of the capital stock for a purpose other than solely to provide for an initial subscription of a member, each member shall have the right to subscribe, on such uniform terms and conditions as the Board of Governors shall determine, a proportion of the increase of stock equivalent to the proportion which its stock theretofore subscribed bears to the total capital stock of the Bank. No member, however, shall be obligated to subscribe to any part of such increase.

(3) A member may request the Bank to increase its subscription on such terms and conditions as the Board of Governors may determine.

(4) Shares of stock initially subscribed by States which acquire membership in accordance with paragraph (1) of Article 64 of this Agreement shall be issued at par. Other shares shall be issued at par unless the Board of Governors by a majority of the total voting power of the members decides in special circumstances to issue them on other terms.

- (5) Liability on shares shall be limited to the unpaid portion of their issue price.
- (6) Shares shall not be pledged nor encumbered in any manner. They shall be transferable only to the Bank.

ARTICLE 7

Payment of Subscription

- (1) (a) Payment of the amount initially subscribed to the paid-up capital stock of the Bank by a member which acquires membership in accordance with paragraph (1) of Article 64, shall be made in six instalments, the first of which shall be five per cent, the second thirty-five per cent, and the remaining four instalments each fifteen per cent of that amount.
- (b) The first instalment shall be paid by the Government concerned on or before the date of deposit, on its behalf, of the instrument of ratification or acceptance of this Agreement in accordance with paragraph (1) of Article 64. The second instalment shall become due on the last day of a period of six months from the entry into force of this Agreement or on the day of the said deposit, whichever is the later day. The third instalment shall become due on the last day of a period of eighteen months from the entry into force of this Agreement. The remaining three instalments shall become due successively each on the last day of a period of one year immediately following the day on which the preceding instalment becomes due.
- (2) Payments of the amounts initially subscribed by the members of the Bank to the paid-up capital stock shall be made in gold or convertible currency. The Board of Governors shall determine the mode of payment of other amounts subscribed by the members to the paid-up capital stock.
- (3) The Board of Governors shall determine the dates for the payment of amounts subscribed by the members of the Bank to the paid-up capital stock to which the provisions of paragraph (1) of this Article do not apply.
- (4) (a) Payment of the amounts 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, pursuant to paragraph (1) (b) and (d) of Article 14, on borrowing of funds for inclusion in its ordinary capital resources or guarantees chargeable to such resources.
- (b) In the event of such calls, payment may be made at the option of the member concerned in gold, convertible currency or in the currency required to discharge the obligation

- of the Bank for the purpose of which the call is made.
- (c) Calls on unpaid subscriptions shall be uniform in percentage on all callable shares.
- (5) The Bank shall determine the place for any payment under this Article provided that, until the first meeting of its Board of Governors provided in Article 66 of this Agreement, the payment of the first instalment referred to in paragraph (1) of this Article shall be made to the Trustee referred to in Article 66.

ARTICLE 8

Special Funds

- (1) The Bank may establish, or be entrusted with the administration of, Special Funds which are designed to serve its purpose and come within its functions. It may receive, hold, use, commit or otherwise dispose of, resources appertaining to such Special Funds.
- (2) The resources of such Special Funds shall be kept separate and apart from the ordinary capital resources of the Bank in accordance with the provisions of Article 11 of this Agreement.
- (3) The Bank shall adopt such special rules and regulations as may be required for the administration and use of each Special Fund; provided always that :
- (a) such special rules and regulations shall be subject to paragraph (4) of Article 7, Articles 9 to 11, and those provisions of this Agreement which expressly apply to the ordinary capital resources or ordinary operations of the Bank;
 - (b) such special rules and regulations must be consistent with provisions of this Agreement which expressly apply to special resources or special operations of the Bank; and that
 - (c) where such special rules and regulations do not apply, the Special Funds shall be governed by the provisions of this Agreement.

ARTICLE 9

Ordinary Capital Resources

For the purposes of this Agreement, the expression "ordinary capital resources" of the Bank shall include :

- (a) authorized capital stock of the Bank subscribed pursuant to the provisions of Article 6 of this Agreement;
- (b) funds raised by borrowing of the Bank, by virtue of powers conferred in paragraph (a) of Article 23 of this Agreement,

- to which the commitment to calls provided for in paragraph (4) of Article 7 of this Agreement applies;
- (c) funds received in repayment of loans made with resources referred to in paragraphs (a) and (b) of this Article; and
- (d) income derived from loans made from the aforementioned funds; income from guarantees to which the commitment to calls provided for in paragraph (4) of Article 7 of this Agreement applies; as well as
- (e) any other funds or income received by the Bank which do not form part of its special resources.

ARTICLE 10 Special Resources

- (1) For the purposes of this Agreement, the expression "special resources" shall refer to the resources of Special Funds and shall include :
 - (a) resources initially contributed to any Special Fund;
 - (b) funds borrowed for the purposes of any Special Fund, including the Special Fund provided for in paragraph (6) of Article 24 of this Agreement;
 - (c) funds repaid in respect of loans or guarantees financed from the resources of any Special Fund which, under the rules and regulations governing that Special Fund, are received by that Special Fund;
 - (d) income derived from operations of the Bank by which any of the aforementioned resources or funds are used or committed if, under the rules and regulations governing the Special Fund concerned, that income accrues to the said Special Fund; and
 - (e) any other resources at the disposal of any Special Fund.
- (2) For the purposes of this Agreement, the expression "special resources appertaining to a Special Fund" shall include the resources, funds and income which are referred to in the preceding paragraph and are — as the case may be — contributed to, borrowed or received by, accruing to, or at the disposal of, the Special Fund concerned in conformity with the rules and regulations governing that Special Fund.

ARTICLE 11 Separation of Resources

- (1) The ordinary capital resources of the Bank shall at all times and in all respects be held, used, committed, invested or otherwise

disposed of, entirely separate from special resources. Each Special Fund, its resources and accounts shall be kept entirely separate from other Special Funds, their resources and accounts.

(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 operations or other activities of any Special Fund. Special resources appertaining to any Special Fund shall under no circumstances be charged with, or used to discharge, losses or liabilities arising out of operations or other activities of the Bank financed from its ordinary capital resources or from special resources appertaining to any other Special Fund.

(3) In the operations and other activities of any Special Fund, the liability of the Bank shall be limited to the special resources appertaining to that Special Fund which are at the disposal of the Bank.

CHAPTER III

Operations

ARTICLE 12

Use of Resources

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

ARTICLE 13

Ordinary and Special Operations

(1) The operations of the Bank shall consist of ordinary operations and of special operations.

(2) The ordinary operations shall be those financed from the ordinary capital resources of the Bank.

(3) The special operations shall be those financed from the special resources.

(4) The financial statements of the Bank shall show the ordinary operations and the special operations of the Bank separately. The Bank shall adopt such other rules and regulations as may be re-

quired to ensure the effective separation of the two types of its operations.

(5) 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 appropriate special resources. Other expenses shall be charged as the Bank shall determine.

ARTICLE 14

Recipients and Methods of Operations

(1) In its operations, the Bank may provide or facilitate financing for any member, political sub-division or any agency thereof or for any institution or undertaking in the territory of any member as well as for international or regional agencies or institutions concerned with the development of Africa. Subject to the provisions of this Chapter, the Bank may carry out its operations in any of the following ways:

(a) by making or participating in, direct loans out of:

(i) funds corresponding to its unimpaired subscribed paid-up capital and, except as provided in Article 20 of this Agreement, to its reserves and undistributed surplus; or out of

(ii) funds corresponding to special resources; or

(b) by making or participating in, direct loans out of funds borrowed or otherwise acquired by the Bank for inclusion in its ordinary capital resources or in special resources; or

(c) by investment of funds referred to in sub-paragraph (a) or (b) of this paragraph in the equity capital of an undertaking or institution; or

(d) by guaranteeing, in whole or in part, loans made by others.

(2) The provisions of this Agreement applying to direct loans which the Bank may make pursuant to sub-paragraph (a) or (b) of the preceding paragraph shall also apply to its participation in any direct loan undertaken pursuant to any of those sub-paragraphs. Equally, the provisions of this Agreement applying to guarantees of loans undertaken by the Bank pursuant to sub-paragraph (d) of the preceding paragraph shall apply where the Bank guarantees part of such a loan only.

ARTICLE 15

Limitations on Operations

(1) The total amount outstanding in respect of the ordinary operations of the Bank shall not at any time exceed the total amount of

its unimpaired subscribed capital, reserves and surplus included in its ordinary capital resources excepting, however, the special reserve provided for in Article 20 of this Agreement.

(2) The total amount outstanding in respect of the special operations of the Bank relating to any Special Fund shall not at any time exceed the total amount of the unimpaired special resources appertaining to that Special Fund.

(3) In the case of loans made out of funds borrowed by the Bank to which the commitment to calls provided for in paragraph (4) of Article 7 of this Agreement applies, 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 principal outstanding in respect of funds borrowed by the Bank that are payable in the same currency.

(4) (a) In the case of investments made by virtue of paragraph (1) (c) of Article 14 of this Agreement out of the ordinary capital resources of the Bank, the total amount outstanding shall not at any time exceed ten per cent of the aggregate amount of the paid-up capital stock of the Bank together with the reserves and surplus included in its ordinary capital resources excepting, however, the special reserve provided for in Article 20 of this Agreement.

(b) At the time it is made, the amount of any specific investment referred to in the preceding sub-paragraph shall not exceed a percentage of equity capital of the institution or undertaking concerned, which the Board of Governors shall have fixed for any investment to be made by virtue of paragraph (1) (c) of Article 14 of this Agreement. In no event shall the Bank seek to obtain by such an investment a controlling interest in the institution or undertaking concerned.

ARTICLE 16

Provision of Currencies for Direct Loans

In making direct loans, the Bank shall furnish 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 required to meet foreign exchange expenditure on that project; provided always that the Bank may, in making direct loans, provide financing to meet local expenditure on the project concerned:

(a) where it can do so by supplying local currency without selling any of its holdings in gold or convertible currencies; or

(b) where, in the opinion of the Bank, local expenditure on that project is likely to cause undue loss or strain on the balance

of payments of the country where that project is to be carried out and the amount of such financing by the Bank does not exceed a reasonable portion of the total local expenditure incurred on that project.

ARTICLE 17

Operational Principles

- (1) The operations of the Bank shall be conducted in accordance with the following principles :
- (a) (i) The operations of the Bank shall, except in special circumstances, provide for the financing of specific projects, or groups of projects, particularly those forming part of a national or regional development programme urgently required for the economic or social development of its members. They may, however, include global loans to, or guarantees of loans made to, African national development banks or other suitable institutions, in order that the latter may finance projects of a specified type serving the purpose of the Bank within the respective fields of activities of such banks or institutions;
 - (ii) In selecting suitable projects, the Bank shall always be guided by the provisions of paragraph (1) (a) of Article 2 of this Agreement and by the potential contribution of the project concerned to the purpose of the Bank rather than by the type of the project. It shall, however, pay special attention to the selection of suitable multinational projects;
 - (b) The Bank shall not provide for the financing of a project in the territory of a member if that member objects thereto;
 - (c) The Bank shall not provide for the financing of a project to the extent that in its opinion the recipient may obtain the finance or facilities elsewhere on terms that the Bank considers are reasonable for the recipient;
 - (d) Subject to the provisions of Articles 16 and 24 of this Agreement, the Bank shall not impose conditions enjoining that the proceeds of any financing undertaken pursuant to its ordinary operations shall be spent in the territory of any particular country nor that such proceeds shall not be spent in the territory of any particular country;
 - (e) In making or guaranteeing a loan, the Bank shall pay due regard to the prospects that the borrower and the guarantor, if any, will be in a position to meet their obligations under the loan;

- (f) In making or guaranteeing a loan, the Bank shall be satisfied that the rate of interest and other charges are reasonable and such rate, charges and the schedule for the repayment of principal are appropriate for the project concerned;
 - (g) 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 expenditure in connexion with the project as it is actually incurred;
 - (h) The Bank shall make arrangements to ensure that the proceeds of any loan made or guaranteed by it are used only for the purposes for which the loan was granted, with due attention to considerations of economy and efficiency;
 - (i) The Bank shall seek to maintain a reasonable diversification in its investments in equity capital;
 - (j) The Bank shall apply sound banking principles to its operations and, in particular, to its investments in equity capital. It shall not assume responsibility for managing any institution or undertaking in which it has an investment; and
 - (k) In guaranteeing a loan made by other investors, the Bank shall receive suitable compensation for its risk.
- (2) The Bank shall adopt such rules and regulations as are required for the consideration of projects submitted to it.

ARTICLE 18

Terms and Conditions for Direct Loans and Guarantees

- (1) In the case of direct loans made by the Bank, the contract :
 - (a) shall establish, in conformity with the operational principles set forth in paragraph (1) of Article 17 of this Agreement and subject to the other provisions of this Chapter, all the terms and conditions for the loan concerned, including those relating to amortization, interest and other charges, and to maturities and dates of payment; and, in particular
 - (b) shall provide that — subject to paragraph (3) (c) of this Article — payments to the Bank of amortization, interest, commission and other charges shall be made in the currency loaned, unless — in the case of a direct loan made as part of special operations — the rules and regulations provide otherwise.
- (2) In the case of loans guaranteed by the Bank, the contract of guarantee :
 - (a) shall establish, in conformity with the operational principles set forth in paragraph (1) of Article 17 of this Agreement and subject to the other provisions of this Chapter, all the

terms and conditions of the guarantee concerned including those relating to the fees, commission, and other charges of the Bank; and, in particular

- (b) shall provide that — subject to paragraph (3) (c) of this Article — all payments to the Bank under the guarantee contract shall be made in the currency loaned, unless — in the case of a loan guaranteed as part of special operations — the rules and regulations provide otherwise; and
 - (c) 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.
- (3) In the case of direct loans made or loans guaranteed by the Bank, the Bank :
- (a) in determining the terms and conditions for the operation, shall take due account of the terms and conditions on which the corresponding funds were obtained by the Bank;
 - (b) where the recipient is not a member, 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 institution of that member acceptable to the Bank, guarantee the repayment of the principal and the payment of interest and other charges on the loan;
 - (c) shall expressly state the currency in which all payments to the Bank under the contract concerned shall be made. At the option of the borrower, however, such payments may always be made in gold or convertible currency or, subject to the agreement of the Bank in any other currency; and
 - (d) may attach such other terms or conditions, as it deems appropriate, taking into account both the interest of the member directly concerned in the project and the interests of the members as a whole.

ARTICLE 19

Commission and Fees

- (1) The Bank shall charge a commission on direct loans made and guarantees given as part of its ordinary operations. This commission, payable periodically, shall be computed on the amount outstanding on each loan or guarantee and shall be at the rate of not less than one per cent per annum, unless the Bank, after the first ten years of its operations, decides to change this minimum rate by a majority of two-thirds of its members representing not less than three-quarters 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 the commission, fees and other charges in its special operations shall be determined by the Board of Directors.

ARTICLE 20

Special Reserve

The amount of commissions received by the Bank pursuant to Article 19 of this Agreement shall be set aside as a special reserve which shall be kept for meeting liabilities of the Bank in accordance with its Article 21. The special reserve shall be held in such liquid form, permitted under this Agreement, as the Board of Directors may decide.

ARTICLE 21

Methods of Meeting Liabilities of the Bank

(Ordinary Operations)

(1) Whenever necessary to meet contractual payments of interest, other charges or amortization on the borrowing of the Bank, or to meet its liabilities with respect to similar payments in respect of loans guaranteed by it and chargeable to its ordinary capital resources the Bank may call an appropriate amount of the unpaid subscribed callable capital in accordance with paragraph (4) of Article 7 of this Agreement.

(2) In cases of default in respect of a loan made out of 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 year one per cent of the total subscriptions of the members, for the following purposes :

- (a) To redeem before maturity, or otherwise discharge, its 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
- (b) To repurchase, or otherwise discharge, its liability on all or part of its own outstanding borrowing.

ARTICLE 22

Methods of Meeting Liabilities on Borrowings for Special Funds

Payments in satisfaction of any liability in respect of borrowings of funds for inclusion in the special resources appertaining to a Special Fund shall be charged :

- (i) first, against any reserve established for this purpose for or within the Special Fund concerned; and
- (ii) then, against any other assets available in the special resources appertaining to that Special Fund.

CHAPTER IV

Borrowing and Other Additional Powers

ARTICLE 23

General Powers

In addition to the powers provided elsewhere in this Agreement, the bank shall have power to:

- (a) borrow funds in member countries or elsewhere, and in that connexion to furnish such collateral or other security as it shall determine provided always that:
 - (i) before making a sale of its obligations in the market of a member, the Bank shall have obtained its approval;
 - (ii) where the obligations of the Bank are to be denominated in the currency of a member, the Bank shall have obtained its approval; and
 - (iii) where the funds to be borrowed are to be included in its ordinary capital resources, the Bank shall have obtained, where appropriate, the approval of the members referred to in sub-paragraphs (i) and (ii) of this paragraph that the proceeds may be exchanged for any other currency without any restrictions;
- (b) 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 member in whose territory the securities are to be bought or sold;
- (c) guarantee or underwrite securities in which it has invested in order to facilitate their sale;

- (d) invest funds not needed in its operations in such obligations as it may determine and invest funds held by the Bank for pensions or similar purposes in marketable securities;
- (e) undertake activities incidental to its operations such as, among others, the promotion of consortia for financing which serves the purpose of the Bank and comes within its functions;
- (f) (i) provide all technical advice and assistance which serve its purpose and come within its functions; and
(ii) where expenditure incurred by such a service is not reimbursed, charge the net income of the Bank therewith and, in the first five years of its operations, use up to one per cent of its paid-up capital on such expenditure; provided always that the total expenditure of the Bank on such services in each year of that period does not exceed one-fifth of that percentage; and
- (g) exercise such other powers as shall be necessary or desirable in furtherance of its purpose and functions, consistent with the provisions of this Agreement.

ARTICLE 24

Special Borrowing Powers

- (1) The Bank may request any member to loan amounts of its currency to the Bank in order to finance expenditure in respect of goods or services produced in the territory of that member for the purpose of a project to be carried out in the territory of another member.
- (2) Unless the member concerned invokes economic and financial difficulties which, in its opinion, are likely to be provoked or aggravated by the granting of such a loan to the Bank, that member shall comply with the request of the Bank. The loan shall be made for a period to be agreed with the Bank, which shall be in relation to the duration of the project which the proceeds of that loan are designed to finance.
- (3) Unless the member agrees otherwise, the aggregate amount outstanding in respect of its loans made to the Bank pursuant to this Article shall not, at any time, exceed the equivalent of the amount of its subscription to the capital stock of the Bank.
- (4) Loans to the Bank made pursuant to this Article shall bear interest, payable by the Bank to the lending member, at a rate which shall correspond to the average rate of interest paid by the Bank on its borrowings for Special Funds during a period of one year preceding the conclusion of the loan agreement. This rate shall in no

event exceed a maximum rate which the Board of Governors shall determine from time to time.

(5) The Bank shall repay the loan, and pay the interest due in respect thereof, in the currency of the lending member or in a currency acceptable to the latter.

(6) All resources obtained by the Bank by virtue of the provisions of this Article shall constitute a Special Fund.

ARTICLE 25

Warning 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.

ARTICLE 26

Valuation of Currencies and Determination of Convertibility

Whenever it shall become necessary under this Agreement:

(i) to value any currency in terms of another currency, in terms of gold or of the unit of account defined in paragraph (1) (b) of Article 5 of this Agreement; or

(ii) to determine whether any currency is convertible, such valuation or determination, as the case may be, shall be reasonably made by the Bank after consultation with the International Monetary Fund.

ARTICLE 27

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 anywhere, of the following:

(a) Gold or convertible currencies received by the Bank in payment of subscriptions to the capital stock of the Bank from its members;

- (b) currencies of members purchased with the gold or convertible currencies referred to in the preceding sub-paragraph;
 - (c) currencies obtained by the Bank by borrowing, pursuant to paragraph (2) of Article 23 of this Agreement, for inclusion in its ordinary capital resources;
 - (d) 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 (a) to (c) or in payment of commissions or fees in respect of guarantees issued by the Bank; and
 - (e) currencies, other than its own, received by a member from the Bank in distribution of the net income of the Bank in accordance with Article 42 of this Agreement.
- (2) 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 anywhere, of currency of a member received by the Bank which does not come within the provisions of the preceding paragraph, unless:
- (a) that member declares that it desires the use of such currency to be restricted to payments for goods or services produced in its territory; or
 - (b) such currency forms part of the special resources of the Bank 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 or anticipatory payments or for repurchasing — in whole or in part — its obligations, of currencies received by the Bank in repayment of direct loans made out of its ordinary capital resources.
- (4) The Bank shall not use gold or currencies which it holds for the purchase of other currencies of its members except:
- (a) in order to meet its existing obligations; or
 - (b) pursuant to a decision of the Board of Directors adopted by a two-thirds majority of the total voting power of the members.

ARTICLE 28

Maintenance of Value of the Currency Holdings of the Bank

- (1) Whenever the par value of the currency of a member is reduced in terms of the unit of account defined in paragraph (1) (b) of Article 5 of this Agreement, or its foreign exchange value has, in the opinion of the Bank, depreciated to a significant extent, that member shall

pay to the Bank within a reasonable time an amount of its currency required to maintain the value of all such currency held by the Bank excepting currency derived by the Bank from its borrowing.

(2) Whenever the par value of the currency of a member is increased in terms of the said unit of account, or its foreign exchange value has, in the opinion of the Bank, 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 currency derived by the Bank from its borrowing.

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

CHAPTER V

Organization and Management

ARTICLE 29

Board of Governors: Powers

(1) All the powers of the Bank shall be vested in the Board of Governors. In particular, the Board shall issue general directives concerning the credit policy of the Bank.

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

- (a) decrease the authorized capital stock of the Bank;
- (b) establish or accept the administration of Special Funds;
- (c) authorize the conclusion of general arrangements for co-operation with the authorities of African countries which have not yet attained independent status or of general agreements for co-operation with African governments which have not yet acquired membership of the Bank, as well as of such agreements with other governments and with other international organizations;
- (d) determine the remuneration of directors and their alternates;
- (e) select outside auditors to certify the General Balance Sheet and the Statement of Profit and Loss of the Bank and to select such other experts as may be necessary to examine and report on the general management of the Bank;

- (f) approve, after reviewing the report of the auditors, the General Balance Sheet and Statement of Profit and Loss of the Bank; and
 - (g) exercise such other powers as are expressly provided for that Board in this Agreement.
- (3) The Board of Governors shall retain full powers to exercise authority over any matter delegated to the Board of Directors pursuant to paragraph (2) of this Article.

ARTICLE 30

Board of Governors: Composition

- (1) Each member shall be represented on the Board of Governors and shall appoint one governor and one alternate governor. They shall be persons of the highest competence and wide experience in economic and financial matters and shall be nationals of the member States. Each governor and alternate shall serve for five years, subject to termination of appointment at any time, or to reappointment at any time, or to reappointment, 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 Chairman at 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 31

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 members of the Bank, or by members having one-quarter of the total voting power of the members.
- (2) A quorum for any meeting of the Board of Governors shall be a majority of the total number of Governors on their alternates, representing 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 it deems such

action advisable, obtain a vote of the governors on a specific question without calling a meeting of the Board.

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

ARTICLE 32

Board of Directors: Powers

Without prejudice to the powers of the Board of Governors as provided in Article 29 of this Agreement, the Board of Directors shall be responsible for the conduct of the general operations of the Bank and for this purpose shall, in addition to the powers provided for it expressly in this Agreement, exercise all the powers delegated to it by the Board of Governors, and in particular:

- (a) elect the President and on his recommendation, one or more Vice-Presidents of the Bank and determine their terms of service;
- (b) prepare the work of the Board of Governors;
- (c) in conformity with the general directives of the Board of Governors, take decisions concerning particular direct loans, guarantees, investments in equity capital and borrowing of funds by the Bank;
- (d) determine the rates of interest for direct loans and of commissions for guarantees;
- (e) submit the accounts for each financial year and an annual report for approval to the Board of Governors at each annual meeting; and
- (f) determine the general structure of the services of the Bank.

ARTICLE 33

Board of Directors: Composition

(1) The Board of Directors shall be composed of nine members who shall not be governors or alternate governors. They shall be elected by the Board of Governors in accordance with Annex B to this Agreement, which shall form an integral part thereof. In electing the Board of Directors, the Board of Governors shall have due regard to the high competence in economic and financial matters required for the office.

(2) Each director shall appoint an alternate who shall act for him

when he is not present. Directors and their alternates shall be nationals of member States; but no alternate may be of the same nationality as his director. An alternate may participate in meetings of the Board but may vote only when he is acting in place of his director.

(3) Directors shall be elected for a term of three years and may be re-elected. They shall continue in office until their successors are elected. If the office of a director becomes vacant more than 180 days before the end of his term, a successor shall be elected in accordance with Annex B to this Agreement, for the remainder of the term by the Board of Governors at its next session. 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 34

Board of Directors: Procedure

(1) The Board of Directors shall function in continuous session at the principal office of the Bank and shall meet as often as the business of the Bank may require.

(2) A quorum for any meeting of the Board of Directors shall be a majority of the total number of directors representing 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 be represented at a meeting of the Board of Directors when a request made by, or a matter particularly affecting, that member is under consideration.

ARTICLE 35

Voting

(1) Each member shall have 625 votes and, in addition, one vote for each share 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 shall be cast as a unit. Except as otherwise 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 36

The President: Appointment

The Board of Directors, by a majority of the total voting power of the members, shall elect the President of the Bank. He shall be a person of the highest competence in matters pertaining to the activities, management and administration of the Bank and shall be a national of a member State. While holding office, neither he nor any Vice-President shall be a governor or a director or alternate for either. The term of office of the President shall be five years. It may be renewed. He shall, however, cease to hold office if the Board of Directors so decides by a two-thirds majority of the voting power of the members.

ARTICLE 37

The Office of the President

- (1) 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.
- (2) 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 of the officers and staff of the Bank whom he shall appoint and release in accordance with regulations adopted by the Bank. He shall fix the terms of their employment in accordance with rules of sound management and financial policy.
- (3) The President shall be the legal representative of the Bank.
- (4) The Bank shall adopt regulations which shall determine who shall legally represent the Bank and perform the other duties of the President in the event that he is absent or that his office should become vacant.
- (5) In appointing the officers and staff, the President shall make it his foremost consideration to secure the highest standards of efficiency, technical competence and integrity. He shall pay full regard to the recruitment of personnel among nationals of African countries, especially as far as senior posts of an executive nature are concerned. He shall recruit them on as wide a geographical basis as possible.

ARTICLE 38

Prohibition of Political Activity, the International Character of the Bank

- (1) The Bank shall not accept loans or assistance that could in any way prejudice, limit, deflect or otherwise alter its purpose or functions.
- (2) The Bank, its President, Vice-President, 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 functions of the Bank.
- (3) The President, Vice-Presidents, officers and staff of the Bank, in 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 39

Office of the Bank

- (1) The principal office of the Bank shall be located in the territory of a member State. The choice of the location of the principal office of the Bank shall be made by the Board of Governors at its first meeting, taking into account the availability of facilities for the proper functioning of the Bank.
- (2) Notwithstanding the provisions of Article 35 of this Agreement, the choice of the location of the principal office of the Bank shall be made by the Board of Governors in accordance with the conditions that applied to the adoption of this Agreement.
- (3) The Bank may establish branch offices or agencies elsewhere.

ARTICLE 40

Channel of Communications, Depositories

- (1) Each member shall designate an appropriate authority with which the Bank may communicate in connexion with any matter arising under this Agreement.
- (2) Each member shall designate its central bank or such other institution as may be agreed by 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.

- (3) The Bank may hold its assets, including gold and convertible currencies, with such depositories as the Board of Directors shall determine.

ARTICLE 41

Publication of the Agreement, Working Languages, Provision of Information and Reports

- (1) The Bank shall endeavour to make available the text of this Agreement and all its important documents in the principal languages used in Africa. The working languages of the Bank shall be, if possible, African languages, English and French.
- (2) Members shall furnish the Bank with all information it may request of them in order to facilitate the performance of its functions.
- (3) The Bank shall publish and transmit to its members an Annual Report containing an audited statement of the accounts. It shall also transmit quarterly to the members a summary statement of its financial position and a profit and loss statement showing the results of its operations. The Annual Report and the Quarterly Statements shall be drawn up in accordance with the provisions of paragraph (4) of Article 13 of this Agreement.
- (4) The Bank may also publish such other reports as it deems desirable to carry out its purpose and functions. They shall be transmitted to the members of the Bank.

ARTICLE 42

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 its Special Funds, shall be allocated — after making provision for reserves — to surplus and what part, if any, shall be distributed.
- (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 VI

Withdrawal and Suspension of Members, Temporary Suspension and Termination of Operations of the Bank

ARTICLE 43

Withdrawal

- (1) Any member may withdraw from the Bank at any time by transmitting a notice in writing to the Bank at its principal office.
- (2) Withdrawal by a member shall become effective on the date specified in its notice but in no event less than six months after the date that notice has been received by the Bank.

ARTICLE 44

Suspension

- (1) If it appears to the Board of Directors that a member fails to fulfil any of its obligations to the Bank, that member shall be suspended by that Board unless the Board of Governors at a subsequent meeting, called by the Board of Directors for that purpose, decides otherwise by a decision taken by a majority of the Governors exercising a majority of the total voting power of the members.
- (2) A member so suspended shall automatically cease to be a member of the Bank one year from the date of suspension unless a decision is taken by the Board of Governors by the same majority 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 obligations.

ARTICLE 45

Settlement of Accounts

- (1) After the date on which a State ceases to be a member (hereinafter in this Article called the "termination date"), the member 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 the termination date is outstanding; but it shall cease to incur liabilities with respect to loans and guaran-

ices entered into thereafter by the Bank and to share either in the income or the expenses of the Bank.

(2) At the time a State ceases to be a member, the Bank shall arrange for the repurchase of its shares as a part of the settlement of accounts with that State 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 termination date.

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

(a) Any amount due to the State concerned for its shares shall be withheld so long as that State, its central Bank or any of its agencies 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 liability of the State resulting from its subscription for shares in accordance with paragraph (4) of Article 7 of this Agreement. In any event, no amount due to a member for its shares shall be paid until six months after the termination date.

(b) Payments for shares may be made from time to time, upon their surrender by the Government of the State 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 (a) of this paragraph until the former member has received the full repurchase price.

(c) Payments shall be made in the currency of the State receiving payment or, if such currency is not available, in gold or convertible currency.

(d) If losses are sustained by the Bank on any guarantees or loans which were outstanding on the termination date and the amount of such losses exceeds the amount of the reserve provided against losses on that date, the State 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 (4) of Article 7 of this Agreement, to the 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 47 of this Agreement within six months of the termination date, all rights of the State concerned shall be determined in accordance with the provisions of its Articles 47 to 49.

ARTICLE 46

Temporary Suspension of Operations

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

ARTICLE 47

Termination of Operations

- (1) The Bank may terminate its operations in respect of new loans and guarantees by a decision of the Board of Governors exercising a majority 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 48

Liability of Members and Payment of Claims

- (1) In the event of termination of the operations 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 be paid out of the assets of the Bank and then out of payments to the Bank on calls on unpaid subscriptions. Before making any payments to creditors holding direct claims, the Board of Directors shall make such arrangements as are necessary, in its judgement, to ensure a pro rata distribution among holders of direct and contingent claims.

ARTICLE 49

Distribution of Assets

- (1) In the event of termination of operations of the Bank, no distribution shall be made to members on account of their subscriptions to the capital stock of the Bank until:

- (i) All liabilities to creditors have been discharged or provided for; and
 - (ii) the Board of Governors has taken a decision to make a distribution. This decision shall be taken by the Board exercising a majority of the total voting power of the members.
- (2) After a decision to make a distribution has been taken in accordance with the preceding paragraph, the Board of Directors may by a two-thirds majority vote make successive distributions of the assets of the Bank to members until all assets have been distributed. This distribution shall be subject to the prior settlement of all outstanding claims of the Bank against each member.
- (3) Before any distribution of assets is made, the Board of Directors shall fix the proportionate share of each member according to the ratio of its shareholding to the total outstanding shares of the Bank.
- (4) The Board of Directors shall value the assets to be distributed at the date of distribution and then proceed to distribute in the following manner :
- (a) There shall be paid to each member in its own obligations or those of its official agencies or legal entities within its territories, to the extent that they are available for distribution, an amount equivalent in value to its proportionate share of the total amount to be distributed.
 - (b) Any balance due to a member after payment has been made in accordance with the preceding sub-paragraph, shall be paid in its currency, to the extent that it is held by the Bank, up to an amount equivalent in value to such balance.
 - (c) Any balance due a member after payment has been made in accordance with sub-paragraphs (a) and (b) of this paragraph shall be paid in gold or currency acceptable to that member, to the extent that they are held by the Bank, up to an amount equivalent in value to such balance.
 - (d) Any remaining assets held by the Bank after payments have been made to members in accordance with sub-paragraphs (a) to (c) of this paragraph shall be distributed pro rata among the members.
- (5) Any member receiving assets distributed by the Bank in accordance with the preceding paragraph, shall enjoy the same rights with respect to such assets as the Bank enjoyed before their distribution.

CHAPTER VII

Status, Immunities, Exemptions and Privileges

ARTICLE 50

Status

To enable it to fulfil its purpose and the functions with which it is entrusted, the Bank shall possess full international personality. To those ends, it may enter into agreements with members, non-member States and other international organizations. To the same ends, the status, immunities, exemptions and privileges set forth in this Chapter shall be accorded to the Bank in the territory of each member.

ARTICLE 51

Status in Member Countries

In the territory of each member the Bank shall possess full juridical personality and, in particular, full capacity :

- (a) to contract;
- (b) to acquire, and dispose of, immovable and movable property; and
- (c) to institute legal proceedings.

ARTICLE 52

Judicial Proceedings

(1) The Bank shall enjoy immunity from every form of legal process except in cases arising out of the exercise of its borrowing powers when it may be used only in a court of competent jurisdiction in the territory of a member in which the Bank has its principal office, or in the territory of a member or non-member State where it has appointed an agent for the purpose of accepting service or notice of process or has issued guaranteed securities. No actions shall, however, be brought by members or persons acting for or deriving claims from members.

(2) The property and assets of the Bank shall, wherever located and by whomsoever held, be immune from all forms of seizure, attachment or execution before the delivery of final judgement against the Bank.

ARTICLE 53

Immunity of Assets and Archives

- (1) Property and assets of the Bank, wherever 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.
- (2) The archives of the Bank and, in general, all documents belonging to it, or held by it, shall be inviolable, wherever located.

ARTICLE 54

Freedom of Assets from Restriction

To the extent necessary to carry out the purpose and functions of the Bank and subject to the provisions of this Agreement, all property and other assets of the Bank shall be exempt from restrictions, regulations, controls and moratoria of any nature.

ARTICLE 55

Privilege for Communications

Official communications of the Bank shall be accorded by each member the same treatment that it accords to the official communications of other members.

ARTICLE 56

Personal Immunities and Privileges

- (1) All governors, directors, alternates, officers and employees of the Bank:
 - (i) shall be immune from legal process with respect to acts performed by them in their official capacity;
 - (ii) where they are not local 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.
- (2) Experts and consultants performing missions for the Bank shall be accorded such immunities and privileges as are, in the opinion of the Bank, necessary for the independent exercise of their functions during the period of their mission, including the time spent on journeys in connexion therewith.

ARTICLE 57

Exemption from Taxation

- (1) The Bank, its property, other assets, 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 relating to 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 and other professional staff of the Bank.
- (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 58

Notification of Implementation

Each member shall promptly inform the Bank of the specific action which it has taken to make effective in its territory the provisions of this Chapter.

ARTICLE 59

Application of Immunities, Exemptions and Privileges

The immunities, exemptions and privileges provided in this Chapter are granted in the interests of the Bank. The Board of Directors may waive, to such extent and upon such conditions as it may determine, the immunities and exemptions provided in Article 52, 54, 56, and 57 of this Agreement in cases where its action would in its opinion, further the interests of the Bank. The President shall have the right and the duty to waive the immunity of any official in cases where, in his opinion, the immunity would impede the course of justice and can be waived without prejudice to the interests of the Bank.

CHAPTER VIII

Amendments, Interpretation, Arbitration

ARTICLE 60

Amendments

(1) Any proposal to introduce modifications to this Agreement, whether emanating from a member, a governor or the Board of Directors, shall be communicated to the Chairman of the Board of Governors, who shall bring the proposal before that Board. If the proposed amendment is approved by the Board, the Bank shall, by circular letter or telegram, ask the members whether they accept the proposed amendment. When two-thirds of the members having three-quarters of the total voting power of the members, have accepted the proposed amendment, the Bank shall certify the fact by formal communication addressed to the members.

(2) Notwithstanding paragraph (1) of this Article, acceptance by all the members is required for any amendment modifying:

- (i) the right secured by paragraph (2) of Article 6 of this Agreement;
- (ii) the limitation on liability provided in paragraph (5) of that Article; and
- (iii) the right to withdraw from the Bank provided in Article 43 of this Agreement.

(3) Amendments shall enter into force for all members three months after the date of the formal communication provided for in

paragraph (1) of this Article unless the Board of Governors specifies a different period.

(4) Notwithstanding the provisions of paragraph (1) of this Article, three years at the latest after the entry into force of this Agreement and in the light of the experience of the Bank, the rule according to which each member should have one vote shall be examined by the Board of Governors or at a meeting of Heads of State of the member countries in accordance with the conditions that applied to the adoption of this Agreement.

ARTICLE 61

Interpretation

(1) The English and French texts of this Agreement shall be regarded as equally authentic.

(2) Any question of interpretation of the provisions of this Agreement arising between any member and the Bank or between any 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 such cases. Such right of representation shall be regulated by the Board of Governors.

(3) In any case where the Board of Directors has given a decision under paragraph (2) of this Article, any member may require that the question be referred to the Board of Governors, whose decision shall be sought — under a procedure to be established in accordance with paragraph (3) of Article 31 of this Agreement — within three months. That decision shall be final.

ARTICLE 62

Arbitration

In the case of a dispute between the Bank and the Government of a State which has ceased to be a member, or between the Bank and any member upon the termination of the operations of the Bank, such dispute shall be submitted to arbitration by a tribunal of three arbitrators. One of the arbitrators shall be appointed by the Bank, another by the Government of the State concerned, and the third arbitrator, unless the parties otherwise agree, shall be appointed by such other authority as may have been prescribed by regulations adopted by the Board of Governors. The third arbitrator shall have full power to settle all questions of procedure in any case where the parties are in disagreement with respect thereto.

CHAPTER IX

Final Provisions

ARTICLE 63

Signature and Deposit

(1) This Agreement, deposited with the Secretary-General of the United Nations (hereinafter called the "Depository"), shall remain open until 31 December 1963 for signature by the Governments of States whose names are set forth in Annex A to this Agreement.

(2) The Depository shall communicate certified copies of this Agreement to all the Signatories.

ARTICLE 64

Ratification, Acceptance, Accession and Acquisition of Membership

(1) (a) This Agreement shall be subject to ratification or acceptance by the Signatories. Instruments of ratification or acceptance shall be deposited by the Signatory Governments with the Depository before 1 July 1965. The Depository shall notify each deposit and the date thereof to the other Signatories.

(b) A State 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 on the date on which its instrument of ratification or acceptance is deposited.

(2) States which do not acquire membership of the Bank in accordance with the provisions of paragraph (1) of this Article, may become members — after the Agreement has entered into force — by accession thereto on such terms as the Board of Governors shall determine. The Government of any such State shall deposit, on or before a date appointed by that Board, an instrument of accession with the Depository, who shall notify such deposit and the date thereof to the Bank and to the Parties to this Agreement. Upon the deposit, the State shall become member of the Bank on the appointed date.

ARTICLE 65

Entry into Force

This Agreement shall enter into force upon the deposit of instruments of ratification or acceptance by twelve signatory Governments whose initial subscriptions, as set forth in Annex A to this Agreement, in aggregate comprise not less than sixty-five per cent of the authorized capital stock¹ of the Bank; provided always that 1 January 1964 shall be the earliest date on which this Agreement may enter into force in accordance with the provisions of this Article.

ARTICLE 66

Commencement of Operations

- (1) As soon as this Agreement enters into force, each member shall appoint a Governor, and the Trustee appointed for this purpose and for the purpose indicated in paragraph (5) of Article 7 of this Agreement shall call the first meeting of the Board of Governors.
- (2) At its first meeting, the Board of Governors:
 - (a) shall elect nine directors of the Bank in accordance with paragraph (1) of Article 33 of this Agreement; and
 - (b) 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 in Khartoum, this fourth day of August, Nineteen Hundred and Sixty-Three, in a single copy in the English and French languages.

¹ The words "authorized capital stock of the Bank" shall be understood to refer to such authorized capital stock of the Bank as is equivalent to 211.2 million units of account and as corresponds to the aggregate initial number of shares to be subscribed by the States that may acquire its membership in accordance with paragraph (1) of Article 64 of the Agreement; see the Memorandum by the Executive Secretary of the United Nations Economic Commission for Africa on the interpretation of Article 65 of the Agreement Establishing the African Development Bank, attached to the Final Act of the Conference.

ANNEX A

Initial Subscriptions to the Authorized Capital Stock of the Bank

MEMBER	Paid-up shares	Callable shares	Total Subscription (in million of units of account)
1. Algeria	1,225	1,225	24.50
2. Burundi	60	60	1.20
3. Cameroun	200	200	4.00
4. Central African Republic ...	50	50	1.00
5. Chad	80	80	1.60
6. Congo (Brazzaville)	75	75	1.50
7. Congo (Leopoldville)	650	650	13.00
8. Dahomey	70	70	1.40
9. Ethiopia	515	515	10.30
10. Gabon	65	65	1.30
11. Ghana	640	640	12.80
12. Guinea	125	125	2.50
13. Ivory Coast	300	300	6.00
14. Kenya	300	300	6.00
15. Liberia	130	130	2.60
16. Libya	95	95	1.90
17. Madagascar	260	260	5.20
18. Mali	115	115	2.30
19. Mauritania	55	55	1.10
20. Morocco	755	755	15.10
21. Niger	80	80	1.60
22. Nigeria	1,205	1,205	24.10
23. Rwanda	60	60	1.20
24. Senegal	275	275	5.50
25. Sierra Leone	105	105	2.10
26. Somalia	110	110	2.20
27. Sudan	505	505	10.10
28. Tanganyika	265	265	5.30
29. Togo	50	50	1.00
30. Tunisia	345	345	6.90
31. Uganda	230	230	4.60
32. U.A.R. (Egypt)	1,500	1,500	30.00
33. Upper Volta	65	65	1.30

ANNEX B
Election of Directors

- (1) At the election of directors each governor shall cast all votes of the member he represents for a single person.
- (2) The nine persons receiving the highest number of votes shall be directors, except that no person who receives less than ten per cent of the total voting power of the members shall be considered as elected.
- (3) If nine 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 Annex, to have raised the votes cast for that person above twelve per cent of the total voting power of the 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 twelve per cent, the said twelve 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 twelve 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 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 twelve per cent.
- (5) If, after the second ballot, nine persons are not elected, further ballots shall be held in conformity with the principles laid down in this Annex, provided that after eight persons are elected, the ninth may be elected — notwithstanding the provisions of paragraph 2 of this Annex — by a simple majority of the remaining votes. All such remaining votes shall be deemed to have counted towards the election of the ninth director.

Central American Bank for Economic Integration

ARTICLES OF AGREEMENT

The Governments of the Republics of Guatemala, El Salvador, Honduras, and Nicaragua by these Articles of Agreement create the Central American Bank for Economic Integration according to the provisions of the following clauses:

CHAPTER I

Nature, Purpose and Headquarters

Article 1. The Central American Bank for Economic Integration is an international legal entity which will carry out its functions in accordance with these Articles of Agreement and its By-Laws.

Article 2. The object of the Bank will be to implement the economic integration and balanced economic growth of the member countries. In carrying out this objective the Bank will concentrate on the following sectors for investment:

- a) Infrastructure projects which will supplement existing regional systems or offset disparities in basic sectors obstructing Central America's balanced development. Consequently, the Bank shall not finance infrastructure projects of a purely local or national scope that do not supplement the aforesaid systems or compensate for substantial imbalances between the

member countries.

- b) Long term investment projects in regional industries or industries of interest for the Central American market, which increase the number of commodities available for Central American trade or for the Central American and other markets.
The Bank shall not finance purely local industries;
- c) Coordinated farming and livestock projects for the improvement, expansion or substitution of agricultural activities for the establishment of a regional Central American supply system;
- d) Support Central American free trade objectives by extending financing to enterprises which need to expand their operation, modernize their processes or alter the structure of their production in order to improve their efficiency and competitiveness in supplying the common market;
- e) Projects to finance services which are necessary for the functioning of the common market;
- f) Other productive projects to create economic coordination between the member countries and to increase Central American trade;

Article 3. The Bank will have its headquarters and principal offices in Tegucigalpa, Republic of Honduras, and may establish branches, agencies and correspondents in other locations.

CHAPTER II

Capital, Reserves and Resources

Article 4. The Bank's initial authorized capital will be a sum equivalent to sixteen million U. S. Dollars to which each of the member states will subscribe the equivalent of four million dollars paid in their respective national currencies.

Half of the subscribed capital of each member state will be paid in the following manner: the equivalent of one million dollars within sixty days after the effective date of these Articles of Agreement and the equivalent of one million dollars within fourteen months after the date these Articles of Agreement enter into force.

The rest of the subscribed capital will be callable at the decision of the Board of Governors and with the affirmative vote of at least one Governor of each member country.

The Bank's capital can be increased by the unanimous decision of all members of the Board of Governors.

Article 5. The participation of the member states in the Bank's capital will be represented by capital shares issued in favor of the respective States. Such shares will give all holders equal rights and responsibilities, will not accrue interest or dividends, and will not be subject to taxation or transfer.

The net profits received by the Bank in the exercise of its functions will be placed in a capital reserve.

The responsibility of the Bank's members will be limited to the amount of their capital subscription.

The capital contributions in national currency of each member state will enjoy the guarantee of free convertibility at the official exchange rate most favorable to the Bank.

Each member state is obliged to maintain its paid capital subscription to the Bank at U. S. Dollar value. If any member country changes the valuation of its currency, the Bank's resources of such currency must be adjusted by the country concerned in exactly that proportion required to maintain the value of the original subscription in U. S. Dollars.

Article 6. In addition to its own capital and reserves, the Bank's resources will include loan and credit receipts obtained in the money markets and by whatever other resources are received by whatever legal title.

CHAPTER III

Operation

Article 7. The Bank's capital, reserves and other resources will be used exclusively for the fulfillment of the objectives outlined in Article 2 of these Articles of Agreement. To this end the Bank may:

- a) Study the investment opportunities created by economic integration

in the member states and promote them, establishing the necessary program of its activities and the necessary priorities for financing;

- b) Make medium and long term loans or participate in making such loans;
- c) Issue its own obligations which may or may not be guaranteed by bond, mortgage or security;
- d) Participate in the issuance and placement of all types of credit instruments related to the fulfillment of its objective;
- e) Obtain loans, credits and guarantees from Central American international, and foreign financial institutions;
- f) Act as intermediary in loan and credit arrangement for Governments of the member states, or public institutions and enterprises established in those states. To this end, the Bank will collaborate with other Central American international or foreign institutions and may participate with them in working out sound projects;
- g) Guarantee the obligations of public institutions or private companies up to the amount and terms determined by the Board of Governors;
- h) Obtain the guarantee of member states for loans and credits obtained from other financial institutions;

- i) Provide through its own resources, or those which it can obtain for such purpose, administrative or technical assistance to loan applicants.
- j) Carry out all of those operations which, in accordance with these Articles of Agreement and its By-Laws will be necessary for the functioning of the institution.

Article 8. The Bank will finance only projects which are economically sound and technically workable and will not make loans or assume responsibility for the payment or re-financing of previous obligations.

CHAPTER IV

Organization and Administration

Article 9. The Bank will have a Board of Governors, a Board of Directors, a President, and whatever other Officers and employees are considered necessary.

Article 10. All the Bank's powers will reside in the Board of Governors. Each member country will have two Governors who will exercise their functions with absolute independence and who will vote separately; one will be the Minister of Economy (or whoever exercises his powers); and the other will be the President or General Manager (or whoever exercises those powers) of the Central Bank of each

country. The Board will elect one of the Governors as the President, who will remain in office until the following ordinary Board of Governors' meeting.

Article 11. The Board of Governors may delegate to the Board of Directors all of its powers except the following:

- a) To make capital calls.
- b) To increase the authorized capital.
- c) To determine the capital reserves at the request of the Board of Directors.
- d) To elect the President and determine his salary.
- e) To determine the salary of the Directors.
- f) To hear and decide, on appeal, the interpretations of these Articles of Agreement, made by the Directors.
- g) To authorize the execution of general collaboration agreements with other organizations.
- h) To designate outside auditors to verify the Bank's financial status.
- i) To approve and publish the balance sheet and profit and loss statement, after the auditors have reported.
- j) To determine the distribution of the existing assets should the Bank's operations terminate.

Article 12. The Board of Governors will maintain its full authority in all cases in which it delegates authority to the Board of Directors, in accordance with Article 11.

Article 13. The Board of Governors will have ordinary meetings each year. In addition, they may have extraordinary meeting whenever the Board of Directors calls them into session. The Board of Directors must call the Board of Governors into session whenever a Member State so requests.

Article 14. The quorum for the Board of Governors meetings will be a simple majority of all members of the Board of Governors. In whatever instance except as described in Article 4, decisions will be adopted by simple majority vote of all the members of the Board of Governors.

Article 15. The Board of Directors will be responsible for carrying out the Bank's operations and as such may employ all of the powers which are delegated to it by the Board of Governors.

Article 16. There will be a Director for each member state elected by the Board of Governors. The Directors will be designated for periods of five years and may be re-elected for successive periods. They must be citizens of the member states and persons of recognized ability and ample experience in economic, financial and banking affairs.

Article 17. The Directors will continue in their positions until their successors are designated or elected. When a position of Director is vacated, the Governors will proceed to name a substitute for the unexpired period.

In case of a justifiable absence of a Director, the Board of Directors itself may name a temporary substitute.

Article 18. The Directors will work in the Bank on a full time basis carrying out in addition the functions assigned by the President.

Article 19. The Board of Directors will be permanent in nature and will operate in the Bank's headquarters.

The Board of Directors will determine the Bank's basic organization, including the number and general responsibilities of the principal administrative and professional positions, will approve the budget, and will submit to the Board of Governors the composition of the reserves.

All of the decisions of the Board of Directors will be taken by a majority vote of all the members.

Article 20. The Board of Governors will elect one of the Directors as the Bank's President, who will be the institution's legal representative. In the same manner it will designate from among the Directors the person who, in case of the President's incapacity will exercise his authority and functions. The President will direct the

Board of Directors' meetings and will administer the ordinary business of the Bank. His vote will be counted the same as the other members, except in cases of a tie in which he will have a double vote.

Article 21. There will be an Executive Vice-President designated by the Board of Directors at the request of the Bank's President. He will exercise the authority and direct the administration of the Bank according to the functions determined by the Board of Directors.

The Executive Vice-President will participate in the Board of Directors' meetings without the right to vote.

Article 22. The President, the officers, and the employees of the Bank in carrying out their functions will depend exclusively on this institution and will not recognize any other authority. The member states must respect the international character of said obligation.

Article 23. The primary consideration, which the Bank must make in naming its personnel and determining the conditions of service, will be the necessity of assuring those positions are held by persons of the highest efficiency, competence and integrity. Personnel will also be selected according to appropriate geographical distribution.

Article 24. The Directors, Officers, and employees of the Bank, with the exception of the Governors in their respective countries may not take active part in political affairs.

CHAPTER V

Interpretation and Arbitration

Article 25. Whatever difference of opinion concerning the interpretation of the contents of these Articles of Agreement, which may arise between one member and the Bank or between the member states, will be submitted to the Board of Directors.

The member states especially affected in the difference of opinion have the right to be represented directly before the Board of Directors.

Any one of the member states may demand that the difference of opinion passed on by the Board of Directors, in accordance with the preceding paragraph, be submitted to the Board of Governors whose decision will be final. Pending the Board of Governors' decision, the Bank may act, to such a degree as it considers necessary, under the decision of the Board of Directors.

Article 26. In the event of a disagreement between the Bank and a state which has ceased to be a member, or between the Bank and a member after it has been agreed to terminate operations with the institution, the controversy will be submitted to the arbitration of a

tribunal composed of three persons. One member of the tribunal will be designated by the Bank and the other one by the interested state. The two of them will name the third member of the tribunal. In the event they cannot agree on the designation of the third member, he will be elected by ballot by the Presidents of the Supreme Courts of Justice of the various member countries except that of the interested state.

The third member of the tribunal will be able to decide all questions of procedure in those cases in which the parties are not in agreement.

CHAPTER VI

Immunities, Exemptions and Privileges

Article 27. The Bank, in exercising its functions and in agreement with its objectives, will have in the territory of its member states the immunities, exemptions, and privileges established in this Chapter or which are granted in some other form.

Article 28. It will only be possible to establish legal action against the Bank before a competent Court in the territory of a member state where the Bank has established an office, where it has designated an agent empowered to accept the notification to appear at a legal proceeding, or where it has issued or guaranteed securities.

Article 29. The Bank's property and other assets, wherever they may be or whomever their holders may be, will enjoy immunity from confiscation, attachment, embargo, retention, auction, adjudication or whatever other form of apprehension or transfer by force, when no definite judgement exists against the Bank.

The Bank's property and other assets will be considered as international public property and will enjoy immunity with respect to examination, requisition, confiscation, expropriation, or whatever other form of apprehension or forceful transfer by executive or legislative action.

The Bank's property and other assets are exempt from all classes of restrictions, regulations and methods of control or moratorium except when these Articles of Agreement specifies otherwise.

Article 30. The Bank's files are inviolable and will enjoy absolute immunity.

Article 31. In the member states, the Bank will enjoy the same exemption privileges as those granted to official communications of that state.

Article 32. The Bank's personnel whatever their rank, will enjoy the following privileges and immunities:

- a) Immunity with respect to legal, administrative, and legislative processes (lawsuits), relative to activities undertaken by officials in their character as such, except when the Bank waives such immunity.
- b) Even if they are not nationals of any member country, Bank personnel will enjoy the same immunities and privileges with respect to immigration regulations, registration requirements for foreigners, military service obligation and other facilities with respect to currency exchange and travel which the country grants to personnel who are citizens of other member countries.

Article 33. -

- a) The Bank, its earnings, property and other assets, as well as the operations and transactions carried out according to these Articles of Agreement, will be exempt from all taxes, tariffs, customs duties, and other such payments. The Bank, will be similarly exempt from all responsibility related to payment, withholding, or collection of any tax, contribution or levy.
- b) No taxes or levies of any kind will be assessed against the obligations or certificates which the Bank issues or guarantees, including dividend or interest on such instruments, no matter who their holders may be.

- c) The salaries and fees which the Bank pays to its personnel, whatever their rank, will be exempt from taxes.

CHAPTER VII

Guarantee or Loan Requirements

Article 34. It is hereby established that the Bank's members may not obtain guarantees or loans from this institution if they have not previously deposited the ratification instruments of the following international agreements:

General Treaty of Central American Economic Integration,
subscribed to the date the present Articles of Agreement
were signed;

Multilateral Treaty of Free Trade and Economic Integration
signed on June 10, 1953;

Agreement concerning the Regimen of Central American
Integrated Industries, signed June 10, 1958; and

Central American Agreement concerning the Equalization of
Import Taxes, subscribed to September 1, 1959 and the
Protocol signed the date the present Articles of Agreement
were signed.

CHAPTER VIII

Admission of New Members

Article 35. The Central American States which are not now signatories

to the Articles of Agreement may adhere to it at any time.

CHAPTER IX

Dissolution and Liquidation

Article 36. The Bank will be dissolved:

- a) By the unanimous decision of the member states; or
- b) When only one of the member states remains as a signatory to the present Articles of Agreement.

In case of dissolution, the Board of Governors will determine the conditions under which the Bank will terminate its operations, liquidate its obligations, and distribute, among the member states, the existing capital and reserves after all outstanding obligations have been cancelled.

CHAPTER X

General Provisions

Article 37. These Articles of Agreement will have an unlimited duration and cannot be denounced before twenty years after it becomes effective. A denunciation will enter into effect five years after its original presentation. The Articles of Agreement will continue in effect as long as at least two of the member countries adhere to its provisions.

Article 38. These Articles of Agreement will enter into effect with the deposit of the third instrument of ratification with the General

Secretariat of the Organization of Central American States. For those Central American States which adhere later, the Articles of Agreement will enter into force at the time their respective instruments are deposited with the Secretariat.

Article 39. In case a member state ceases to be a member of the Bank, it will not lose its responsibility for direct obligations which have been made by the Bank nor for its obligations to the Bank for loans, credits, or guarantees obtained up to the date that such State decides to cease being a member. However, it will not have any responsibility for loans, credits or guarantees made after its membership ceases.

The rights and obligations of a state which ceases to be a member will be determined in conformity with the Special Liquidation Balance Sheet which will be drawn up as of the date such state separates itself from the Bank.

Article 40. The Bank can make its facilities available for the organization and functioning of a clearing house for the Central Banks when these institutions request such an action.

Article 41. The General Secretariat of the Organization of Central American States will be the depository of these Articles of Agreement and it will send certified copies of the Articles of Agreement to the Ministry of Foreign Affairs of each of the contracting states. Similarly,

it will make immediate notification of the deposit of each of the instruments of ratification and of any denunciation which may occur. When the Articles of Agreement become effective, it will also send a certified copy of the General Secretariat of the United Nations so that it can be registered in accordance with Article 102 of the United Nations Charter.

Article 42. The Bank, formed under these Articles of Agreement, is the institution referred to in Resolutions 34 and 101 of the Committee for Central American Economic Cooperation, and with its creation, Guatemala, El Salvador, and Honduras have satisfied their agreement to create a Development and Assistance Fund in accordance with their Treaty of Economic Association and the attached Protocol agreed between them on June 2, 1960.

Temporary Article

The contributions advanced by the Governments for the initial costs of the Bank's establishment will be credited as a part of their overall assessment.

Temporary Article

The first meeting of the Bank's Board of Governors will be called by the Foreign Ministry of Honduras, as soon as possible, and not later than the first sixty days after these Articles of Agreement enter into

force.

The respective Plenipotentiaries signed this Agreement in the city of Managua, capital of Nicaragua, on December 13, 1960.

(These Articles of Agreement became effective May 3, 1961, with the deposit of the third instrument of ratification with the General Secretariat of the ODECA, in conformity with Article 38 of the Agreement.)

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Export-Import Bank Act of 1945, as Amended

AN ACT To provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Export-Import Bank Act of 1945."¹

SEC. 2. (a) There is hereby created a corporation with the name Export-Import Bank of Washington, which shall be an agency of the United States of America. The objects and purposes of the Bank shall be to aid in financing and to facilitate exports and imports and the exchange of commodities between the United States or any of its territories or insular possessions and any foreign country or the agencies or nationals thereof. In connection with and in furtherance of its objects and purposes, the Bank is authorized and empowered to do a general banking business except that of circulation; to receive deposits; to purchase, discount, rediscount, sell, and negotiate, with or without its endorsement or guaranty, and to guarantee notes, drafts, checks, bills of exchange, acceptances, including bankers' acceptances, cable transfers, and other evidences of indebtedness; to purchase, sell, and guarantee securities but not to purchase with its funds any stock in any other corporation except that it may acquire any such stock, through the enforcement of any lien or pledge or otherwise to satisfy a previously contracted indebtedness to it; to accept bills and drafts drawn upon it; to issue letters of credit; to purchase and sell coin, bullion, and exchange; to borrow and to lend money; to perform any act herein authorized in participation with any other person, including any individual, partnership, corporation, or association; to adopt, alter, and use a corporate seal, which shall be judicially noticed; to sue and to be sued; to complain and to defend in any court of competent jurisdiction; and the enumeration of the foregoing powers shall not be deemed to exclude other powers necessary to the achievement of the objects and purposes of the Bank.² The Bank shall be entitled to the

¹ 12 U.S.C. 635 note.

² 12 U.S.C. 635. Subsection (a) amended by Act December 23, 1945 (59 Stat. 666), and by Act June 9, 1947 (61 Stat. 130).

³ Title III of the Foreign Aid and Related Agencies Appropriation Act, 1964, Public Law 88-238, 77 Stat. 862-863, approved January 6, 1964, provides as follows:

"The Export-Import Bank of Washington is hereby authorized to make such expenditures within the limits of funds and borrowing authority available to such corporation, and in accord with law, and to make such contracts and commitments without regard to fiscal year limitations as provided by section 104 of the Government Corporation Control Act, as amended, as may be necessary in carrying out the programs set forth in the budget for the current fiscal year for such corporation, except as hereinafter provided:

"LIMITATION ON OPERATING EXPENSES

"Not to exceed \$1,314,366,000 (of which not to exceed \$863,500,000 shall be for development loans) shall be authorized during the current fiscal year for other than administrative expenses.

(Footnote continues on following page.)

use of the United States mails in the same manner and upon the same conditions as the executive departments of the Government. The Bank is hereby authorized to use all of its assets and all moneys which have been or may hereafter be allocated to or borrowed by it in the exercise of its functions. Net earnings of the Bank after reasonable provision for possible losses shall be used for payment of dividends on capital stock. Any such dividends shall be deposited into the Treasury as miscellaneous receipts.

(b) It is the policy of the Congress that the Bank in the exercise of its functions should supplement and encourage and not compete with private capital, and that loans, so far as possible consistently with carrying out the purposes of subsection (a), shall generally be for specific purposes, and, in the judgment of the Board of Directors, offer reasonable assurance of repayment.

(c)(1) The Export-Import Bank of Washington, in furtherance of its objects and purposes under this Act, is authorized and empowered to guarantee, insure, co-insure, and reinsure United States exporters and foreign exporters doing business in the United States in an aggregate amount not in excess of \$2,000,000,000^a outstanding at any one time against political and credit risks of loss arising in connection with United States exports; and to establish and maintain fractional reserves in connection therewith. The reserves maintained by the Bank for the guarantees, insurance, coinsurance or reinsurance issued pursuant to this section shall be not less than 25 per centum of the related contractual liability of the Bank. Insofar as contracts of guarantee, insurance, coinsurance, and reinsurance are concerned, only that part of the Bank's liabilities represented by reserves provided for above shall be taken into account for the purposes of applying the limitations imposed by section 7 of this Act. Fees and premiums shall be charged in connection with such contracts commensurate, in the judgment of the Bank, with the risks covered.

"LIMITATION ON ADMINISTRATIVE EXPENSES"

"Not to exceed \$3,500,000 (to be computed on an accrual basis) shall be available during the current fiscal year for administrative expenses, including services as authorized by section 15 of the Act of August 2, 1946 (5 U.S.C. 55a), at rates not to exceed \$75 per diem for individuals, purchase of one passenger motor vehicle (for replacement only) at not to exceed \$3,000, and not to exceed \$9,000 for entertainment allowances for members of the Board of Directors: *Provided*, That (1) fees or dues to international organizations of credit institutions engaged in financing foreign trade, (2) necessary expenses (including special services performed on a contract or fee basis, but not including other personal services) in connection with the acquisition, operation, maintenance, improvement, or disposition of any real or personal property belonging to the Bank or in which it has an interest, including expenses of collections of pledged collateral, or the investigation or appraisal of any property in respect to which an application for a loan has been made, and (3) expenses (other than internal expenses of the Bank) incurred in connection with the issuance and servicing of guarantees, insurance, and reinsurance shall be considered as nonadministrative expenses for the purposes hereof.

"None of the funds made available because of the provisions of this Title shall be used by the Export-Import Bank to either guarantee the payment of any obligation hereafter incurred by any Communist country (as defined in section 620(f) of the Foreign Assistance Act of 1961, as amended) or any agency or national thereof, or in any other way to participate in the extension of credit to any such country, agency, or national, in connection with the purchase of any product by such country, agency, or national, except when the President determines that such guarantees would be in the national interest and reports each such determination to the House of Representatives and the Senate within 30 days after such determination."

^a Subsection (c) amended by Act to amend the Export-Import Bank Act of 1945, Public Law 87-311 (75 Stat. 673), approved September 26, 1961.

^b Increased from \$1,000,000,000 by Public Law 88-101, 77 Stat. 128, "An Act to increase the lending authority of the Export-Import Bank of Washington, to extend the period within which the Export-Import Bank of Washington may exercise its functions, and for other purposes," approved August 20, 1963.

(2) The Bank may issue such guarantees, insurance, coinsurance, and reinsurance to or with exporters, insurance companies, financial institutions, or others, or groups thereof, and where appropriate may employ any of the same to act as its agent in the issuance and servicing of such guarantees, insurance, coinsurance, and reinsurance, and the adjustment of claims arising thereunder.

SEC. 3.* (a) The Export-Import Bank of Washington shall constitute an independent agency of the United States and neither the Bank nor any of its functions, powers, or duties shall be transferred to or consolidated with any other department, agency, or corporation of the Government unless the Congress shall otherwise by law provide.

(b) There shall be a President of the Export-Import Bank of Washington, who shall be appointed by the President of the United States by and with the advice and consent of the Senate, who shall receive a salary at the rate of \$21,000⁷ per annum, and who shall serve as chief executive officer of the Bank. There shall be a First Vice President of the Bank, who shall be appointed by the President of the United States by and with the advice and consent of the Senate, who shall receive a salary at the rate of \$20,500⁸ per annum, who shall serve as President of the Bank during the absence or disability of or in the event of a vacancy in the office of President of the Bank, and who shall at other times perform such functions as the President of the Bank may from time to time prescribe.

(c) There shall be a Board of Directors of the Bank consisting of the President of the Export-Import Bank of Washington who shall serve as Chairman, the First Vice President who shall serve as Vice Chairman, and three additional persons appointed by the President of the United States by and with the advice and consent of the Senate. Of the five members of the Board, not more than three shall be members of any one political party. Each director, other than the President of the Export-Import Bank and the Vice President of the Export-Import Bank, shall receive a salary at the rate of \$20,000⁹ per annum. Before entering upon his duties, each of the directors shall take an oath faithfully to discharge the duties of his office. Terms of the directors shall be at the pleasure of the President of the United States, and the directors, in addition to their duties as members of the Board, shall perform such additional duties and may hold such other offices in the administration of the Bank as the President of the Bank may from time to time prescribe. A majority of the Board of Directors shall constitute a quorum. The Board of Directors shall adopt, and may from time to time amend, such bylaws as are necessary for the proper management and functioning of the Bank, and shall, in such bylaws, designate the vice presidents and other officers of the Bank and prescribe their duties.

(d) There shall be an Advisory Committee of nine members, appointed by the Board of Directors on the recommendation of the

*12 U.S.C. 635a. Section 3 amended by Act October 15, 1949 (63 Stat. 880), and by Act August 9, 1954 (68 Stat. 677).

⁷Increased by section 104(a)(11) of the Federal Executive Pay Act of 1956 (70 Stat. 736). Also see 5 U.S.C. 2203(a)(11).

⁸Increased by section 105(31) of the Federal Executive Pay Act of 1956 (70 Stat. 737). Also see 5 U.S.C. 2204(31).

⁹Increased by section 104(a)(45) of the Federal Executive Pay Act of 1956 (70 Stat. 738). Also see 5 U.S.C. 2205(a)(45).

President of the Bank, who shall be broadly representative of production, commerce, finance, agriculture, and labor. The Advisory Committee shall meet one or more times per year, on the call of the President of the Bank, to advise with the Bank on its program. Members of the Advisory Committee shall be paid a per diem allowance of \$50 for each day spent away from their homes or regular places of business, for the purpose of attendance at meetings of the Committee, and in necessary travel, and while so engaged they may be paid actual travel expenses and not to exceed \$10 per diem in lieu of subsistence and other expenses.

(e) No director, officer, attorney, agent, or employee of the bank shall in any manner, directly or indirectly, participate in the deliberation upon or the determination of any question affecting his personal interests, or the interests of any corporation, partnership, or association in which he is directly or indirectly personally interested.

SEC. 4.¹⁰ The Export-Import Bank of Washington shall have a capital stock of \$1,000,000,000 subscribed by the United States. Payments for \$1,000,000 of such capital stock shall be made by the surrender to the Bank for cancellation of the common stock heretofore issued by the Bank and purchased by the United States. Payment for \$174,000,000 of such capital stock shall be made by the surrender to the Bank for cancellation of the preferred stock heretofore issued by the Bank and purchased by the Reconstruction Finance Corporation. Payment for the \$825,000,000 balance of such capital stock shall be subject to call at any time in whole or in part by the Board of Directors of the Bank. For the purpose of making payments of such balance, the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under the Act are extended to include such purpose. Payment under this section of the subscription of the United States to the Bank and repayments thereof shall be treated as public-debt transactions of the United States. Certificates evidencing stock ownership of the United States shall be issued by the Bank to the President of the United States, or to such other person or persons as he may designate from time to time to the extent of the common and preferred stock surrendered and other payments made for the capital stock of the Bank under this section.

SEC. 5.¹¹ (a) The Secretary of the Treasury shall pay to the Reconstruction Finance Corporation the par value of the preferred stock upon its surrender to the Bank for cancellation. For the purpose of making such payments to the Reconstruction Finance Corporation the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act are extended to include such purpose. Payment under this subsection to the Reconstruction Finance Corporation shall be treated as public-debt transactions of the United States.

(b) Any dividends on the preferred stock accumulated and unpaid to the date of its surrender for cancellation shall be paid to the Reconstruction Finance Corporation by the Bank.

¹⁰ 12 U.S.C. 635b.
¹¹ 12 U.S.C. 635c.

SEC. 6.¹² The Export-Import Bank of Washington is authorized to issue from time to time for purchase by the Secretary of the Treasury its notes, debentures, bonds, or other obligations; but the aggregate amount of such obligations outstanding at any one time shall not exceed \$6,000,000,00. Such obligations shall be redeemable at the option of the Bank before maturity in such manner as may be stipulated in such obligations and shall have such maturity as may be determined by the Board of Directors of the Bank with the approval of the Secretary of the Treasury. Each such obligation shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligation of the Bank. The Secretary of the Treasury is hereby authorized and directed to purchase any obligations of the Bank issued hereunder and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act are extended to include such purpose. Payment under this section of the purchase price of such obligations of the Bank and repayments thereof by the Bank shall be treated as public-debt transactions of the United States.

SEC. 7.¹³ The Export-Import Bank of Washington shall not have outstanding at any one time loans, guaranties, and insurance in an aggregate amount in excess of \$9,000,000,000.¹⁴

SEC. 8.¹⁵ The Export-Import Bank of Washington shall continue to exercise its functions in connection with and in furtherance of its objects and purposes until the close of business on June 30, 1968,¹⁶ but the provisions of this section shall not be construed as preventing the Bank from acquiring obligations prior to such date which mature subsequent to such date or from assuming prior to such date liability as guarantor, endorser, or acceptor of obligations which mature subsequent to such date, or from issuing either prior or subsequent to such date, for purchase by the Secretary of the Treasury, its notes, debentures, bonds, or other obligations which mature subsequent to such date or from continuing as a corporate agency of the United States and exercising any of its functions subsequent to such date for purposes of orderly liquidation, including the administration of its assets and the collection of any obligations held by the Bank.

SEC. 9.¹⁶ The Export-Import Bank of Washington shall transmit to the Congress semiannually a complete and detailed report of its operations. The report shall be as of the close of business on June 30 and December 31 of each year.

¹² 12 U.S.C. 635d. Section 6 amended by Act June 9, 1947 (61 Stat. 130); Act October 3, 1951 (65 Stat. 367); Act August 9, 1954 (68 Stat. 677); and Act May 22, 1958 (72 Stat. 133).

¹³ 12 U.S.C. 635e. Section 7 amended by Act October 3, 1951 (65 Stat. 367); Act May 21, 1953 (67 Stat. 28); Act August 9, 1954 (68 Stat. 677); and Act May 22, 1958 (72 Stat. 133).

¹⁴ Amended by Public Law 88-101, 77 Stat. 128, "An Act to increase the lending authority of the Export-Import Bank of Washington, to extend the period within which the Export-Import Bank of Washington may exercise its functions, and for other purposes," approved August 20, 1963.

¹⁵ 12 U.S.C. 635f. Section 8 amended by Act June 9, 1947 (61 Stat. 130); Act October 3, 1951 (65 Stat. 367); and Act June 17, 1957 (71 Stat. 82).

¹⁶ 12 U.S.C. 635g.

SEC. 10. Section 9 of the Act of January 31, 1935 (49 Stat. 4, ch. 2), as amended, is repealed.

SEC. 11.¹⁷ Notwithstanding the provisions of section 955 of Title 18, U.S. Code, any person, including any individual, partnership, corporation, or association, may act for or participate with the Export-Import Bank of Washington in any operation or transaction, or may acquire any obligation issued in connection with any operation or transaction, engaged in by the Bank.

SEC. 12.¹⁸ The Export-Import Bank of Washington created hereby shall by virtue of this Act succeed to all of the rights and assume all of the liabilities of Export-Import Bank of Washington, a District of Columbia corporation, and any outstanding capital stock of the District of Columbia corporation shall be deemed to have been issued by and shall be capital stock of the corporation created by this Act and all of the personnel, property, records, funds (including all unexpended balances of appropriations, allocations, or other funds now available), assets, contracts, obligations, and liabilities of the District of Columbia corporation are hereby transferred to, accepted, and assumed by the corporation created by this Act, without the necessity of any Act or Acts on the part of the corporation created by this Act or of the District of Columbia corporation, their officers, employees, or agents or of any other department or agency of the United States to carry out the purposes hereof and it shall be unnecessary to take any further action to effect the dissolution or liquidation of Export-Import Bank of Washington, a District of Columbia corporation. The members of the Board of Directors of the District of Columbia corporation, appointed pursuant to the provisions of the Export-Import Bank Act of 1945, shall, during the unexpired portion of the terms for which they were appointed, continue in office as members of the Board of Directors of the corporation created by this Act.

Approved July 31, 1945.

¹⁷ 12 U.S.C. 635h. Section 11 amended by section 29 of the Act September 3, 1954 (68 Stat. 1237) by substituting "section 955 of title 18, United States Code" in lieu of "the Act of April 13, 1934 (48 Stat., ch. 112, p. 574)".

¹⁸ 12 U.S.C. 635i. Section 12 added by Act June 9, 1947 (61 Stat. 180).

**Agricultural Trade Development and Assistance Act of 1954,
as Amended (Public Law 480)¹**

Text of Public Law 480, 83d Congress [S. 2475], 68 Stat. 454, approved July 10, 1954, as amended by Public Law 25, 84th Congress [S. 752], 69 Stat. 44, April 25, 1955; Public Law 387, 84th Congress [S. 2253], 69 Stat. 721, August 12, 1955; Public Law 540, 84th Congress [H.R. 10875], 70 Stat. 188, May 28, 1956; Public Law 962, 84th Congress [S. 3903], 70 Stat. 988, August 3, 1956; Public Law 726, 84th Congress [H.R. 11356], 70 Stat. 555, July 18, 1956; Public Law 85-128 [S. 1314], 71 Stat. 345, August 13, 1957; Public Law 85-477 [H.R. 12181], 72 Stat. 261, June 30, 1958; Public Law 85-931 [S. 3420], 72 Stat. 1790, Sept. 6, 1958; Public Law 86-341 [H.R. 8609], 73 Stat. 606, Sept. 21, 1959; Public Law 86-472 [H.R. 11510], 74 Stat. 140, May 14, 1960; Public Law 87-28 [S. 1027], 75 Stat. 64, May 4, 1961; Public Law 87-128 [S. 1643], 75 Stat. 294, August 8, 1961; Public Law 87-195 [S. 1983], 75 Stat. 424, September 4, 1961; Public Law 87-703 [H.R. 12391], 76 Stat. 605, September 27, 1962; Public Law 87-839 [S. 3389], 76 Stat. 1074, October 18, 1962; Public Law 88-205 [H.R. 7885], 77 Stat. 379, December 16, 1963; Public Law 88-638 [S. 2687], 78 Stat. 1035, October 8, 1964; Public Law 89-106 [H.R. 5508], 79 Stat. 431, August 4, 1965; Public Law 89-171 [H.R. 7750], 79 Stat. 662, September 6, 1965, and Public Law 89-808 [H.R. 14929], 80 Stat. 1326, approved November 11, 1966.

AN ACT to increase the consumption of United States agricultural commodities in foreign countries, to improve the foreign relations of the United States, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Agricultural Trade Development and Assistance Act of 1954".

SEC. 102.² The Congress hereby declares it to be the policy of the United States to expand international trade; to develop and expand export markets for United States agricultural commodities; to use the abundant agricultural productivity of the United States to combat hunger and malnutrition and to encourage economic development in the developing countries, with particular emphasis on assistance to those countries that are determined to improve their own agricultural production; and to promote in other ways the foreign policy of the United States.

TITLE I

SEC 101.³ In order to carry out the policies and accomplish the objectives set forth in section 2 of this Act, the President is authorized to negotiate and carry out agreements with friendly countries to pro-

[NOTE.—In signing the Food for Peace bill on November 11, 1966, the President has referred to as the "Food for Freedom program".]

¹ The Agricultural Trade Development and Assistance Act of 1954, as amended, was substantially changed and amended by Section 2 of the Food for Peace Act of 1966, except for Sections 301 and 303, which were retained without alteration.

The Food for Peace Act of 1966 is effective as of January 1, 1967, except that section 4 shall take effect November 11, 1966.

² 7 USC § 1691.
³ 7 USC § 1701.

vide for the sale of agricultural commodities for dollars on credit terms or for foreign currencies.

SEC. 102.⁴ For the purpose of carrying out agreements concluded under this Act the Commodity Credit Corporation is authorized to finance the sale and exportation of agricultural commodities whether from private stocks or from stocks of the Commodity Credit Corporation.

SEC. 103.⁵ In exercising the authorities conferred upon him by this title, the President shall—

(a) take into account efforts of friendly countries to help themselves toward a greater degree of self-reliance, including efforts to meet their problems of food production and population growth;

(b) take steps to assure a progressive transition from sales for foreign currencies to sales for dollars (or to the extent that transition to sales for dollars under the terms applicable to such sales is not possible, transition to sales for foreign currencies on credit terms no less favorable to the United States than those for development loans made under section 201 of the Foreign Assistance Act of 1961, as amended, and on terms which permit conversion to dollars at the exchange rate applicable to the sales agreement) at a rate whereby the transition can be completed by December 31, 1971: *Provided*, That provision may be included in any agreement for payment in foreign currencies to the extent that the President determines that such currencies are needed for the purpose of subsections (a), (b), (c), (e), and (h) of section 104;

(c) take reasonable precautions to safeguard usual marketings of the United States and to assure that sales under this title will not unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries;

(d) make sales agreements only with those countries which he determines to be friendly to the United States: *Provided*, That the President shall periodically review the status of those countries which are eligible under this subsection and report the results of such review to the Congress. As used in this Act, "friendly country" shall not include (1) any country or area dominated or controlled by a foreign government or organization controlling a world Communist movement, or (2) for the purpose only of sales of agricultural commodities for foreign currencies under title I of this Act, any country or area dominated by a Communist government, or (3) for the purpose only of sales of agricultural commodities under title I of this Act, any nation which sells or furnishes or permits ships or aircraft under its registry to transport to or from Cuba or North Vietnam (excluding United States installations in Cuba) any equipment, materials, or commodities so long as they are governed by a Communist regime: *Provided*, That

⁴ 7 USC § 1702.

⁵ 7 USC § 1703.

⁶ P.L. 89-556 (Department of Agriculture and Related Agencies Appropriation Act, H.R. 14596, 80 Stat. 702, provides: "That no funds appropriated by this Act shall be used to formulate or administer programs for the sale of agricultural commodities pursuant to Titles I or IV of Public Law 480, 83rd Congress, as amended, to any nation which sells or furnishes or which permits ships or aircraft under its registry to transport to North Vietnam any equipment, materials or commodities, so long as North Vietnam is governed by a Communist regime."

with respect to furnishing, selling, or selling and transporting to Cuba medical supplies, non-strategic raw materials for agriculture, and non-strategic agricultural or food commodities, sales agreements may be entered into if the President finds with respect to each such country, and so informs the Senate and the House of Representatives of the reasons therefor, that the making of each such agreement would be in the national interest of the United States and all such findings and reasons therefor shall be published in the Federal Register, or (4) for the purposes only of sales under title I of this Act the United Arab Republic, unless the President determines that such sale is in the national interest of the United States. No sales to the United Arab Republic shall be based upon the requirements of that nation for more than one fiscal year. The President shall keep the President of the Senate and the Speaker of the House of Representatives fully and currently informed with respect to sales made to the United Arab Republic under title I of this Act. Notwithstanding any other Act, the President may enter into agreements for the sale of agricultural commodities for dollars on credit terms under title I of this Act with countries which fall within the definition of "friendly country" for the purpose of such sales and no sales under this Act shall be made with any country if the President finds such country is (a) an aggressor, in a military sense against any country having diplomatic relations with the United States, or (b) using funds, of any sort, from the United States for purposes inimical to the foreign policies of the United States;

(e) take appropriate steps to assure that private trade channels are used to the maximum extent practicable both with respect to sales from privately owned stocks and with respect to sales from stocks owned by the Commodity Credit Corporation and that small business has adequate and fair opportunity to participate in sales made under the authority of this Act;

(f) give special consideration to the development and expansion of foreign markets for United States agricultural commodities, with appropriate emphasis on more adequate storage, handling, and food distribution facilities as well as long-term development of new and expanding markets by encouraging economic growth;

(g) obtain commitments from purchasing countries that will prevent resale or transshipment to other countries, or use for other than domestic purposes, of agricultural commodities purchased under this title, without specific approval of the President;

(h) obtain rates of exchange applicable to the sale of commodities under such agreements which are not less favorable than the highest of exchange rates legally obtainable in the respective countries and which are not less favorable than the highest of exchange rates obtainable by any other nation;

(i) promote progress toward assurance of an adequate food supply by encouraging countries with which agreements are made to give higher emphasis to the production of food crops than to the production of such nonfood crops as are in world surplus;

(j) exercise the authority contained in title I of this Act to assist friendly countries to be independent of domination or con-

trol by any world Communist movement. Nothing in this Act shall be construed as authorizing sales agreements under title I with any government or organization controlling a world Communist movement or with any country with which the United States does not have diplomatic relations;

(k) whenever practicable require upon delivery that not less than 5 per centum of the purchase price of any agricultural commodities sold under title I of this Act be payable in dollars or in the types or kinds of currencies which can be converted into dollars;

(l) obtain commitments from friendly purchasing countries that will insure, insofar as practicable, that food commodities sold for foreign currencies under title I of this Act shall be marked or identified at point of distribution or sale as being provided on a concessional basis to the recipient government through the generosity of the people of the United States of America, and obtain commitments from purchasing countries to publicize widely to their people, by public media and other means, that the commodities are being provided on a concessional basis through the friendship of the American people as food for peace;

(m) require foreign currencies to be convertible to dollars to the extent consistent with the effectuation of the purposes of this Act, but in any event to the extent necessary to (1) permit that portion of such currencies made available for payment of United States obligations to be used to meet obligations or charges payable by the United States or any of its agencies to the government of the importing country or any of its agencies, and (2) in the case of excess currency countries, assure convertibility by sale to American tourists, or otherwise, of such additional amount (up to twenty-five per centum of the foreign currencies received pursuant to each agreement entered into after the effective date of the Food for Peace Act of 1966) as may be necessary to cover all normal expenditures of American tourists in the importing country;

(n) take maximum precautions to assure that sales for dollars on credit terms under this Act shall not displace any sales of United States agricultural commodities which would otherwise be made for cash dollars.

SEC. 104.¹ Notwithstanding any other provision of law, the President may use or enter into agreements with foreign countries or international organizations to use the foreign currencies, including principal and interest from loan repayments, which accrue in connection with sales for foreign currencies under this title for one or more of the following purposes:

(a) For payment of United States obligations (including obligations entered into pursuant to other legislation);

(b) For carrying out programs of United States Government agencies to—

(1) help develop new markets for United States agricultural commodities on a mutually benefiting basis. From sale proceeds and loan repayments under this title not less than the equivalent of 5 per centum of the total sales made each year

¹ 7 USC § 1704.

under this title shall be set aside in the amounts and kinds of foreign currencies specified by the Secretary of Agriculture and made available in advance for use as provided by this paragraph over such period of years as the Secretary of Agriculture determines will most effectively carry out the purpose of this paragraph; *Provided*, That the Secretary of Agriculture may release such amounts of the foreign currencies so set aside as he determines cannot be effectively used for agricultural market development purposes under this section, except that no release shall be made until the expiration of thirty days following the date on which notice of such proposed release is transmitted by the President to the Senate Committee on Agriculture and Forestry and to the House Committee on Agriculture, if transmitted while Congress is in session, or sixty days following the date of transmittal if transmitted while Congress is not in session. Provision shall be made in sale and loan agreements for the convertibility of such amount of the proceeds thereof (not less than 2 per centum) as the Secretary of Agriculture determines to be needed to carry out the purpose of this paragraph in those countries which are or offer reasonable potential of becoming dollar markets for United States agricultural commodities. Such sums shall be converted into the types and kinds of foreign currencies as the Secretary deems necessary to carry out the provisions of this paragraph and such sums shall be deposited to a special Treasury account and shall not be made available or expended except for carrying out the provisions of this paragraph. Notwithstanding any other provision of law, if sufficient foreign currencies for carrying out the purpose of this paragraph in such countries are not otherwise available, the Secretary of Agriculture is authorized and directed to enter into agreements with such countries for the sale of agricultural commodities in such amounts as the Secretary of Agriculture determines to be adequate and for the use of the proceeds to carry out the purpose of this paragraph. In carrying out agricultural market development activities, nonprofit agricultural trade organizations shall be utilized to the maximum extent practicable. The purpose of this paragraph shall include such representation of agricultural industries as may be required during the course of discussions on trade programs relating either to individual commodities or groups of commodities;

(2) finance international educational and cultural exchange activities under the programs authorized by the Mutual Educational and Cultural Exchange Act of 1961 (22 U.S.C. 2451 et seq.);

(3) collect, collate, translate, abstract, and disseminate scientific and technological information and conduct research and support scientific activities overseas including programs and projects of scientific cooperation between the United States and other countries such as coordinated research

against diseases common to all of mankind or unique to individual regions of the globe, and promote and support programs of medical and scientific research, cultural and educational development, family planning, health, nutrition, and sanitation;

(4) acquire by purchase, lease, rental, or otherwise, sites and buildings and grounds abroad, for United States Government use including offices, residence quarters, community and other facilities, and construct, repair, alter, and furnish such buildings and facilities;

(5) finance under the direction of the Librarian of Congress, in consultation with the National Science Foundation and other interested agencies, (A) programs outside the United States for the analysis and evaluation of foreign books, periodicals, and other materials to determine whether they would provide information of technical or scientific significance in the United States and whether such books, periodicals, and other materials are of cultural or educational significance, (B) the registry, indexing, binding, reproduction, cataloging, abstracting, translating, and dissemination of books, periodicals, and related materials determined to have such significance; and (C) the acquisition of such books, periodicals, and other materials and the deposit thereof in libraries and research centers in the United States specializing in the areas to which they relate;

(c) To procure equipment, materials, facilities, and services for the common defense including internal security;

(d) For assistance to meet emergency or extraordinary relief requirements other than requirements for food commodities: *Provided*, That not more than a total amount equivalent to \$5,000,000 may be made available for this purpose during any fiscal year;

(e) For use to the maximum extent under the procedures established by such agency as the President shall designate for loans to United States business firms (including cooperatives) and branches, subsidiaries, or affiliates of such firms for business development and trade expansion in such countries, including loans for private home construction, and for loans to domestic or foreign firms (including cooperatives) for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of, and markets for, United States agricultural products: *Provided, however*, That no such loans shall be made for the manufacture of any products intended to be exported to the United States in competition with products produced in the United States and due consideration shall be given to the continued expansion of markets for United States agricultural commodities or the products thereof. Foreign currencies may be accepted in repayment of such loans;

(f) To promote multilateral trade and agricultural and other economic development, under procedures, established by the President, by loans or by use in any other manner which the President may determine to be in the national interest of the United States, particularly to assist programs of recipient countries designed to

promote, increase, or improve food production, processing, distribution, or marketing in food-deficit countries friendly to the United States, for which purpose of the President may utilize to the extent practicable the services of nonprofit voluntary agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid: *Provided*, That no such funds may be utilized to promote religious activities;

(g) For the purchase of goods or services for other friendly countries;

(h) For financing, at the request of such country, programs emphasizing maternal welfare, child health and nutrition, and activities, where participation is voluntary, related to the problems of population growth, under procedures established by the President through any agency of the United States, or through any local agency which he determines is qualified to administer such activities;

(i) For paying, to the maximum extent practicable, the costs outside the United States of carrying out the program authorized in section 406 of this Act; and

(j) For sale for dollars to United States citizens and nonprofit organizations for travel or other purposes of currencies determined to be in excess of the needs of departments and agencies of the United States for such currencies. The United States dollars received from the sale of such foreign currencies shall be deposited to the account of Commodity Credit Corporation:

Provided, That—

(1) Section 1415 of the Supplemental Appropriation Act, 1953, shall apply to currencies used for the purposes specified in subsections (a) and (b),

(2) Section 1415 of the Supplemental Appropriation Act, 1953, shall apply to all foreign currencies used for grants under subsections (f) and (g), to not less than 10 per centum of the foreign currencies which accrue pursuant to agreements entered into on or before December 31, 1964, and to not less than 20 per centum in the aggregate of the foreign currencies which accrue pursuant to agreements entered into thereafter: *Provided, however*, That the President is authorized to waive such applicability of section 1415 in any case where he determines that it would be inappropriate or inconsistent with the purposes of this title,

(3) No agreement or proposal to grant any foreign currencies (except as provided in subsection (c) of this section), or to use (except pursuant to appropriation Act) any principal or interest from loan repayments under this section shall be entered into or carried out until the expiration of thirty days following the date on which such agreement or proposal is transmitted by the President to the Senate Committee on Agriculture and Forestry and to the House Committee on Agriculture, if transmitted while Congress is in session, or sixty days following the date of transmittal if transmitted while Congress is not in session.

(4) Any loan made under the authority of this section shall bear interest at such rate as the President may determine but not less than

the cost of funds to the United States Treasury, taking into consideration the current average market yields on outstanding marketable obligations of the United States having maturity comparable to the maturity of such loans, unless the President shall in specific instances after consultation with the advisory committee established under section 407 designate a different rate:

Provided, further, That paragraphs (2), (3), and (4) of the foregoing proviso shall not apply in the case of any nation where the foreign currencies or credits owned by the United States and available for use by it in such nation are determined by the Secretary of the Treasury to be in excess of the normal requirements of the departments and agencies of the United States for expenditures in such nations for the two fiscal years following the fiscal year in which such determination is made. The amount of any such excess shall be devoted to the extent practicable and without regard to paragraph (1) of the foregoing proviso, to the acquisition of sites, buildings, and grounds under paragraph (4) of subsection (b) of this section and to assist such nation in undertaking self-help measures to increase its production of agricultural commodities and its facilities for storage and distribution of such commodities. Assistance under the foregoing provision shall be limited to self-help measures additional to those which would be undertaken without such assistance. Upon the determination by the Secretary of the Treasury that such an excess exists with respect to any nation, the President shall advise the Senate Committee on Agriculture and Forestry and the House Committee on Agriculture of such determination; and shall thereafter report to each such Committee as often as may be necessary to keep such Committee advised as to the extent of such excess, the purposes for which it is used or proposed to be used, and the effects of such use.

SEC. 105.¹¹ Foreign currencies received pursuant to this Act shall be deposited in a special account to the credit of the United States and shall be used only pursuant to section 104, and any department or agency of the Government using any of such currencies for a purpose for which funds have been appropriated shall reimburse the Commodity Credit Corporation in an amount equivalent to the dollar value of the currencies used. The President shall utilize foreign currencies received pursuant to this Act in such manner as will, to the maximum extent possible, reduce any deficit in the balance of payments of the United States.

NOTE.—Secs 507 and 508 of the Public Works Appropriation Act, 1967 (P.L. 89-689, 80 Stat. 1002), provide as follows:

"SEC. 507. Pursuant to section 1415 of the Act of July 15, 1952 (66 Stat. 662), foreign credits (including currencies) owed to or owned by the United States may be used by Federal agencies for any purpose for which appropriations are made for the current fiscal year (including the carrying out of Acts requiring or authorizing the use of such credits), only when reimbursement therefor is made to the Treasury from applicable appropriations of the agency concerned: *Provided*, That such credits received as

¹¹ 7 USC § 1705.

exchange allowances or proceeds of sales of personal property may be used in whole or part payment for acquisition of similar items, to the extent and in the manner authorized by law, without reimbursement to the Treasury.

"SEC. 508. During the current fiscal year, any foreign currencies held by the United States which have been or may be reserved or set aside for specified programs or activities of any agency may be carried on the books of the Treasury in unfunded accounts."

SEC. 106.¹² (a) Payment by any friendly country for commodities purchased for dollars on credit shall be upon terms as favorable to the United States as the economy of such country will permit. Payment for such commodities shall be in dollars with interest at such rates as the Secretary may determine but not less than the minimum rate required by section 201 of the Foreign Assistance Act of 1961 for loans made under that section. Payment may be made in reasonable annual amounts over periods of not to exceed twenty years from the date of the last delivery of commodities in each calendar year under the agreement, except that the date for beginning such annual payment may be deferred for a period not later than two years after such date of last delivery, and interest shall be computed from the date of such last delivery. Delivery of such commodities shall be made in annual installments for not more than ten years following the date of the sales agreement and subject to the availability of the commodities at the time delivery is to be made.

(b) Agreements hereunder for the sale of agricultural commodities for dollars on credit terms shall include provisions to assure that the proceeds from the sale of the commodities in the recipient country are used for such economic development purposes as are agreed upon in the sales agreement or any amendment thereto.

SEC. 107.¹⁴ (a) It is also the policy of the Congress to stimulate and maximize the sale of United States agricultural commodities for dollars through the private trade and to further the use of private enterprise to the maximum, thereby strengthening the development and expansion of foreign commercial markets for United States agricultural commodities. In furtherance of this policy, the Secretary of Agriculture is authorized, notwithstanding any other provision of law, to enter into agreements with foreign and United States private trade for financing the sale of agricultural commodities for export over such periods of time and on such credit terms as the Secretary determines will accomplish the objectives of this section. Any agreement entered into under this section shall provide for the development and execution of projects which will result in the establishment of facilities designed to improve the storage or marketing of agricultural commodities, or which will otherwise stimulate and expand private economic enterprise in any friendly country. Any agreement entered into under this section shall also provide for the furnishing of such security as the

¹² 7 USC § 1706.

¹⁴ 7 USC § 1707.

Secretary determines necessary to provide reasonable and adequate assurance of payment of the purchase price in dollars with interest at a rate which will as nearly as practicable be equivalent to the average cost of funds to the United States Treasury, as determined by the Secretary of the Treasury, on outstanding marketable obligations of the United States having maturities comparable to maturities of credits extended under this section. In no event shall the rate of interest be less than the minimum rate, or the delivery period, deferral of first payment, or term of credit be longer than the maximum term, authorized in section 106. In carrying out this Act, the authority provided in this section for making dollar sales shall be used to the maximum extent practicable.

(b) In carrying out the provisions of this section, the Secretary shall take reasonable precautions to safeguard usual marketings of the United States and to avoid displacing any sales of United States agricultural commodities which the Secretary finds and determines would otherwise be made for cash dollars.

(c) The Secretary shall obtain commitments from purchasers that will prevent resale or transshipment to other countries, or use for other than domestic purposes, of agricultural commodities purchased under this section.

(d) In carrying out this Act, the provisions of sections 102, 103(a), 103(d), 103(e), 103(f), 103(j), 103(k), 110, 401, 402, 403, 405, 407, 408 and 409 shall be applicable to sales under this section.

Sec. 108.¹⁵ The Commodity Credit Corporation may finance ocean freight charges incurred pursuant to agreements for sales for foreign currencies (other than those providing for conversion to dollars as described in section 103(b) of this Act) entered into hereunder only to the extent that such charges are higher (than would otherwise be the case) by reason of a requirement that the commodities be transported in United States-flag vessels. Such agreements shall require the balance of such charges for transportation in United States vessels to be paid in dollars by the nations or organizations with whom such agreements are entered into.

Sec. 109.¹⁶ (a) Before entering into agreements with developing countries for the sale of United States agricultural commodities on whatever terms the President shall consider the extent to which the recipient country is undertaking wherever practicable self-help measures to increase per capita production and improve the means for storage and distribution of agricultural commodities, including:

(1) devoting land resources to the production of needed food rather than to the production of nonfood crops—especially nonfood crops in world surplus;

(2) development of the agricultural chemical, farm machinery and equipment, transportation and other necessary industries through private enterprise;

(3) training and instructing farmers in agricultural methods and techniques;

(4) constructing adequate storage facilities;

(5) improving marketing and distribution systems;

¹⁵ 7 USC § 1708.
¹⁶ 7 USC § 1709.

(6) creating a favorable environment for private enterprise and investment, both domestic and foreign, and utilizing available technical know-how.

(7) establishing and maintaining Government policies to insure adequate incentives to producers; and

(8) establishing and expanding institutions for adaptive agricultural research; and

(9) allocating for these purposes sufficient national budgetary and foreign exchange resources (including those supplied by bilateral, multilateral and consortium aid programs) and local currency resources (resulting from loans or grants to recipient governments of the proceeds of local currency sales).

(b) Notwithstanding any other provisions of this Act, in agreements with nations not engaged in armed conflict against Communist forces or against nations with which the United States has no diplomatic relations, not less than 20 per centum of the foreign currencies set aside for purposes other than those in sections 104 (a), (b), (e), and (j) shall be allocated for the self-help measures set forth in this section.

(c) Each agreement entered into under this title shall describe the program which the recipient country is undertaking to improve its production, storage, and distribution of agricultural commodities; and shall provide for termination of such agreement whenever the President finds that such program is not being adequately developed.

Sec. 110.¹⁷ Agreements shall not be entered into under this title during any calendar year which will call for an appropriation to reimburse the Commodity Credit Corporation in an amount in excess of \$1,900,000,000, plus any amount by which agreements entered into under this title in prior years have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior years.

TITLE II

Sec. 201.¹⁸ The President is authorized to determine requirements and furnish agricultural commodities, on behalf of the people of the United States of America, to meet famine or other urgent or extraordinary relief requirements; to combat malnutrition, especially in children; to promote economic and community development in friendly developing areas; and for needy persons and nonprofit school lunch and preschool feeding programs outside the United States. The Commodity Credit Corporation shall make available to the President such agricultural commodities determined to be available under section 401 as he may request.

Sec. 202.¹⁹ The President may furnish commodities for the purposes set forth in section 201 through such friendly governments and such agencies, private or public, including intergovernmental organizations such as the world food program and other multilateral organizations in such manner and upon such terms and conditions as he deems appropriate. The President shall, to the extent practicable, utilize nonprofit voluntary agencies registered with, and approved by, the

¹⁷ 7 USC § 1710.

¹⁸ 7 USC § 1721.

¹⁹ 7 USC § 1722.

Advisory Committee on Voluntary Foreign Aid. Insofar as practicable, all commodities furnished hereunder shall be clearly identified by appropriate marking on each package or container in the language of the locality where they are distributed as being furnished by the people of the United States of America. The assistance to needy persons shall insofar as practicable be directed toward community and other self-help activities designed to alleviate the causes of the need for such assistance. Except in the case of emergency, the President shall take reasonable precaution to assure that commodities furnished hereunder will not displace or interfere with sales which might otherwise be made.

SEC. 203.²⁰ The Commodity Credit Corporation may, in addition to the cost of acquisition, pay with respect to commodities made available under this title costs for packaging, enrichment, preservation, and fortification; processing, transportation, handling, and other incidental costs up to the time of their delivery free on board vessels in United States ports; ocean freight charges from United States ports to designated ports of entry abroad, or, in the case of landlocked countries, transportation from United States ports to designated points of entry abroad; and charges for general average contributions arising out of the ocean transport of commodities transferred pursuant thereto.

SEC. 204.²¹ Programs of assistance shall not be undertaken under this title during any calendar year which call for an appropriation of more than \$600,000,000 to reimburse the Commodity Credit Corporation for all costs incurred in connection with such programs (including the Corporation's investment in commodities made available) plus any amount by which programs of assistance undertaken under this title in the preceding calendar year have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than were authorized for such purpose during such preceding year. In addition to other funds available for such purposes under any other Act, funds made available under this title may be used in an amount not exceeding \$7,500,000 annually to purchase foreign currencies accruing under title I of this Act in order to meet costs (except the personnel and administrative costs of cooperating sponsors, distributing agencies, and recipient agencies, and the costs of construction or maintenance of any church owned or operated edifice or any other edifices to be used for sectarian purposes) designed to assure that commodities made available under this title are used to carry out effectively the purposes for which such commodities are made available or to promote community and other self-help activities designed to alleviate the causes of the need for such assistance: *Provided, however,* That such funds shall be used only to supplement and not substitute for funds normally available for such purposes from other non-United States Government sources.

SEC. 205.²² It is the sense of the Congress that the President should encourage other advanced nations to make increased contributions for the purpose of combating world hunger and malnutrition, particularly through the expansion of international food and agricultural assistance programs. It is further the sense of the Congress that as a means

²⁰ 7 USC § 1723.
²¹ 7 USC § 1724.
²² 7 USC § 1725.

of achieving this objective, the United States should work for the expansion of the United Nations World food program beyond its present established goals.

TITLE III^{22a}

SEC. 301. Section 407 of the Agricultural Act of 1949²³ is amended by adding at the end thereof the following: "Notwithstanding the foregoing, the Corporation, on such terms and conditions as the Secretary may deem in the public interest, shall make available any farm commodity or product thereof owned or controlled by it for use in relieving distress (1) in any area in the United States declared by the President to be an acute distress area because of unemployment or other economic cause if the President finds that such use will not displace or interfere with normal marketing of agricultural commodities and (2) in connection with any major disaster determined by the President to warrant assistance by the Federal Government under Public Law 875, Eighty-first Congress, as amended (42 U.S.C. 1855). Except on a reimbursable basis, the Corporation shall not bear any costs in connection with making such commodity available beyond the cost of the commodities to the Corporation in store and the handling and transportation costs in making delivery of the commodity to designated agencies at one or more central locations in each State."

SEC. 302. Section 416 of the Agricultural Act of 1949²⁴ is amended to read as follows:

"SEC. 416. In order to prevent the waste of commodities whether in private stocks or²⁵ acquired through price-support operations by the Commodity Credit Corporation before they can be disposed of in normal domestic channels without impairment of the price-support program or sold abroad at competitive world prices, the Commodity Credit Corporation is authorized, on such terms and under such regulations as the Secretary may deem in the public interest: (1) upon application, to make such commodities available to any Federal agency for use in making payment for commodities not produced in the United States; (2) to barter or exchange such commodities for strategic or other materials as authorized by law; (3) in the case of food commodities to donate such commodities to the Bureau of Indian Affairs and to such State, Federal, or private agency or agencies as may be designated by the proper State or Federal authority and approved by the Secretary, for use in the United States in nonprofit school-lunch programs, in nonprofit summer camps for children,²⁶ in the assistance of needy persons, and in charitable institutions, including hospitals, to the extent that needy persons are served.²⁷ In the case of (3)²⁸ the

^{22a} Sec. 2(d) of P.L. 89-808 substituted "Title III" for "Title III—General Provisions."

²³ 7 USC § 1427.

²⁴ 7 USC § 1431.

²⁵ Sec. 402 of the MSA of 1954, as amended by Sec. 205(c) of the MSA of 1959, amended Sec. 41 of the Agricultural Act of 1949 by adding the words "whether in private stocks or" after "commodities" the first time that word appears.

²⁶ The words "in nonprofit summer camps for children," were added by Sec. 1, P.L. 85-483, 72 Stat. 286, July 2, 1958.

²⁷ The words "and (4) to donate any such food commodities in excess of anticipated disposition under (1), (2), and (3) above to nonprofit voluntary agencies registered with the Committee on Voluntary Aid of the Foreign Operations Administration or other appropriate department or agency of the Federal Government and intergovernmental organizations for use in the assistance of needy persons and in nonprofit school lunch programs outside the United States," which appeared at this point, were struck out by Sec. 3(c) of the Food for Peace Act of 1966. The assistance authorized by former clause (4) is now contained in title II of this Act.

²⁸ The words "and (4) above, which appeared at this point, were struck out by Sec. 3(c) of the Food for Peace Act of 1966.

Secretary shall obtain such assurance as he deems necessary that the recipients thereof will not diminish their normal expenditures for food by reason of such donation. In order to facilitate the appropriate disposal of such commodities, the Secretary may from time to time estimate and announce the quantity of such commodities which he anticipates will become available for distribution under (3).²⁸ The Commodity Credit Corporation may pay, with respect to commodities disposed of under this section, reprocessing, packaging, transporting, handling, and other charges accruing up to the time of their delivery to a Federal agency or to the designated State or private agency.²⁹ In addition, in the case of food commodities disposed of under this section, the Commodity Credit Corporation may pay the cost of processing such commodities into a form suitable for home or institutional use, such processing to be accomplished through private trade facilities to the greatest extent possible.³⁰ For the purpose of this section the term 'State' and 'United States' include the District of Columbia and any Territory or possession of the United States."³¹

SEC. 303.³² The Secretary shall, whenever he determines that such action is in the best interest of the United States, and to the maximum extent practicable, barter or exchange agricultural commodities owned by the Commodity Credit Corporation for (a) such strategic or other materials of which the United States does not domestically produce its requirements and which entail less risk of loss through deterioration of substantially less storage charges as the President may designate or (b) materials, goods, or equipment required in connection with foreign economic and military aid and assistance programs, or (c) materials or equipment required in substantial quantities for offshore construction programs. He is hereby directed to use every practicable means, in cooperation with other Government agencies, to arrange and make, through private channels, such barter or exchanges or to utilize the authority conferred on him by section 4(h) of the Commodity Credit

²⁸ The words "in the case of commodities made available for use within the United States, or their delivery free alongside ship or free on board export carrier at point of export, in the case of commodities made available for use outside the United States," which appeared at this point, were struck out by Sec. 3(c) of the Food for Peace Act of 1966.

²⁹ This sentence was added by Sec. 212 of the Agricultural Act of 1956 (P.L. 84-540, 70 Stat. 203).

³⁰ Sec. 3(c) of the Food for Peace Act of 1966 struck out the last sentence, which read as follows: "The assistance to needy persons provided in (4) above shall, insofar as practicable, be directed toward community and other self-help designed to alleviate the causes of the need for such assistance."

³¹ 7 USC § 1692. This section was amended by Sec. 6 of P.L. 85-931, 72 Stat. 1790. It formerly read as follows:

"Whenever the Secretary has reason to believe that, in addition to other authorized methods and means of disposing of agricultural commodities owned by the Commodity Credit Corporation, there may be opportunity to protect the funds and assets of the Commodity Credit Corporation by barter or exchange of such agricultural commodities for (a) strategic materials entailing less risk of loss through deterioration or substantially less storage charges, or (b) materials, goods or equipment required in connection with foreign economic and military aid and assistance programs, or (c) materials or equipment required in substantial quantities for offshore construction programs, he is hereby directed to use every practicable means, in cooperation with other Government agencies, to arrange and make, through private trade channels, such barter or exchanges or to utilize the authority conferred on him by section 4(h) of the Commodity Credit Corporation Charter Act, as amended, to make such barter or exchanges. Agencies of the United States Government procuring such materials, goods or equipment are hereby directed to cooperate with the Secretary in the disposal of surplus agricultural commodities by means of barter or exchange. Strategic materials so acquired by the Commodity Credit Corporation shall be considered as assets of the Corporation and other agencies of the government. In purchasing strategic materials, shall purchase such materials from Commodity Credit Corporation inventories to the extent available in fulfillment of their requirements. The Secretary is also directed to assist, through such means as are available to him, farmers' cooperatives in effecting exchange of agricultural commodities in their possession for strategic materials."

Corporation Charter Act, as amended,³¹ to make such barter or exchanges. In carrying out barter or exchanges authorized by this section, no restrictions shall be placed on the countries of the free world into which surplus agricultural commodities may be sold, except to the extent that the Secretary shall find necessary in order to take reasonable precautions to safeguard usual marketings of the United States and to assure that barter or exchanges under this Act will not unduly disrupt world prices of agricultural commodities or replace cash sales for dollars. The Secretary may permit the domestic processing of raw materials of foreign origin. The Secretary shall endeavor to cooperate with other exporting countries in preserving normal patterns of commercial trade with respect to commodities covered by formal multilateral international marketing agreements to which the United States is a party. Agencies of the United States Government procuring such materials, goods, or equipment are hereby directed to cooperate with the Secretary in the disposal of surplus agricultural commodities by means of barter or exchange. The Secretary is also directed to assist, through such means as are available to him, farmers' cooperatives in effecting exchange of agricultural commodities in their possession for strategic materials.

TITLE IV

SEC. 401.³⁴ After consulting with other agencies of the Government affected and within policies laid down by the President for implementing this Act, and after taking into account productive capacity, domestic requirements, farm and consumer price levels, commercial exports, and adequate carryover, the Secretary of Agriculture shall determine the agricultural commodities and quantities thereof available for disposition under this Act, and the commodities and quantities thereof which may be included in the negotiations with each country. No commodity shall be available for disposition under this Act if such disposition would reduce the domestic supply of such commodity below that needed to meet domestic requirements, adequate carryover, and anticipated exports for dollars as determined by the Secretary of Agriculture at the time of exportation of such commodity.

SEC. 402.³⁵ The term "agricultural commodity" as used in this Act shall include any agricultural commodity produced in the United States or product thereof produced in the United States: *Provided, however,* That the term "agricultural commodity" shall not include alcoholic beverages, and for the purposes of title II of this Act, tobacco or products thereof. Subject to the availability of appropriations therefor, any domestically produced fishery product may be made available under this Act.

SEC. 403.³⁶ There are hereby authorized to be appropriated such sums as may be necessary to carry out this Act including such amounts as may be required to make payments to the Commodity Credit Corporation, to the extent the Commodity Credit Corporation is not reimbursed under sections 104(j) and 105, for its actual costs incurred or to be incurred. In presenting his budget, the President shall classify

³¹ 10 USC § 714b.
³² 7 USC § 1731.
³³ 7 USC § 1732.
³⁴ 7 USC § 1733.

expenditures under this Act as expenditures for international affairs and finance rather than for agriculture and agricultural resources.

SEC. 404.³⁷ The programs of assistance undertaken pursuant to this Act shall be directed toward the attainment of the humanitarian objectives and national interest of the United States.

SEC. 405.³⁸ The authority and funds provided by this Act shall be utilized in a manner that will assist friendly countries that are determined to help themselves toward a greater degree of self-reliance in providing enough food to meet the needs of their people and in resolving their problems relative to population growth.

SEC. 406.³⁹ (a) In order to further assist friendly developing countries to become self-sufficient in food production, the Secretary of Agriculture is authorized, notwithstanding any other provision of law—

(1) To establish and administer through existing agencies of the Department of Agriculture a program of farmer-to-farmer assistance between the United States and such countries to help farmers in such countries in the practical aspects of increasing food production and distribution and improving the effectiveness of their farming operations;

(2) To enter into contracts or other cooperative agreements with, or make grants to, land-grant colleges and universities and other institutions of higher learning in the United States to recruit persons who by reason of training, education, or practical experience or knowledgeable in the practical arts and sciences of agriculture and home economics, and to train such persons in the practical techniques of transmitting to farmers in such countries improved practices in agriculture, and to participate in carrying out the program in such countries including, where desirable, additional courses for training or retraining in such countries;

(3) To consult and cooperate with private non-profit farm organizations in the exchange of farm youth and farm leaders with developing countries and in the training of farmers of such developing countries within the United States or abroad;

(4) To conduct research in tropical and subtropical agriculture for the improvement and development of tropical and subtropical food products for dissemination and cultivation in friendly countries;

(5) To coordinate the program authorized in this section with the activities of the Peace Corps, the Agency for International Development, and other agencies of the United States and to assign, upon agreement with such agencies, such persons to work with and under the administration of such agencies: *Provided*, That nothing in this section shall be construed to infringe upon the powers or functions of the Secretary of State;

(6) To establish by such rules and regulations as he deems necessary the conditions for eligibility and retention in and dismissal from the program established in this section, together with the terms, length and nature of service, compensation, employee status, oaths of office, and security clearances, and such persons shall be entitled to the benefits and subject to the responsibilities applicable to persons serving in the Peace

³⁷ 7 USC § 1734.
³⁸ 7 USC § 1735.
³⁹ 7 USC § 1736.

Corps pursuant to the provisions of section 612, volume 75 of the Statutes at Large, as amended; and

(7) To the maximum extent practicable, to pay the costs of such program through the use of foreign currencies accruing from the sale of agricultural commodities under this Act, as provided in section 104(i).

(b) There are hereby authorized to be appropriated not to exceed \$33,000,000 during any fiscal year for the purpose of carrying out the provisions of this section.

SEC. 407.⁴⁰ There is hereby established an advisory committee composed of the Secretary of State, the Secretary of the Treasury, the Secretary of Agriculture, the Director of the Bureau of the Budget, the Administrator of the Agency for International Development, the chairman, the vice chairman and the two ranking minority members of the House Committee on Agriculture and the House Committee on Foreign Affairs, and the chairman, the next ranking majority member and the two ranking minority members of the Senate Committee on Agriculture and Forestry and the Senate Committee on Foreign Relations. The advisory committee shall survey the general policies relating to the administration of the Act, including the manner of implementing the self-help provisions, the uses to be made of foreign currencies which accrue in connection with sales for foreign currencies under title I, the amount of currencies to be reserved in sales agreements for loans to private industry under section 104(e), rates of exchange, interest rates, and the terms under which dollar credit sales are made, and shall advise the President with respect thereto.

SEC. 408.⁴¹ The President shall make a report to Congress not later than April 1 each year with respect to the activities carried out under this Act during the preceding calendar year. Such report shall describe the progress of each country with which agreements are in effect under title I in carrying out its agreements under such title.

SEC. 409.⁴² No agreements to finance sales under title I and no programs of assistance under title II shall be entered into after December 31, 1968.

SEC. 410.⁴³ The provisions of section 620(e) of the Foreign Assistance Act of 1961, as amended (referring to nationalization, expropriation, and related governmental Acts affecting property owned by United States citizens),⁴⁴ shall be applicable to assistance provided under title I of this Act."

NOTE.—Section 5 of Public Law 85-128 [S. 1314], 71 Stat. 345, approved August 13, 1957, made the following provision for reporting to Congress:

"(5) Within sixty days after any agreement is entered into for the use of any foreign currencies, a full report thereon shall be made to the Senate and the House of Representatives of the United States and to the Committees on Agriculture and Appropriations thereof."

⁴⁰ 7 USC § 1736a.

⁴¹ 7 USC § 1736b.

⁴² 7 USC § 1736c.

⁴³ 7 USC § 1736d.

⁴⁴ For text, see page 48.

NOTE.—Section 3 of Public Law 962, 84th Congress [S. 3903], 70 Stat. 988, approved August 3, 1956, provides:

“Sales of fresh fruit and the products thereof under title I of the Act shall be exempt from the requirements of the cargo preference laws (Public Resolution 17, Seventy-third Congress (15 U.S.C. 616a) and section 901 (b) of the Merchant Marine Act, 1936 (46 Stat. 1241 (b)).”

NOTE.—Section 205 of P.L. 87-703 (Food and Agriculture Act of 1962), 76 Stat. 611, approved September 27, 1962, provides:

“In any school feeding programs undertaken hereafter outside the United States pursuant to section 416 of the Agricultural Act of 1949, as amended, section 308 of Public Law 480 (83d Congress), as amended, and section 9 of the Act of September 6, 1958, as amended, the Secretary shall receive assurances satisfactory to him that, insofar as practicable, there will be student participation in the financing of such programs on the basis of ability to pay, and such programs shall be undertaken with the understanding that commodities made available under section 416 of the Agricultural Act of 1949, as amended, will be available only in accordance with the priorities established in such section.”

NOTE.—Section 709 of P.L. 89-321 (Food and Agriculture Act of 1965), 79 Stat. 1212, approved November 3, 1965, provides:

“The Secretary of Agriculture is hereby authorized to use funds of the Commodity Credit Corporation to purchase sufficient supplies of dairy products at market prices to meet the requirements of any programs for the schools (other than fluid milk in the case of schools), domestic relief distribution, community action,¹ and such other programs as are authorized by law, when there are insufficient stocks of dairy products in the hands of Commodity Credit Corporation available for these purposes.”

¹ The words “foreign distribution”, which appeared at this point, were struck out by Sec. 3(b) of the Food for Peace Act of 1960, effective January 1, 1967.

The Foreign Assistance Act of 1961, as Amended

Text of Public Law 87-195 [S. 1983], 75 Stat. 42, approved September 4, 1961, as amended by the Foreign Assistance Act of 1962, Public Law 87-565 [S. 2996], 76 Stat. 255, approved August 1, 1962; Public Law 87-793 [Postal Service and Federal Employees' Salary Act of 1962; H.R. 7927], 76 Stat. 832, approved October 11, 1962; Public Law 88-205 [H.R. 7885], 77 Stat. 379, approved December 16, 1963; Public Law 88-426 [Government Employees' Salary Reform Act of 1964; H.R. 11049], 78 Stat. 400, approved August 14, 1964; Public Law 88-448 [Dual Compensation Act; H.R. 7381], 78 Stat. 484, approved August 19, 1964; Public Law 88-633 [H.R. 11380], 78 Stat. 1009, approved October 7, 1964; Public Law 88-638 [Amendments to Agricultural Trade Development and Assistance Act of 1954, as amended; S. 2687], 78 Stat. 1035, approved October 8, 1964; Public Law 89-171 [H.R. 7750], 79 Stat. 653, approved September 6, 1965; Public Law 89-371 [H.R. 12169], 80 Stat. 74, approved March 18, 1966, and Public Law 89-583 [H.R. 15750], 80 Stat. 795, approved September 19, 1966.

AN ACT To promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic development and internal and external security, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as "The Foreign Assistance Act of 1961".¹

PART 1

CHAPTER 1—POLICY²

SEC. 101.³ SHORT TITLE.—* * * [Repealed—1963]

SEC. 102.⁴ STATEMENT OF POLICY.—It is the sense of the Congress that peace depends on wider recognition of the dignity and interdependence of men, and survival of free institutions in the United States can best be assured in a worldwide atmosphere of freedom.

To this end, the United States has in the past provided assistance to help strengthen the forces of freedom by aiding peoples of less developed friendly countries of the world to develop their resources and improve their living standards, to realize their aspirations for justice, education, dignity, and respect as individual human beings, and to establish responsible governments.

The Congress declares it to be a primary necessity, opportunity, and responsibility of the United States, and consistent with its traditions and ideals, to renew the spirit which lay behind these past efforts, and to help make a historic demonstration that economic growth and political democracy can go hand in hand to the end that an enlarged community of free, stable, and self-reliant countries can reduce world tensions and insecurity.

¹ The short title was added by Sec. 111 of the FA Appropriation Act, 1962.

² Sec. 101(a) of the FAAct of 1963 struck out the words "SHORT TITLE AND" in the chapter heading, which formerly read "SHORT TITLE AND POLICY."

³ Sec. 101(b) of the FAAct, 1963, repealed former Sec. 101, which related to the short title.

⁴ 22 USC § 2151.

NOTE.—The Foreign Assistance Act will be referred to as the FAAct and "this Act". The Foreign Assistance and Related Agencies Appropriation Act, 1967, will be referred to as the FA Appropriation Act, 1967.

It is the policy of the United States to strengthen friendly foreign countries by encouraging the development of their free economic institutions and productive capabilities, and by minimizing or eliminating barriers to the flow of private investment capital.

It is the sense of the Congress that the institution of full investment guaranty programs under title III of chapter 2 of this part with all recipient countries would be regarded as a significant measure of self-help by such countries improving the climate for private investment both domestic and foreign.⁵

In addition, the Congress declares that it is the policy of the United States to support the principles of increased economic cooperation and trade among countries, freedom of the press, information, and religion, freedom of navigation in international waterways, and recognition of the right of all private persons to travel and pursue their lawful activities without discrimination as to race or religion. The Congress further declares that any distinction made by foreign nations between American citizens because of race, color, or religion in the granting of, or the exercise of, personal or other rights available to American citizens is repugnant to our principles.⁶ In the administration of all parts of this Act these principles shall be supported in such a way in our relations with countries friendly to the United States which are in controversy with each other as to promote an adjudication of the issues involved by means of international law procedures available to the parties.⁷

Accordingly, the Congress hereby affirms it to be the policy of the United States to make assistance available, upon request, under this part in scope and on a basis of long-range continuity essential to the creation of an environment in which the energies of the peoples of the world can be devoted to constructive purposes, free of pressure and erosion by the adversaries of freedom. It is the sense of the Congress that in furnishing assistance under this part excess personal property shall be utilized wherever practicable in lieu of the procurement of new items for United States-assisted projects and programs. It is the further sense of the Congress that assistance under this part shall be complemented by the furnishing under any other Act of surplus agricultural commodities and by disposal of excess property under this and other Acts.⁸

Also, the Congress reaffirms its conviction that the peace of the world and the security of the United States are endangered so long as international communism continues to attempt to bring under Communist domination peoples now free and independent and to keep under domination peoples once free but now subject to such domination. It is, therefore, the policy of the United States to continue to make available to other free countries and peoples, upon request, assistance of such nature and in such amounts as the United States deems advisable and as may be effectively used by free countries and peoples to help them maintain their freedom. Assistance shall be based upon sound plans and programs; be directed toward the social

⁵ This paragraph was added by Sec. 101(c)(1) of the FA Act of 1963.

⁶ This sentence was added by Sec. 101(a) of the FA Act of 1962.

⁷ See also Sec. 106 of the FA Appropriation Act, 1967, page 129.

⁸ Sec. 101(a) of the FA Act of 1965 amended this sentence, which formerly read as follows: "It is the sense of the Congress that assistance under this part should be complemented by the furnishing under any other Act of surplus agricultural commodities and by disposal of excess property under this and other Acts."

as well as economic aspects of economic development; be responsive to the efforts of the recipient countries to mobilize their own resources and help themselves; be cognizant of the external and internal pressures which hamper their growth; and shall emphasize long-range development assistance⁹ as the primary instrument of such growth.

It is the sense of Congress that in the administration of these funds great attention and consideration should be given to those countries which share the view of the United States on the world crisis and which do not, as a result of United States assistance, divert their own economic resources to military propaganda efforts, supported by the Soviet Union or Communist China, and directed against the United States or against other countries receiving aid under this Act.¹⁰

The Congress further declares that in the administration of programs of assistance under this Act the highest practicable emphasis should be given to: programs providing for loans or loan guarantees for use by institutions and organizations in making repayable low-interest rate loans to individuals in friendly foreign countries for the purchase of small farms, the purchase of homes, the establishment, equipment and strengthening of small independent business concerns, purchase of tools or equipment needed by individuals for carrying on an occupation or a trade or financing the opportunity for individuals to obtain practical education in vocational and occupational skills, and to those programs of technical assistance and development which will assist in carrying out and in preparing a favorable environment for such programs. While recognizing that special requirements, differing development needs and political conditions in various assisted countries will affect the priority of such programs and of each country's relative ability to implement them, it is further the sense of Congress that each such assisted country should be encouraged to give adequate recognition to such needs of the people in the preparation of national development programs.¹¹

The Congress reaffirms its belief in the importance of regional organizations of free peoples for mutual assistance, such as the North Atlantic Treaty Organization, the Organization for Economic Cooperation and Development, the European Economic Community, the Organization of American States,¹² the Colombo Plan, the South East Asia Treaty Organization,¹³ the Central Treaty Organization,¹⁴ and others, and expresses its hope that such organizations may be strengthened and broadened, and their programs of self-help and mutual cooperation may be made more effective in the protection of the independence and security of free people, and in the development of their economic and social well-being, and the safeguarding of their basic rights and liberties.

It is the sense of the Congress that, in the administration of programs of assistance under chapter 2 of this part, every possible pre-

⁹ The words "shall emphasize long-range development assistance" were substituted for the words "should emphasize long-range development assistance" by Sec. 101(c)(2) of the FFAAct of 1963.

¹⁰ This paragraph was added by Sec. 101(b) of the FFAAct of 1962.

¹¹ This paragraph was added by Sec. 101(b) of the FFAAct of 1962.

¹² Department of State Treaties and International Agreements Series (TIAS) Document No. 2361.

¹³ Department of State TIAS Document No. 3170.

¹⁴ For U.S. Agreements with CENTO Countries, see Department of State TIAS Documents Nos. 4189 (Iran), 4190 (Pakistan), and 4191 (Turkey).

caution should be taken to assure that such assistance is not diverted to short-term emergency purposes (such as budgetary purposes, balance-of-payments purposes, or military purposes) or any other purpose not essential to the long-range economic development of recipient countries.¹⁶

The ¹⁷ Congress urges that all other countries (including private enterprise within such countries) ¹⁷ able to contribute join in a common undertaking to meet the goals stated in this part. In particular, the Congress urges that other industrialized free-world countries increase their contributions and improve the forms and terms of their assistance so that the burden of the common undertaking, which is for the benefit of all, shall be equitably borne by all.¹⁸ It is the sense of Congress that, where feasible, the United States Government invite friendly nations to join in missions to consult with countries which are recipients of assistance under this part on the possibilities for joint action to assure the effective development of plans for the economic development of such recipient countries and the effective use of assistance provided them; and that the President may request the assistance of international financial institutions in bringing about the establishment of such missions.¹⁹

It is the sense of the Congress that assistance authorized by this Act should be extended to or withheld from the government of South Vietnam, in the discretion of the President, to further the objectives of victory in the war against communism and the return to their homeland of Americans involved in that struggle.²⁰

It is the sense of the Congress that assistance under this or any other Act to any foreign country which hereafter permits, or fails to take adequate measures to prevent, the damage or destruction by mob action of United States property within such country, should be terminated and should not be resumed until the President determines that appropriate measures have been taken by such country to prevent a recurrence thereof ²¹ and to provide adequate compensation for such damage or destruction.²²

The furnishing of economic, military, or other assistance under this Act shall not be construed as creating a new commitment or as affecting any existing commitment to use armed forces of the United States for the defense of any foreign country.²³

CHAPTER 2—DEVELOPMENT ASSISTANCE

TITLE I—DEVELOPMENT LOAN FUND

SEC. 201.²⁴ GENERAL AUTHORITY.—(a) The President shall establish a fund to be known as the "Development Loan Fund" to be used by the President to make loans pursuant to the authority contained in this title.

¹⁶ This paragraph was added by Sec. 101(c)(3) of the FFAAct of 1963.

¹⁷ Sec. 101(c)(4) of the FFAAct substituted the word "The" in lieu of the words "Finally, the", and inserted the words "(including private enterprise within such countries)".

¹⁸ This sentence was added by Sec. 101(c)(5) of the FFAAct of 1963.

¹⁹ This sentence was added by Sec. 101(c) of the FFAAct of 1962.

²⁰ This paragraph was added by Sec. 101(c)(6) of the FFAAct of 1963.

²¹ The words to this point were added by Sec. 101(b) of the FFAAct of 1965.

²² The words "and to provide adequate compensation for such damage or destruction" were added by Sec. 101(a) of the FFAAct of 1966.

²³ This paragraph was added by Sec. 101(b) of the FFAAct of 1966.

²⁴ 22 USC § 2161.

(b) The President is authorized to make loans payable as to principal and interest in United States dollars on such terms and conditions as he may determine, in order to promote the economic development of less developed friendly countries and areas, with emphasis upon assisting long-range plans and programs designed to develop economic resources and increase productive capacities. In so doing, the President shall take into account (1) whether financing could be obtained in whole or in part from other free-world sources on reasonable terms, including private sources within the United States, (2) the economic and technical soundness of the activity to be financed, including the capacity of the recipient country to repay the loan at a reasonable rate of interest,²⁵ (3) whether the activity gives reasonable promise of contributing to the development of economic resources or to the increase of productive capacities in furtherance of the purposes of this title, (4) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range objectives, (5) the extent to which the recipient country is showing a responsiveness to the vital economic, political, and social concerns of its people, and demonstrating a clear determination to take effective self-help measures,²⁶ (6) the possible effects upon the United States economy, with special reference to areas of substantial labor surplus, of the loan involved, (7) the degree to which the recipient country is making progress toward respect for the rule of law, freedom of expression and of the press, and recognition of the importance of individual freedom, initiative, and private enterprise, (8) the degree to which the recipient country is taking steps to improve its climate for private investment, and (9) whether or not the activity to be financed will contribute to the achievement of self-sustaining growth.²⁶ Loans shall be made under this title only upon a finding of reasonable prospects of repayment. Funds made available under this title, except funds made available pursuant to section 205, shall not be used to make loans in more than ten countries in any fiscal year, except that such loans may be made in any additional country after at least thirty days shall have elapsed following the submission by the President to the Committee on Foreign Relations of the Senate and the Speaker of the House of Representatives of a report stating that the making of loans in such additional country during such fiscal year is in the national interest and giving his reasons therefor.²⁷

(c) The authority of section 610 may not be used to decrease the funds available under this title, nor may the authority of section 614(a) be used to waive the requirements of this title.

(d) Funds made available for this title shall not be loaned or re-loaned at rates of interest excessive or unreasonable for the borrower

²⁵ Sec. 102(a)(1) of the FAAct of 1963 amended clauses (1) and (2), which formerly read as follows: "(1) whether financing could be obtained in whole or in part from other free-world sources on reasonable terms, (2) the economic and technical soundness of the activity to be financed."

²⁶ Sec. 102(a)(1) of the FAAct of 1966 struck out "and" at the end of clause (5); substituted the comma for a period at the end of clause (6), and added clauses (7), (8) and (9). See also Sec. 211(a), 251(b)(4) and 601(a) of this Act.

²⁷ The last sentence was added by Sec. 102(a)(2) of the FAAct of 1966.

For other reports required to be submitted to Congress, see Reports to Congress, Index to FAAct, page 87, and Secs. 102, 105, 108, 109(b) and the proviso at the end of the last paragraph under Economic Assistance of the FA Appropriation Act, 1967.

and in no event shall such funds (except funds loaned under section 205 and funds which prior to the date of enactment of the Foreign Assistance Act of 1964²⁸ were authorized or committed to be loaned upon terms which do not meet the minimum terms set forth herein) be loaned at a rate of interest of less than 2½ per centum²⁹ per annum commencing not later than ten years following the date on which the funds are initially made available under the loan, during which ten-year period the rate of interest shall not be lower than 1 per centum³⁰ per annum, nor³¹ higher than the applicable legal rate of interest of the country in which the loan is made.

(e)³² In carrying out this title, the President shall not allocate, reserve, earmark, commit, or otherwise set aside, funds aggregating in excess of \$100,000 for use in any country under this title unless (1) an application for such funds has been received for use in such country together with sufficient information and assurances to indicate reasonably that the funds will be used in an economically and technically sound manner, or (2) the President determines with respect to each such allocation, reservation, earmarking, commitment, or set-aside that it is in the national interest to use such funds pursuant to multi-lateral plans.

(f)³³ No assistance shall be furnished under this title for a project unless the President determines that such project will promote the economic development of the requesting country, taking into account the current human and material resource requirements of that country and the relationship between the ultimate objectives of the project and the overall economic development of the country, and that such project specifically provides for appropriate participation by private enterprise.

NOTE.—The amount appropriated by the Foreign Assistance and Related Agencies Appropriation Act, 1967, appears as a footnote to such authorization in the Foreign Assistance Act of 1961, as amended. Sec. 103 of the Foreign Assistance and Related Agencies Appropriation Act, 1967, states: "Except for the appropriations entitled 'Contingency Fund', 'Alliance for Progress, development loans', and 'Development loans', not more than 20 per centum of any appropriation item made available by this title shall be obligated and/or reserved during the last month of availability."

SEC. 202.³⁴ AUTHORIZATION.—(a) There is hereby authorized to be appropriated to the President for the purposes of this title \$685,000,000

²⁸ The words "Foreign Assistance Act of 1964" were substituted for the words "Foreign Assistance Act of 1963" by Sec. 101(a) of the FAAAct of 1964.

²⁹ The words "2½ per centum" were substituted for the words "2 per centum" by Sec. 101(b) of the FAAAct of 1964.

³⁰ The words "1 per centum" were substituted for the words "three-fourths of 1 per centum" by Sec. 101(c) of the FAAAct of 1964.

³¹ Except as indicated in the preceding three footnotes, the words to this point beginning immediately after "in no event" were added by Sec. 102(a)(2) of the FAAAct of 1963.

³² Subsection (e) was added by Sec. 102 of the FAAAct of 1962.

³³ Subsection (f) was added by Sec. 102(a)(3) of the FAAAct of 1963.

³⁴ 22 U.S.C. § 2162.

for the fiscal year 1967 and \$750,000,000 for each of the fiscal years 1968 and 1969,³⁵ which sums shall remain available until expended: *Provided*, That any unappropriated portion of the amount authorized to be appropriated for any such fiscal year may be appropriated in any subsequent fiscal year during the above period in addition to the amount otherwise authorized to be appropriated for such subsequent fiscal year: *Provided further*, That, in order to effectuate the purposes and provisions of sections 102, 201, 601, and 602 of this Act, not less than 50 per centum of the funds appropriated pursuant to this subsection for the fiscal years ending June 30, 1967, through June 30, 1969,³⁶ respectively, shall be available for loans made to encourage economic development through private enterprise.³⁷

(b) Whenever the President determines that it is important to the advancement of United States interests and necessary in order to further the purposes of this title, and in recognition of the need for reasonable advance assurances in the interest of orderly and effective execution of long-term plans and programs of development assistance, he is authorized to enter into agreements committing, under the terms and conditions of this title, funds authorized to be appropriated under this title, subject only to the annual appropriation of such funds.

(c) Upon conclusion of each such agreement involving funds to be appropriated, the President shall notify the Foreign Relations and Appropriations Committees of the Senate and the Speaker of the House of Representatives of the provisions of such agreement, including the amounts of funds involved and undertakings of the parties thereto.³⁸

(d) Except as otherwise provided in this part, the United States dollar assets of the corporate entity known as the Development Loan Fund which remain unobligated and not committed for loans repayable in foreign currencies on the date prior to the abolition of such Fund shall be available for use for purposes of this title.

SEC. 203.³⁹ FISCAL PROVISIONS.—All receipts from loans made under and in accordance with this title shall be available for use for the purposes of this title. Such receipts and other funds made available under this title for use for the purposes of this title shall remain available until expended.⁴⁰

SEC. 204.⁴¹ DEVELOPMENT LOAN COMMITTEE.—The President shall establish an interagency Development Loan Committee, consisting of such officers from such agencies of the United States Government as he may determine, which shall, under the direction of the President, establish standards and criteria for lending operations under this title in accordance with the foreign and financial policies of the United

³⁵ The words to this point, beginning with "\$683,000,000", were substituted in lieu of "\$1,200,000,000 for the fiscal year 1962, \$1,500,000,000 for the fiscal year 1963, \$925,000,000 for the fiscal year 1964 and \$1,500,000,000 for each of the next two succeeding fiscal years" by Sec. 102(b)(1) of the FAAct of 1966.

³⁶ The words "June 30, 1967, through June 30, 1969" were substituted in lieu of "June 30, 1965, and June 30, 1966" by Sec. 102(b)(2) of the FAAct of 1966.

³⁷ Except as indicated in previous footnote, the second proviso was added by Sec. 102(b)(2) of the FAAct of 1963.

³⁸ For other reports required to be submitted to Congress, see Reports to Congress, Index to FAAct, page 87, and Secs. 102, 105, 108, 109(b) and the Proviso at the end of the last paragraph under Economic Assistance of the FA Appropriation Act, 1967.

³⁹ 22 USC § 2163.

⁴⁰ See appropriation for development loans in FA Appropriation Act, 1967, page 128, and Sec. 117 of the FA Appropriation Act, 1964, box note.

⁴¹ 22 USC § 2164.

States.⁴² Except in the case of officers serving in positions to which they were appointed by the President by and with the advice and consent of the Senate, officers assigned to the Committee shall be so assigned by the President by and with the advice and consent of the Senate.

SEC. 205.⁴³ In order to serve the purposes of this title and the policy contained in section 619, 10 per centum of the funds made available for this title shall be available only for transfer, on such terms and conditions as the President determines, to the International Development Association, the International Bank for Reconstruction and Development, or the International Finance Corporation for use pursuant to the laws governing United States participation in such institutions, if any, and the governing statutes thereof and without regard to section 201 or any other requirements of this or any other Act.

SEC. 206.⁴⁴ REGIONAL DEVELOPMENT IN AFRICA.—The President is requested to seek and to take appropriate action, in cooperation and consultation with African and other interested nations and with international development organizations, to further and assist in the advancement of African regional development institutions, including the African Development Bank, with the view toward promoting African economic development.

TITLE II—TECHNICAL COOPERATION AND DEVELOPMENT GRANTS⁴⁵

SEC. 211.⁴⁶ GENERAL AUTHORITY.—(a) The President is authorized to furnish assistance on such terms and conditions as he may determine in order to promote the economic development of less developed friendly countries and areas, with emphasis upon assisting the development of human resources through such means as programs of technical cooperation and development. In so doing, the President shall take into account (1) whether the activity gives reasonable promise of contributing to the development of educational or other institutions and programs directed toward social progress, (2) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range development objectives, (3) the economic and technical soundness of the activity to be financed, (4) the extent to which the recipient country is showing a responsiveness to the vital economic, political, and social concerns of its people, and demonstrating a clear determina-

⁴² See also Sec. 305 of Executive Order No. 10973.

⁴³ 22 USC § 2165. Sec. 205 was amended by Sec. 102(c) of the FAAct of 1966. It formerly read as follows:

"SEC. 205. USE OF INTERNATIONAL LENDING ORGANIZATIONS.—In order to serve the purposes of this title and the policy contained in section 619, the President, after consideration of the extent of additional participation by other countries, may make available, in addition to any other funds available for such purposes, on such terms and conditions as he determines, not to exceed 15 per centum of the funds made available for this title to the International Development Association, the International Bank for Reconstruction and Development, or the International Finance Corporation for use pursuant to the laws governing United States participation in such institutions, if any, and the government statutes thereof and without regard to section 201 or any other requirements of this or any other Act."

See restrictive proviso under development loan appropriation, FA Appropriation Act, 1967.

⁴⁴ 22 USC § 2166. Sec. 206 was added by Sec. 102(b) of the FAAct of 1963.

⁴⁵ Sec. 102(a) of the FAAct of 1964 amended the title heading, which formerly read: "TITLE II—DEVELOPMENT GRANTS AND TECHNICAL COOPERATION".

⁴⁶ 22 USC § 2171.

tion to take effective self-help measures and a willingness to pay a fair share of the cost of programs under this title, (5) the possible adverse effects upon the United States economy, with special reference to areas of substantial labor surplus, of the assistance involved,⁴⁷ (6) the desirability of safeguarding the international balance of payments position of the United States, (7) the degree to which the recipient country is making progress toward respect for the law, freedom of expression and of the press, and recognition of the importance of individual freedom, initiative, and private enterprise, and (8) whether or not the activity to be financed will contribute to the achievement of self-sustaining growth.⁴⁸ If the President finds that assistance proposed to be furnished under this title would have a substantially adverse effect upon the United States economy, or a substantial segment thereof, the assistance shall not be furnished.⁴⁹ The authority of this title shall not be used to furnish assistance to more than forty countries in any fiscal year, except that such assistance may be furnished to any additional country after at least thirty days shall have elapsed following the submission by the President to the Committee on Foreign Relations of the Senate and the Speaker of the House of Representatives of a report that the furnishing of assistance to such additional country during such fiscal year is in the national interest and giving his reasons therefor.⁵⁰

(b) In countries and areas which are in the earlier stages of economic development, programs of development of education and human resources through such means as technical cooperation shall be emphasized, and the furnishing of capital facilities for purposes other than the development of education and human resources shall be given a lower priority until the requisite knowledge and skills have been developed.

(c)⁵¹ Not to exceed \$1,000,000 of the funds made available for the purposes of this section in any fiscal year may be used for programs designed to promote the peaceful uses of atomic energy outside the United States and such programs may be carried out only in accordance with the requirements of this section.

(d)⁵¹ Not to exceed \$10,000,000 of funds made available under section 212, or under section 252 (other than loan funds), may be used for assistance, on such terms and conditions as the President may specify, to research and educational institutions in the United States for the purpose of strengthening their capacity to develop and carry out programs concerned with the economic and social development of less developed countries.

(e)⁵¹ In any developing countries or areas where food production is not increasing enough to meet the demands of an expanding population, or diets are seriously deficient, a high priority shall be given to efforts to increase agricultural production, particularly the establish-

⁴⁷ Sec. 102(a)(1) of the FAAAct of 1966 struck out "and" at the end of clause (5); substituted the comma for a period at the end of clause (6), and added clauses (7) and (8).

⁴⁸ See also Secs. 61(b)(6), 222(g), 251(b)(4) and 601(a) of this Act.

⁴⁹ The last sentence was added by Sec. 103(a)(2) of the FAAAct of 1966.

⁵⁰ For other reports required to be submitted to Congress, see Reports to Congress, Index to FAAAct, page 87, and Secs. 162, 165, 108, 109(b) and the Proviso at the end of the last paragraph under Economic Assistance of the FA Appropriation Act, 1967.

⁵¹ Subsection (c) was added by Sec. 103(a) of the FAAAct of 1962.

⁵² Subsections (d) and (e) were added by Sec. 103(a)(3) of the FAAAct of 1966.

ment or expansion of adaptive research programs designed to increase acre-yields of the major food crops. Such research programs, to the greatest extent possible, should be based on cooperative undertakings between universities and research institutions in the developing countries and United States universities and research institutions.

SEC. 212.⁵² AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use beginning in fiscal year 1967⁵³ to carry out the purposes of section 211 not to exceed \$210,000,000 which shall remain available until expended.

SEC. 213.⁵⁴ ATOMS FOR PEACE.— * * * [Repealed—1962]

SEC. 214.⁵⁵ AMERICAN SCHOOLS AND HOSPITALS ABROAD.—(a) The President is authorized to furnish⁵⁶ assistance on such terms and conditions as he may specify, to schools and libraries outside the United States founded or sponsored by United States citizens and serving as study and demonstration centers for ideas and practices of the United States.

(b) The President is authorized⁵⁷, notwithstanding the provisions of the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611 et seq.), to furnish⁵⁸ assistance, on such terms and conditions as he may specify, to institutions referred to in subsection (a) of this section, and to hospital centers for medical education and research outside the United States, founded or sponsored by United States citizens.⁵⁹

(c) There is hereby authorized to be appropriated to the President for the purposes of this section, for the fiscal year 1967, \$10,989,000,⁶⁰ to remain available until expended.⁶¹

(d)⁶² There is authorized to be appropriated to the President for the purposes of Section 214(b), in addition to funds otherwise available for such purposes, for the fiscal year 1967, \$1,000,000⁶³ in foreign currencies which the Secretary of the Treasury determines to be excess to the normal requirements of the United States.

SEC. 215.⁶⁴ LENDING TO SMALL FARMERS.—It is the policy of the United States and the purpose of this section to strengthen the economies of less developed friendly countries, and in friendly countries where the economy is essentially rural or based on small villages, to provide as-

⁵² 22 U.S.C. § 2172.

⁵³ Sec. 103(b) of the FAAct of 1966 substituted "1967" for "1966".

⁵⁴ Sec. 103(c) of the FAAct of 1962 struck out former Section 213, which related to atoms for peace.

⁵⁵ 22 U.S.C. § 2174.

⁵⁶ Sec. 103(b)(1) of the FAAct of 1963 substituted the word "furnish" for the words "use, in addition to other funds available for such purposes, funds made available for the purposes of Section 211 for".

⁵⁷ Sec. 103(b)(2) of the FAAct of 1963 struck out the words "to use" which appeared at this point.

⁵⁸ Sec. 103(b)(2) of the FAAct of 1963 substituted the words "to furnish" for the words "foreign currencies accruing to the United States Government under any Act, for purposes of subsection (a) of this section, and for".

⁵⁹ Sec. 103(c)(1) of the FAAct of 1968 substituted the words to this point, beginning with "to institutions referred to", in lieu of "to hospitals outside the United States founded or sponsored by United States citizens and serving as centers for medical education and research".

⁶⁰ Subsection (c) was added by Sec. 103(b)(3) of the FAAct of 1963.

⁶¹ Sec. 103(c)(2) of the FAAct of 1966 substituted "1967, \$10,989,000" for "1966, \$7,000,000".

⁶² FA Appropriation Act, 1967—\$10,989,000.

⁶³ Sec. 102(c) of the FAAct of 1964 struck out the second sentence, which read as follows: "Of the sums authorized to be appropriated under this subsection, not to exceed \$2,500,000 shall be available for direct dollar costs in carrying out subsection (b) and \$4,700,000 shall be available solely for the purchase of foreign currencies accruing to the United States Government under any Act."

⁶⁴ Subsection (d) was added by Sec. 103(c)(3) of the FAAct of 1967.

⁶⁵ FA Appropriation Act, 1967—" \$1,000,000 in foreign currencies which the Treasury Department determines to be excess to the normal requirements of the United States."

⁶⁶ 22 U.S.C. § 2175.

sistance designed to improve agricultural methods and techniques, to stimulate and encourage the development of local programs of self-help and mutual cooperation, particularly through loans of foreign currencies for associations of operators of small farms, formed for the purpose of joint action designed to increase or diversify agricultural productivity. The maximum unpaid balance of loans made to any association under this section may not exceed \$25,000 at any one time; and the aggregate unpaid balance of all loans made under this section may not exceed \$10,000,000 at any one time.

SEC. 216.⁶⁷ VOLUNTARY AGENCIES. (a) In order to further the efficient use of United States voluntary contributions for relief and rehabilitation of friendly peoples, the President is authorized to use funds made available for the purposes of section 211 to pay transportation charges from United States ports or, in the case of excess or surplus property supplied by the United States, from foreign ports⁶⁸ to ports of entry abroad, or, in the case of landlocked countries, to points of entry in such countries, on shipments by the American Red Cross and United States voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid.

(b) Where practicable the President shall make arrangements with the receiving country for free entry of such shipments and for the making available by that country of local currencies for the purpose of defraying the transportation cost of such shipments from the port of entry of the receiving country to the designated shipping point of the consignee.

SEC. 217.⁶⁹ USED EQUIPMENT.—The President is authorized to use funds made available for the purposes of section 211 to conduct a study and investigation to determine the feasibility of establishing programs for the furnishing to less developed friendly countries and areas of used tools, machinery, and other equipment to be donated by private enterprises, or acquired through normal channels of trade, and the extent to which such programs are likely to be utilized by and contribute to the economic development of the receiving country. The President shall submit to the Congress at the earliest practicable date a report of the results of such study and investigation, together with such recommendations for legislation as he deems advisable.⁷⁰

TITLE III—INVESTMENT GUARANTIES

SEC. 221.⁷¹ GENERAL AUTHORITY.—(a) In order to facilitate and increase the participation of private enterprise in furthering the development of the economic resources and productive capacities of less developed friendly countries and areas, the President is authorized to issue guaranties as provided in subsection (b) of this section of investments in connection with projects, including expansion, modern-

⁶⁷ 22 U.S.C. § 2176.

⁶⁸ The words to this point, beginning with "or, in the case of" were added by Sec. 102(d) of the FAAAct of 1964.

⁶⁹ 22 USC § 2177. This section was added by Sec. 102(e) of the FAAAct of 1964.

⁷⁰ For other reports required to be submitted to Congress, see Reports to Congress, Index to FAAAct, page 87, and Secs. 102, 105, 108, 109(b) and the Proviso at the end of the last paragraph under Economic Assistance of the FA Appropriation Act, 1967.

⁷¹ 22 USC § 2181.

ization, or development of existing enterprises, in any friendly country or area with the government of which the President has agreed to institute the guaranty program. The guaranty program authorized by this title shall be administered under broad criteria, and each project shall be approved by the President.

(b) The President may issue guaranties to eligible United States investors⁷²—

(1) assuring protection in whole or in part against any or all of the following risks:

(A) inability to convert into United States dollars other currencies, or credits in such currencies, received as earnings or profits from the approved project, as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof,

(B) loss of investment, in whole or in part, in the approved project due to expropriation or confiscation by action of a foreign government, and

(C) loss due to war, revolution, or insurrection:

Provided, That the total face amount of the guaranties issued under this paragraph (1) outstanding at any one time shall not exceed \$7,000,000,000,⁷³ and

(2) where the President determines such action to be important to the furtherance of the purposes of this title, assuring against loss of any loan investment for housing projects with appropriate participation by the private investor in the loan risk and in accordance with the foreign and financial policies of the United States, or assuring against loss of not to exceed 75 per centum of any other investment due to such risks as the President may determine, upon such terms and conditions as the President may determine:⁷⁴

Provided, That guaranties issued under this paragraph (2) shall emphasize economic development projects furthering social progress and the development of small independent business enterprises:⁷⁵ *Provided further*, That no payment may be made under this paragraph (2) for any loss arising out of fraud or misconduct for which the investor is responsible: *Provided further*, That the outstanding at any one time shall not exceed \$375,000,000,⁷⁶ and guaranties issued under this paragraph (2) for other than housing projects similar to those insured by the Department of Housing and Urban Development,⁷⁶ shall not exceed \$215,000,-

⁷² Sec. 104(a) (1) of the FAAAct of 1965 amended the introductory clause, which formerly read as follows: "The President may issue guaranties to United States citizens, or corporations, partnerships, or other associations created under the laws of the United States or of any State or territory and substantially beneficially owned by United States citizens, as well as any wholly-owned (determined without regard to any shares, in aggregate less than 5 per centum of the total of issued and subscribed share capital, required by law to be held by persons other than the parent corporation) foreign subsidiary of any such corporation—"

⁷³ Sec. 104(a) (1) of the FAAAct of 1966 substituted "\$7,000,000,000" for "\$5,000,000,000".

⁷⁴ The words in paragraph (2) to this point were substituted by Sec. 104(a) (2) of the FAAAct of 1962 in lieu of the former language, which read as follows: "where the President determines such action to be important to the furtherance of the purposes of this title, assuring against loss of not to exceed 75 per centum of any investment due to such risks as the President may determine, upon such terms and conditions as the President may determine".

⁷⁵ The words "and no such guaranty in the case of a loan shall exceed \$25,000,000 and no other such guaranty shall exceed \$10,000,000", which appeared at this point, were struck out by Sec. 104(a) (3) (A) of the FAAAct of 1965.

⁷⁶ Sec. 104(a) (2) of the FAAAct of 1966 substituted "\$375,000,000" for "\$300,000,000"; "\$215,000,000,000" for "\$175,000,000" and "Department of Housing and Urban Development" for "Federal Housing Administration".

000: ⁷⁷ *Provided further*, That this authority shall continue until June 30, 1969.⁷⁸

(c) No guaranty shall exceed the dollar value, as of the date of the investment, of the investment made in the project with the approval of the President plus earnings or profits actually accrued ⁷⁹ on said investment to the extent provided by such guaranty, nor shall any guaranty of an equity investment ⁸⁰ extend beyond twenty years from the date of issuance.

(d) The President shall make suitable arrangements for protecting the interests of the United States Government in connection with any guaranty issued under section 221(b), including arrangements with respect to the ownership, use, and disposition of the currency, credits, assets, or investment on account of which payment under such guaranty is to be made, and any right, title, claim, or cause of action existing in connection therewith.

SEC. 222.⁸¹ GENERAL PROVISIONS.—(a) A fee shall be charged for each guaranty in an amount to be determined by the President. In the event the fee to be charged for a type of guaranty authorized under sections 221(b) and 224 ⁸² is reduced, fees to be paid under existing contracts for the same type of guaranty may be similarly reduced.

(b) All fees collected in connection with guaranties issued under sections 221(b) and 224,⁸³ under sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended,⁸⁴ and under section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (22 U.S.C. 1509(b)(3)) (exclusive of fees for informational media guaranties heretofore or hereafter issued pursuant to section 1011 of the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1442) and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended), shall be available for meeting management and custodial costs incurred with respect to currencies or other assets acquired under guaranties made pursuant to sections 221(b) and 224 ⁸⁵ of this part, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), and to pay the costs of investigating and adjusting (including costs of arbitration) claims under such guaranties,⁸⁶ and shall be available for expenditure in discharge of liabilities under guaranties made pursuant to such sections, until such time as all such property has been disposed of and all such liabilities have been

⁷⁷ Except as indicated in previous footnote, the words to this point in the third proviso, beginning with "and guaranties issued", were added by Sec. 104(a)(2)(B) of the FFAAct of 1965.

⁷⁸ Sec. 104(a)(3) of the FFAAct of 1966 substituted "1969" for "1967".

⁷⁹ Sec. 104(b)(1) of the FFAAct of 1965 substituted the words "earnings or profits actually accrued" for the words "actual earnings or profits".

⁸⁰ The words "of an equity investment" were added by Sec. 104(b)(2) of the FFAAct of 1965.

⁸¹ 22 U.S.C. § 2182.

⁸² Sec. 104(b) of the FFAAct of 1963 substituted "sections 221(b) and 224" for "section 221(b)".

⁸³ Sec. 104(c) of the FFAAct of 1963 substituted "sections 221(b) and 224" for "section 221(b)".

⁸⁴ 22 U.S.C. §§ 1872, 1933.

⁸⁵ The words to this point, beginning with "and to pay the costs", were added by Sec. 104(c) of the FFAAct of 1965.

discharged or have expired, or until all such fees have been expended in accordance with the provisions of this section.

(c) In computing the total face amount of guaranties outstanding at any one time for purposes of paragraph (1) of section 221(b), the President shall include the face amounts of outstanding guaranties theretofore issued pursuant to such paragraph, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended, but shall exclude informational media guaranties.

(d)⁶⁶ Any payments made to discharge liabilities under guaranties issued under sections 221(b) and 224 of this part, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), shall be paid first out of fees referred to in section 222(b) as long as such fees are available, and thereafter shall be paid out of funds, if any, realized from the sale of currencies or other assets acquired in connection with any payments made to discharge liabilities under such guaranties as long as such funds are available, and thereafter shall be paid out of funds heretofore appropriated for the purpose of discharging liabilities under the aforementioned guaranties, and thereafter out of funds realized from the sale of notes issued under section 413(b)(4)(F) of the Mutual Security Act of 1954, as amended, and section 111(c)(2) of the Economic Cooperation Act of 1948, as amended, and finally out of funds hereafter made available pursuant to section 222(f).

(e)⁶⁷ All guaranties issued prior to July 1, 1956, all guaranties issued under sections 202(b) and 413(b)(4) of the Mutual Security

⁶⁶ Subsection (d) was amended by Sec. 104(d) of the FAAAct of 1963. It formerly read as follows:

"(d) Any payments made to discharge liabilities under guaranties issued under section 221(b) of this part, section 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), shall be paid first out of funds specifically reserved for such payment pursuant to the proviso to the second sentence of section 222(c) and thereafter shall be paid out of fees referred to in section 222(b) as long as such fees are available, and thereafter shall be paid out of funds, if any, realized from the sale of currencies or other assets acquired in connection with any such guaranties as long as such funds are available, and finally shall be paid out of funds realized from the sale of notes issued under section 413(b)(4)(F) of the Mutual Security Act of 1954, as amended, and section 111(c)(2) of the Economic Cooperation Act of 1948, as amended, and out of funds made available pursuant to this title."

⁶⁷ Subsection (e) was amended by Sec. 104(e) of the FAAAct of 1963. It formerly read as follows:

"(e) All guaranties issued prior to July 1, 1956 (exclusive of informational media guaranties), all guaranties issued under section 202(b) of the Mutual Security Act of 1954, as amended, may be considered, and all other guaranties shall be considered for the purposes of section 367D (31 U.S.C. 665) and section 3732 (41 U.S.C. 11) of the Revised Statutes, as amended, as obligations only to the extent of the probable ultimate net cost to the United States Government of all outstanding guaranties. Funds obligated in connection with guaranties issued under section 221(b) of this part, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), shall constitute a single reserve, together with funds available for obligation hereunder but not yet obligated, for the payment of claims under all guaranties issued under such sections: *Provided*, That funds obligated in connection with guaranties issued prior to July 1, 1956, and guaranties issued under section 202(b) of the Mutual Security Act of 1954, as amended, shall not, without the consent of the investor, be available for the payment of claims arising under any other guaranties. Funds available for obligation hereunder shall be decreased by the amount of any payments made to discharge liabilities, or to meet management and custodial costs incurred with respect to assets acquired, under guaranties issued pursuant to section 221(b) of this part, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), and shall be increased by the amount obligated for guaranties as to which all liability of the United States Government has been terminated, and by the amount of funds realized from the sale of currencies or other assets acquired in connection with any payments made to discharge liabilities, and the amount of fees collected, under guaranties issued pursuant to such sections (exclusive of informational media guaranties)."

Act of 1954, as amended, and all guaranties heretofore or hereafter issued pursuant to this title shall be considered contingent obligations backed by the full faith and credit of the Government of the United States of America. Funds heretofore obligated under the aforementioned guaranties (exclusive of informational media guaranties) together with the other funds made available for the purposes of this title shall constitute a single reserve for the payment of claims in accordance with section 222(d) of this part.

(f)⁸⁸ There is hereby authorized to be appropriated to the President such amount, to remain available until expended, as may be necessary from time to time to carry out the purposes of this title.

(g)⁸⁹ In making a determination to issue a guaranty under section 221(b), the President shall consider the possible adverse effect of the dollar investment under such guaranty upon the balance of payments of the United States.

(h)⁹⁰ In the case of any loan investment for housing guaranteed under section 221(b)(2) or section 224, the Administrator of the Agency for International Development shall prescribe the rate of interest allowable to the eligible United States investor, which rate shall not be less than one-half of 1 per centum above the then current rate of interest applicable to housing mortgages insured by the Department of Housing and Urban Development. In no event shall the Administrator prescribe an allowable rate of interest which exceeds by more than 1 per centum the then current rate of interest applicable to housing mortgages insured by such Department.

SEC. 223.⁹¹ DEFINITIONS.—As used in this title—

(a) the term “investment” includes any contribution of capital commodities, services, patents, processes, or techniques in the form of (1) a loan or loans to an approved project, (2) the purchase of a share of ownership in any such project, (3) participation in royalties, earnings, or profits of any such project, and (4) the furnishing of capital commodities and related services pursuant to a contract providing for payment in whole or in part after the end of the fiscal year in which the guaranty of such investment is made;⁹²

(b) the term “expropriation” includes but is not limited to any abrogation, repudiation, or impairment by a foreign government of its own contract with an investor, where such abrogation, repudiation, or impairment is not caused by the investor's own fault or misconduct, and materially adversely affects the continued operation of the project; and⁹³

(c)⁹⁴ the term “eligible United States investors” means United States citizens, or corporations, partnerships, or other associations created under the laws of the United States or any State or territory and substantially beneficially owned by United States citizens, as well as foreign corporations, partnerships, or other associations

⁸⁸ Subsection (f) was added by Sec. 104(b)(2) of the FAAct of 1962.

⁸⁹ Subsection (g) was added by Sec. 104(f) of the FAAct of 1963.

⁹⁰ Subsection (h) was added by Sec. 104(b) of the FAAct of 1966.

⁹¹ 22 U.S.C. § 2183.

⁹² Sec. 104(d)(1) of the FAAct of 1965 struck out the word “and” at the end of subsection (a), struck out the period at the end of subsection (b), and substituted therefor “; and”.

⁹³ Subsection (c) was added by Sec. 104(d)(2) of the FAAct of 1965.

wholly owned by one or more such United States citizens, corporations, partnerships, or other associations: *Provided*, That the eligibility of a foreign corporation shall be determined without regard to any shares, in aggregate less than 5 per centum of the total of issued and subscribed share capital, required by law to be held by persons other than the United States owners.

SEC. 224.⁹¹ HOUSING PROJECTS IN LATIN AMERICAN COUNTRIES.—(a)

It is the sense of Congress that in order to stimulate private home ownership and assist in the development of stable economies in Latin America, the authority conferred by this section should be utilized for the purpose of assisting in the development in the American Republics of self-liquidating pilot housing projects, the development of institutions engaged in Alliance for Progress programs, including cooperatives, free labor unions, savings and loan type institutions, and other private enterprise programs in Latin America engaged directly or indirectly in the financing of home mortgages, the construction of homes for lower income persons and families, the increased mobilization of savings and the improvement of housing conditions in Latin America.

(b) To carry out the purposes of subsection (a), the President is authorized to issue guaranties, on such terms and conditions as he shall determine, to eligible United States investors as defined in section 223 assuring against loss of loan investments made by such investors in—

(1) pilot or demonstration private housing projects in Latin America of types similar to those insured by the Department of Housing and Urban Development⁹⁵ and suitable for conditions in Latin America.

(2) credit institutions in Latin America engaged directly or indirectly in the financing of home mortgages, such as savings and loan institutions and other qualified investment enterprises;

(3) housing projects in Latin America for lower income families and persons, which projects shall be constructed in accordance with maximum unit costs established by the President for families and persons whose incomes meet the limitations prescribed by the President;

(4) housing projects in Latin America which will promote the development of institutions important to the success of the Alliance for Progress, such as free labor unions, cooperatives, and other private enterprise programs; or

⁹¹ 22 U.S.C. § 2184. Section 224 was amended by Sec. 104(e) of the FAAct of 1965. It formerly read as follows:

"Sec. 224. HOUSING PROJECTS IN LATIN AMERICAN COUNTRIES.—(a) It is the sense of the Congress that in order to stimulate private homeownership and assist in the development of stable economies, the authority conferred by this title should be utilized for the purpose of assisting in the development in the American Republics of self-liquidating pilot housing projects designed to provide experience in rapidly developing countries by participating with such countries in guaranteeing private United States capital available for investment in Latin American countries for the purposes set forth herein.

"(b) In order to carry out the purposes set forth in subsection (a), the President is authorized to issue guaranties assuring against the risks of loss specified in paragraph 221(b)(2) of investments made by United States citizens, or corporations, partnerships, or other associations created under the law of the United States or of any State or territory and substantially beneficially owned by United States citizens in pilot or demonstration private housing projects in Latin America of types similar to those insured by the Federal Housing Administration and suitable for conditions in Latin America. The total face amount of guaranties issued under this section outstanding at any one time shall not exceed \$250,000,000."

"(c) * * * [Repealed—1963]" Sec. 105(g)(2) of the FAAct of 1963 struck out former subsection (c). The substance of former subsection (c) has been retained by amendments described in footnotes 82 and 83.

⁹⁵ Sec. 104(c)(1) of the FAAct of 1966 substituted "Department of Housing and Urban Development" for "Federal Housing Administration".

(5) housing projects in Latin America 25 per centum or more of the aggregate of the mortgage financing for which is made available from sources within Latin America and is not derived from sources outside Latin America, which projects shall, to the maximum extent practicable, have a unit cost of not more than \$6,500.

(c) The total face amount of guaranties issued under this section outstanding at any one time shall not exceed \$450,000,000: *Provided*, That \$300,000,000 be used for the purposes of section 224(b)(1): ⁹⁶ *Provided*, That no payment may be made under this section for any loss arising out of fraud or misconduct for which the investor is responsible: *Provided further*, That this authority shall continue until June 30, 1969.⁹⁷

TITLE IV—SURVEYS OF INVESTMENT OPPORTUNITIES

SEC. 231.⁹⁸ GENERAL AUTHORITY.—(a) In order to encourage and promote the undertaking by private enterprise of surveys of investment opportunities, other than surveys of extraction opportunities, in less developed friendly countries and areas, the President is authorized to participate in the financing of such surveys undertaken by any person on such terms and conditions as he may determine: *Provided*, That his participation shall not exceed 50 per centum of the total cost of any such survey. The making of each such survey shall be approved by the President.

(b) In the event that a person who has undertaken a survey in accordance with this title determines, within a period of time to be determined by the President, not to undertake, directly or indirectly, the investment opportunity surveyed, such person shall turn over to the President a professionally acceptable technical report with respect to all matters explored. Such report shall become the property of the United States Government, and the United States Government shall be entitled to have access to, and obtain copies of, all underlying correspondence, memorandums, working papers, documents, and other materials in connection with the survey.

SEC. 232.⁹⁹ AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1965¹⁰⁰ to carry out the purposes of this title not to exceed \$2,100,000,¹⁰⁰ which shall remain available until expended.

SEC. 233.¹⁰¹ DEFINITIONS.—As used in this title—

(a) the term "person" means a citizen of the United States or any corporation, partnership, or other association substantially beneficially owned by United States citizens; and

(b) the term "survey of extraction opportunities" means any survey directed (i) to ascertaining the existence, location, extent,

⁹⁶ Sec. 104(c)(2) of the FAAct of 1966 substituted the words "\$450,000,000: *Provided*, That \$300,000,000 be used for the purposes of section 224(b)(1)" in lieu of "\$400,000,000".

⁹⁷ Sec. 104(c)(3) of the FAAct of 1966 substituted "1969" for "1967".

⁹⁸ 22 U.S.C. § 2191.

⁹⁹ 22 U.S.C. § 2192.

¹⁰⁰ Sec. 104 of the FAAct of 1964 substituted "1965" and "\$2,100,000" for "1963" and "\$2,000,000", respectively. FA Appropriation Act, 1965—\$1,600,000. FA Appropriation Act, 1966, appropriated no funds for this purpose. The FAAct of 1965 did not authorize appropriations for fiscal year 1966.

FA Appropriation Act, 1967, appropriated no funds for this purpose. The FAAct of 1966 did not authorize appropriations for fiscal year 1967.

¹⁰¹ 22 U.S.C. § 2193.

or quality of any deposit of ore, oil, gas or other mineral, or (ii) to determining the feasibility of undertaking operations for the mining or other extraction of any such mineral or for the processing of any such mineral to the stage of commercial marketability.

TITLE V—DEVELOPMENT RESEARCH

SEC. 241.¹⁰² GENERAL AUTHORITY.—(a) ¹⁰³ The President is authorized to use funds made available for this part to carry out programs of research into, and evaluation of, the process of economic development in less developed friendly countries and areas, into the factors affecting the relative success and costs of development activities, and into the means, techniques, and such other aspects of development assistance as he may determine, in order to render such assistance of increasing value and benefit.

(b) ¹⁰³ Funds made available to carry out this section may be used to conduct research into the problems of population growth.

TITLE VI—ALLIANCE FOR PROGRESS ¹⁰⁴

SEC. 251.¹⁰⁵ GENERAL AUTHORITY.—(a) It is the sense of the Congress that the historic, economic, political and geographic relationships among the American peoples and Republics are unique and of special significance and that the Alliance for Progress offers great hope for the advancement of the welfare of the peoples of the Americas and the strengthening of the relationships among them. It is further the sense of Congress that vigorous measures by the countries and areas of Latin America to mobilize their own resources for economic development and to adopt reforms which spread the benefits of economic progress among the people are essential to the success of the Alliance for Progress and to continued significant United States assistance thereunder. The President is authorized to furnish assistance on such terms and conditions as he may determine in order to promote the economic development of countries and areas in Latin America.

(b) Assistance furnished under this title shall be directed toward the development of human as well as economic resources. In furnishing assistance under this title, the President shall take into account (1) the principles of the Act of Bogotá and the Charter of Punta del Este and in particular the extent to which the recipient country or area is showing a responsiveness to the vital economic, political, and social concerns of its people and demonstrating a clear determination to take effective self-help measures; (2) the economic and technical soundness of the activity to be financed; (3) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range objectives; (4) the possible effects upon the United States

¹⁰² 22 U.S.C. § 2201. Sec. 113 of the FA Appropriation Act, 1967, places a limitation of \$10,000,000 on the amount of funds that may be used in fiscal year 1967 to carry out the purposes of this section.

¹⁰³ Subsection designation "(a)" and subsection (b) were added by Sec. 105 of the FAAct of 1963.

¹⁰⁴ Title VI was added by Sec. 106 of the FAAct of 1962.

¹⁰⁵ 22 U.S.C. § 2211.

economy, with special reference to areas of substantial labor surplus, of the assistance involved; (5) the degree to which the recipient country is making progress toward respect for the rule of law, freedom of expression and of the press, and recognition of the importance of individual freedom, initiative, and private enterprise; (6) the degree to which the recipient country is taking steps to improve its climate for private investment; (7) whether or not the activity to be financed will contribute to the achievement of self-sustaining growth; and (8) the extent to which the activity to be financed will contribute to the economic or political integration of Latin America.¹⁰⁸ In making loans under this title from funds which are required to be used for loans payable as to principal and interest in United States dollars, the President shall take into account, in addition to the considerations named in the preceding sentence, whether financing could be obtained in whole or in part from other free world sources on reasonable terms (including private sources within the United States), the capacity of the recipient country to repay the loan at a reasonable rate of interest,¹⁰⁹ and the effects made by recipient nations to repatriate capital invested in other countries by their own citizens. The provisions of sections 201(d), 202(b), 202(c) and 204 shall be applicable to such loans, and they shall be made only upon a finding of reasonable prospects of repayment.

(c) The authority of section 614(a) may not be used to waive the requirements of this title with respect to funds made available for this title which are required to be used for loans payable as to principal and interest in United States dollars, and the authority of section 610 may be used to transfer such funds only to funds made available for title I of chapter 2 of part I.

(d) In order to carry out the policies of this Act and the purpose of this title, the President shall, when requested by a friendly country and when appropriate, assist in fostering measures of agrarian reform, including colonization and redistribution of land, with a view to insuring a wider and more equitable distribution of the ownership of land.

(e) The President shall not allocate, reserve, earmark, commit, or otherwise set aside, funds aggregating in excess of \$100,000 for use in any country under this title unless (1) an application for such funds has been received for use in such country together with sufficient information and assurances to indicate reasonably that the funds will be used in an economically¹¹⁰ and technically sound manner, or (2) the President determines with respect to each such allocation, reservation, earmarking, commitment, or set-aside that it is in the national interest to use such funds pursuant to multilateral plans.

(f) In furnishing assistance under this title, consistently with and for the purposes of section 601(b)(4) of this Act, the agency primarily responsible for administering part I¹¹¹ or any other de-

¹⁰⁸ Sec. 105(a)(1) of the FAAct of 1966 struck out the word "and" which appeared at the end of clause (3); substituted the semicolon for a period at the end of clause (4), and added clauses (5), (6), (7) and (8).

¹⁰⁹ See also Secs. 201(b)(6), 222(g), 211 and 604(a) of this Act.

¹¹⁰ The words to this point, beginning with "(including private sources)", were inserted by Sec. 106(a)(1) of the FAAct of 1963.

¹¹¹ Sec. 106(a)(2) of the FAAct of 1963 substituted "economically" for "economical".

¹¹² Sec. 106(a)(3) of the FAAct of 1963 substituted the words "agency primarily responsible for administering part I" for the words "Agency for International Development".

partments and agencies designated by the President shall provide such assistance as may be determined by the President to be necessary from time to time in order to make effective the efforts of the Commerce Committee for the Alliance for Progress, established under the Department of Commerce.

(g)¹¹² In order to carry out the policies of this Act, the President shall, when appropriate, assist in promoting the organization, implementation, and growth of the cooperative movement in Latin America as a fundamental measure toward the strengthening of democratic institutions and practices and economic and social development under the Alliance for Progress.

(h)¹¹³ Loans may be made under authority of this title only for social and economic development projects and programs which are consistent with the findings and recommendations of the Inter-American Committee for the Alliance for Progress in its annual review of national development activities. Whenever the President determines that the purposes of this title would be better served thereby, he may make available, in addition to any other funds available for such purposes, on such terms and conditions as he determines, not to exceed 15 per centum of the funds made available for this title to the Inter-American Development Bank, or to any of the institutions named in section 205, for use pursuant to the laws governing United States participation in the said Bank or in such institutions and the governing statutes thereof and without regard to section 201 or any other requirements of this or any other Act.

SEC. 252.¹¹⁴ AUTHORIZATION.—There is hereby authorized to be appropriated to the President for the purposes of this title, in addition to other funds available for such purposes, for the fiscal year 1967, \$696,500,000, and for each of the fiscal years 1968 and 1969, \$750,000,000, which amounts are authorized to remain available until expended and which, except for not to exceed \$100,000,000 in each such fiscal year¹¹⁵ of the funds appropriated pursuant to this section for use beginning in each such fiscal year,¹¹⁶ shall be available only for loans payable as to principal and interest in United States dollars. In presenting requests to the Congress for authorizations for appropriations for fiscal years 1968 and 1969¹¹⁷ to carry out other programs under this Act, the President shall also present the program proposed to be carried out from funds appropriated pursuant to the authorization contained in this section for the respective fiscal year. In order to effectuate the purposes and provisions of sections 102, 251, 601, and 602

¹¹² Subsection (g) was added by Sec. 106(a)(4) of the FAAct of 1963.

¹¹³ Subsection (h) was added by Sec. 105(a)(2) of the FAAct of 1966.

¹¹⁴ 22 U.S.C. § 2212.

¹¹⁵ The words to this point, beginning with "the fiscal year 1967," were substituted for the words "use beginning in each of the fiscal years 1963, 1964 and 1966, not to exceed \$600,000,000 for each such fiscal year, and for use beginning in the fiscal year 1964, not to exceed \$525,000,000, which sums are authorized to remain available until expended and which, except for not to exceed \$100,000,000 in each of the fiscal years 1963 and 1964 and \$85,000,000 in fiscal year 1965 and \$75,000,000 in fiscal year 1966" by Sec. 105(b)(1) of the FAAct of 1966.

FA Appropriation Act, 1967—Alliance for Progress, technical cooperation and development grants: \$87,700,000; Alliance for Progress, development loans: "\$20,300,000, together with such dollar amounts as are authorized to be made available for assistance under section 253, all such amounts to remain available until expended."

¹¹⁶ The words "of the funds appropriated pursuant to this section for use beginning in each such fiscal year" were part of an amendment made by Sec. 105 of the FAAct of 1964.

¹¹⁷ Sec. 105(b)(2) of the FAAct of 1966 substituted "1968 and 1969" for "1964 through 1966".

of this Act, not less than 50 per centum of the loan funds appropriated pursuant to this section for the fiscal years ending June 30, 1967, through June 30, 1969,¹¹⁸ respectively, shall be available for loans made to encourage economic development through private enterprise.¹¹⁹

SEC. 253.¹²⁰ FISCAL PROVISIONS.—All receipts in United States dollars from loans made under this title and from loans made for the benefit of countries and areas of Latin America under title I of chapter 2 of part I of this Act, notwithstanding section 203, shall be available for use for loans payable as to principal and interest in United States dollars in furtherance of the purposes of this title.¹²¹ All receipts in foreign currencies from loans made under this title or for nonmilitary assistance purposes under the Mutual Security Act of 1954, as amended, or any Act repealed thereby, shall be available, in addition to other funds available for such purposes, for loans on such terms and conditions as the President may specify to carry out the purposes of subsection (g) of section 251 of this title, and the President may, notwithstanding the provisions of this or any other Act, reserve such currencies in such amounts (not to exceed \$25,000,000) as he shall determine to be necessary to provide for the programs authorized by said subsection (g).¹²² Such receipts and other funds made available under this title for use for the purposes of this title shall remain available until expended.

TITLE VII—EVALUATION OF PROGRAMS¹²³

SEC. 261.¹²⁴ The President may appoint a committee to review and evaluate the economic development program under this Act, and to report to the President and to the Congress its findings.

TITLE VIII—SOUTHEAST ASIA MULTILATERAL AND REGIONAL PROGRAMS¹²⁵

SEC. 271.¹²⁶ GENERAL PROVISIONS.—The acceleration of social and economic progress in southeast Asia is important to the achievement of the United States foreign policy objectives of peace and stability in that area. It is the sense of Congress that this objective would be served by an expanded effort by the countries of southeast Asia and other interested countries in cooperative programs for social and economic development of the region, employing both multilateral and bilateral channels of assistance.

SEC. 272.¹²⁷ SPECIAL PROVISIONS.—In providing assistance to further the purposes of this title the President shall take into account:

- (1) initiatives in the field of social and economic development by Asian peoples and institutions;

¹¹⁸ Sec. 105(b)(3) of the FAAct of 1966 substituted "June 30, 1967, through June 30, 1969" for "June 30, 1965 and June 30, 1968".

¹¹⁹ With the exception of the date change set out in footnote 118 the last sentence was added by Sec. 106(b)(3) of the FAAct of 1963.

¹²⁰ 22 U.S.C. § 2213.

¹²¹ See appropriation for Alliance for Progress development loans in FA Appropriation Act 1967, page 127, and Sec. 117 of the FA Appropriation Act, 1964, box note, page 136.

¹²² This sentence was added by Sec. 106(c) of the FAAct of 1963.

¹²³ Title VII was added by Sec. 107 of the FAAct of 1963.

¹²⁴ 22 U.S.C. § 2216. For other reports required to be submitted to Congress, see Reports to Congress. Index of FAAct, page 87, and Secs. 102, 103, 108, 109(b) and the Proviso at the end of the last paragraph under Economic Assistance of the FA Appropriation Act, 1967.

¹²⁵ Titles VIII and IX were added by Sec. 106 of the FAAct of 1966.

¹²⁶ 22 U.S.C. § 2217.

¹²⁷ 22 U.S.C. § 2217a.

(2) regional economic cooperation and integration in southeast Asia;

(3) the extent of participation by other potential donor countries;

(4) the degree of peaceful cooperation among the countries of southeast Asia toward the solution of common problems; and

(5) the ability of multilateral institutions or other administering authorities to carry out projects and programs effectively, efficiently, and economically.

SEC. 273.¹²⁹ AUTHORIZATION.—The President is authorized to utilize not to exceed \$10,000,000 of the funds otherwise available to carry out the provisions of part I of this Act (other than title VI of this chapter) to furnish assistance under this title on such terms and conditions as he may determine, in order to promote social and economic development and stability in southeast Asia.

TITLE IX—UTILIZATION OF DEMOCRATIC INSTITUTIONS IN DEVELOPMENT ¹²⁵

SEC. 281.¹²⁹ In carrying out programs authorized in this chapter, emphasis shall be placed on assuring maximum participation in the task of economic development on the part of the people of the developing countries, through the encouragement of democratic private and local governmental institutions.

CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND PROGRAMS

SEC. 301.¹³⁰ GENERAL AUTHORITY.—(a) When he determines it to be in the national interest, the President is authorized to make voluntary contributions on a grant basis to international organizations and to programs administered by such organizations, and in the case of the Indus Basin Development Fund administered by the International Bank for Reconstruction and Development to make grants and loans payable as to principal and interest in United States dollars and subject to the provisions of section 201 (d),¹³¹ on such terms and conditions as he may determine, in order to further the purposes of this part.

(b) Contributions to the United Nations Development Program ¹³² for the calendar years succeeding 1961 may not exceed forty per centum of the total amount contributed for such purpose (including assessed and audited local costs) for each year. The President shall seek to assure that no contribution to the United Nations Development Program authorized by this Act shall be used for projects for economic or technical assistance to the Government of Cuba, so long as Cuba is governed by the Castro regime.¹³²

(c) In determining whether or not to continue furnishing assistance for Palestine refugees in the Near East through contributions to the

¹²⁹ 22 U.S.C. § 2217b.

¹³⁰ 22 U.S.C. § 2218.

¹³¹ 22 U.S.C. § 2221.

¹³² The words to this point, beginning with "and in the case of the Indus", were added by Sec. 107 (a) of the FA Act of 1966.

¹³³ Sec. 107 (b) of the FA Act of 1966 substituted "United Nations Development Program" in lieu of "United Nations Expanded Program of Technical Assistance and the United Nations Special Fund", and also added the last sentence.

See also Sec. 107 of the FA Appropriation Act, 1967, page 130 and Proviso in Appropriation Act, 1967.

United Nations Relief and Works Agency for Palestine Refugees in the Near East, the President shall take into account (1) whether Israel and the Arab host governments are taking steps toward the resettlement and repatriation of such refugees, and (2) the extent and success of efforts by the Agency and the Arab host governments to rectify the Palestine refugee relief rolls. Contributions by the United States for the fiscal year 1967 shall not exceed \$13,300,000. No contributions under this subsection shall be made except on the condition that the United Nations Relief and Works Agency take all possible measures to assure that no part of the United States contribution shall be used to furnish assistance to any refugee who is receiving military training as a member of the so-called Palestine Liberation Army.¹³³

SEC. 302.¹³⁴ AUTHORIZATION.—(a) There is authorized to be appropriated to the President for grants to carry out the purposes of this chapter, in addition to funds available under any other Act for such purposes, for the fiscal year 1967 not to exceed \$140,433,000.¹³⁵

(b) There is authorized to be appropriated to the President, for the fiscal year 1967, \$1,000,000 for contributions to the United Nations Children's Fund during the calendar year 1967.¹³⁶ Funds made available under this subsection shall be in addition to funds available under this or any other Act for such contributions and shall not be taken into account in computing the aggregate amount of United States contributions to such fund for the calendar year 1967.

(c) None of the funds available to carry out this chapter shall be contributed to any international organization or to any foreign government or agency thereof to pay the costs of developing or operating any volunteer program of such organization, government, or agency relating to the selection, training, and programing of volunteer manpower.

SEC. 303.¹³⁷ INDUS BASIN DEVELOPMENT.—In the event that funds made available under this Act (other than part II) are used by or under the supervision of the International Bank for Reconstruction and Development in furtherance of the development of the Indus Basin through the program of cooperation among South Asian and other countries of the free world, which is designed to promote economic growth and political stability in South Asia, such funds may be used in accordance with requirements, standards, or procedures established by the Bank concerning completion of plans and cost estimates and determination of feasibility, rather than with requirements, standards, or procedures concerning such matters set forth in this or other Act;

¹³³ Sec. 107(c) of the FAAct of 1966 added the last two sentences and struck out the former last sentence, which read as follows: "Contributions by the United States to the United Nations Relief and Works Agency for Palestine Refugees in the Near East for the calendar year 1966 shall not exceed \$15,200,000."

¹³⁴ 22 U.S.C. § 2222. Sec. 107(d) of the FAAct of 1966 amended Sec. 302, which formerly read as follows:

"SEC. 302. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use, in addition to funds available under any other Act for such purposes, for the fiscal year 1966 to carry out the purposes of this chapter not to exceed \$144,755,000. None of the funds available to carry out this chapter shall be contributed to any international organization or to any foreign government or agency thereof to pay the costs of developing or operating any volunteer program of such organization, government, or agency relating to the selection, training, and programing of volunteer manpower."

¹³⁵ FA Appropriation Act, 1967—\$140,433,000; *Provided*, That the President shall seek to assure that no contribution to the United Nations Development Program authorized by the Foreign Assistance Act of 1961, as amended, shall be used for projects for economic or technical assistance to the Government of Cuba, so long as Cuba is governed by the Castro regime."

¹³⁶ FA Appropriation Act, 1967, appropriated no funds for this purpose.

¹³⁷ 22 U.S.C. § 2223.

and such funds may also be used without regard to the provisions of section 901(b) of the Merchant Marine Act, 1936, as amended (46 U.S.C. 1241), whenever the President determines that such provisions cannot be fully satisfied without seriously impeding or preventing accomplishment of the purposes of such programs: *Provided*, That compensating allowances are made in the administration of other programs to the same or other areas to which the requirements of said section 901(b) are applicable.

CHAPTER 4—SUPPORTING ASSISTANCE

SEC. 401.¹³⁹ GENERAL AUTHORITY.—The President is authorized to furnish assistance to friendly countries, organizations, and bodies eligible to receive assistance under this part on such terms and conditions as he may determine, in order to support or promote economic or political stability: *Provided*, That not more than thirteen countries may receive assistance under the authority of this chapter in any fiscal year, unless the President determines that it is in the national interest of the United States to furnish such assistance to an additional country or countries. Any such determination, together with the reasons therefor, shall be reported to the Committee on Foreign Relations of the Senate and to the Speaker of the House of Representatives.¹⁴⁰

SEC. 402.¹⁴¹ AUTHORIZATION.—There is authorized to be appropriated to the President to carry out the purposes of this chapter for the fiscal year 1967 not to exceed \$715,000,000: ¹⁴² *Provided*, That where commodities are furnished on a grant basis under this chapter under arrangements which will result in the accrual of proceeds to the Government of Vietnam from the sale thereof, arrangements shall be made to assure that such proceeds will not be budgeted by the Government of Vietnam for economic assistance projects or programs unless the President or his representative has given his prior written approval. Amounts appropriated under this section are authorized to remain available until expended.

CHAPTER 5.—CONTINGENCY FUND

SEC. 451.¹⁴³ CONTINGENCY FUND.—(a) There is hereby authorized to be appropriated to the President for the fiscal year 1967 ¹⁴⁴ not to exceed \$110,000,000 ¹⁴⁵ for use by the President for assistance authorized by part I in accordance with the provisions applicable to the fur-

¹³⁹ 22 U.S.C. § 2241.

¹⁴⁰ The Proviso and last sentence were added by Sec. 108(a) of the FFAct of 1966.

For other reports required to be submitted to Congress, see Reports to Congress, Index to FFAct, page 87, and Secs. 102, 103, 108, 109(b) and the Proviso at the end of the last paragraph under Economic Assistance of the FFA Appropriation Act, 1967.

¹⁴¹ 22 U.S.C. § 2242. Sec. 108(b) of the FFAct of 1966 amended Sec. 402, which formerly read as follows:

"SEC. 402. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1966 to carry out the purposes of this chapter not to exceed \$369,200,000, which shall remain available until expended. Of the funds made available for the fiscal year 1965 to carry out the purposes of this chapter, not less than \$200,000,000 shall be available solely for use in Vietnam, unless the President determines otherwise and promptly reports such determination to the Committees on Foreign Relations and Appropriations of the Senate and to the Speaker of the House of Representatives."

¹⁴² FFA Appropriation Act, 1967—\$690,000,000.

¹⁴³ 22 U.S.C. § 2261.

¹⁴⁴ Sec. 109(a)(1) of the FFAct of 1966 substituted "1967" and "\$110,000,000" for "1966" and "\$150,000,000", respectively. FFA Appropriation Act, 1967—\$35,000,000.

nishing of such assistance, when he determines such use to be important to the national interest.¹⁴⁵

(b) The President shall provide quarterly reports to¹⁴⁶ the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives on the programming and the obligation¹⁴⁶ of funds under¹⁴⁷ subsection (a).

CHAPTER 6—ASSISTANCE TO COUNTRIES HAVING AGRARIAN ECONOMIES

SEC. 461.¹⁴⁸ ASSISTANCE TO COUNTRIES HAVING AGRARIAN ECONOMIES.—Wherever the President determines that the economy of any country is in major part an agrarian economy, emphasis shall be placed on programs which reach the people in such country who are engaged in agrarian pursuits or who live in the villages or rural areas in such country, including programs which will assist them in the establishment of indigenous cottage industries, in the improvement of agricultural methods and techniques, and which will encourage the development of local programs of self-help and mutual cooperation. In such country emphasis shall be placed also upon programs of community development which will promote stable and responsible governmental institutions at the local level.¹⁴⁹

CHAPTER 7—JOINT COMMISSIONS ON RURAL DEVELOPMENT¹⁵⁰

SEC. 471.¹⁵⁰ JOINT COMMISSIONS ON RURAL DEVELOPMENT.—(a) The President is authorized to conclude agreements with less developed countries providing for the establishment in such countries of Joint Commissions on Rural Development each of which shall be composed of one or more citizens of the United States appointed by the President and one or more citizens of the country in which the Commission is established. A majority of the members of each such Commission shall be citizens of the country in which it is established. Each such agreement shall provide for the selection of the members who are citizens of the country in which the Commission is established who wherever feasible shall be selected in such manner and for such terms of office as will insure to the maximum extent possible their tenure and continuity in office.

(b) A commission established pursuant to an agreement authorized by this section shall be authorized to formulate and carry out

¹⁴⁵ Sec. 109(a)(2) of the FAAct of 1966 struck out the second and third sentences of this subsection, which read as follows: "No part of the funds appropriated under the preceding sentence after January 1, 1966, for the fiscal year 1966, shall be used to provide assistance to any country which permits any ship or aircraft under its registry to transport any equipment, materials, or commodities to or from North Vietnam unless the President determines that the withholding of such assistance would be contrary to the national interest of the United States and reports such determination to the Congress. In addition, there is hereby authorized to be appropriated to the President for use in Southeast Asia such sums, not to exceed \$80,000,000, as may be necessary in the fiscal year 1966 for programs authorized by parts I and II of this Act."

¹⁴⁶ Sec. 109(b) of the FAAct of 1962 substituted the words "provide quarterly reports to" in lieu of "keep" and the words "on the programming and the obligation" in lieu of "currently informed of the use".

For other reports required to be submitted to Congress see Reports to Congress, Index to FAAct, page 87, and Secs. 102, 103, 109, 109(b) and the *Proviso* at the end of the last paragraph under Economic Assistance of the FA Appropriation Act, 1967.

¹⁴⁷ Sec. 109(b) of the FAAct of 1966 struck out the words "the first sentence of" which appeared at this point. Sec. 108(b) of the FAAct of 1965 substituted the words "the first sentence of subsection (a)" in lieu of "this section".

¹⁴⁸ 22 U.S.C. § 2271.

¹⁴⁹ This last sentence was added by Sec. 110 of the FAAct of 1962.

¹⁵⁰ 22 U.S.C. § 2281. Chapter 7 was added by Sec. 110 of the FAAct of 1966.

programs for development of rural areas in the country in which it is established, which may include such research, training and other activities as may be necessary or appropriate for such development.

(c) Not to exceed 10 per centum of the funds made available pursuant to section 212 shall be available to the President in negotiating and carrying out agreements entered into under this section, including the financing of appropriate activities of Commissions established pursuant to such agreements.

(d) The furnishing of assistance under this section shall not be construed as an express or implied assumption by the United States of any responsibility for making further contributions for such purpose.

(e) Nothing in this chapter shall be construed to restrict the authority contained in any other chapters of this Act.

PART II

CHAPTER 1—POLICY ¹⁵¹

SEC. 501.¹⁵² SHORT TITLE.—* * * [Repealed—1963]

SEC. 502.¹⁵³ STATEMENT OF POLICY.—The Congress of the United States reaffirms the policy of the United States to achieve international peace and security through the United Nations so that armed force shall not be used except for individual or collective self-defense. The Congress hereby finds that the efforts of the United States and other friendly countries to promote peace and security continue to require measures of support based upon the principle of effective self-help and mutual aid. It is the purpose of this part to authorize measures in the common defense against internal and external aggression, including the furnishing of military assistance, upon request, to friendly countries and international organizations. In furnishing such military assistance, it remains the policy of the United States to continue to exert maximum efforts to achieve universal control of weapons of mass destruction and universal regulation and reduction of armaments, including armed forces, under adequate safeguards to protect complying countries against violation and evasion.

The Congress recognizes that the peace of the world and the security of the United States are endangered so long as international communism and the countries it controls continue by threat of military action, by the use of economic pressure, and by internal subversion, or other means to attempt to bring under their domination peoples now free and independent and continue to deny the rights of freedom and self-government to peoples and countries once free but now subject to such domination.

It is the sense of the Congress that an important contribution toward peace would be made by the establishment under the Organization of American States of an international military force.

In enacting this legislation, it is therefore the intention of the Congress to promote the peace of the world and the foreign policy, security, and general welfare of the United States by fostering an improved

¹⁵¹ Sec. 201(a) of the FAAct of 1963 struck out the words "SHORT TITLE AND" in the chapter heading, which formerly read "SHORT TITLE AND POLICY".

¹⁵² Sec. 201(b) of the FAAct of 1963 repealed former Section 501, which related to the short title.

¹⁵³ 22 U.S.C. § 2307.

climate of political independence and individual liberty, improving the ability of friendly countries and international organizations to deter or, if necessary, defeat Communist or Communist-supported aggression, facilitating arrangements for individual and collective security, assisting friendly countries to maintain internal security, and creating an environment of security and stability in the developing friendly countries essential to their more rapid social, economic, and political progress. The Congress urges that all other countries able to contribute join in a common undertaking to meet the goals stated in this part.

Finally, the Congress reaffirms its full support of the progress of the members of the North Atlantic Treaty Organization¹⁵⁴ toward increased cooperation in political, military, and economic affairs. In particular, the Congress welcomes the steps which have been taken to promote multilateral programs of coordinated procurement, research, development, and production of defense articles and urges that such programs be expanded to the fullest extent possible to further the defense of the North Atlantic Area.

CHAPTER 2—MILITARY ASSISTANCE

SEC. 503.¹⁵⁵ GENERAL AUTHORITY.—The President is authorized to furnish military assistance on such terms and conditions as he may determine, to any friendly country or international organization, the assisting of which the President finds will strengthen the security of the United States and promote world peace and which is otherwise eligible to receive such assistance, by—

(a) acquiring from any source and providing (by loan, lease, sale, exchange, grant, or any other means) any defense article or defense service;

(b) making financial contributions to multilateral programs for the acquisition or construction of facilities¹⁵⁶ for collective defense;

(c) providing financial assistance for expenses incident to participation by the United States Government in regional or collective defense organizations;¹⁵⁷

(d) assigning or detailing members of the Armed Forces of the United States and other personnel of the Department of Defense to perform duties of a noncombatant nature, including those related to training or advice; and¹⁵⁷

(e)¹⁵⁸ guarantying, insuring, coinsuring, and reinsuring any individual, corporation, partnership, or other association doing business in the United States against political and credit risks of nonpayment arising in connection with credit sales financed by such individual, corporation, partnership or other association for defense articles and defense services procured in the United States by such friendly country or international organization.

¹⁵⁴ For text of the North Atlantic Treaty, see page 580.

¹⁵⁵ 22 U.S.C. § 2311.

¹⁵⁶ Sec. 201(a) of the FFAAct of 1965 struck out the words "in foreign countries", which appeared at this point.

¹⁵⁷ Sec. 201(a)(1) of the FFAAct of 1964 struck out the word "and" at the end of subsection (c), struck out the period at the end of subsection (d), and substituted therefor "and".

¹⁵⁸ Subsection (e) was added by Sec. 201(a)(2) of the FFAAct of 1964.

SEC. 504.¹⁵⁹ AUTHORIZATION.—(a) In addition to such amounts as may be otherwise authorized to support Vietnamese forces and other free world forces in Vietnam, there is authorized to be appropriated to the President to carry out the purposes of this part (excluding the support of Vietnamese forces and other free world forces in Vietnam) not to exceed \$875,000,000¹⁶⁰ for the fiscal year 1967: *Provided*, That funds made available for assistance under this chapter (other than training in the United States) shall not be used to furnish such assistance to more than forty countries in any fiscal year. Amounts appropriated under this subsection are authorized to remain available until expended.

(b) In order to make sure that a dollar spent on military assistance to foreign countries is as necessary as a dollar spent for the United States military establishment, the President shall establish procedures for programming and budgeting so that programs of military assistance come into direct competition for financial support with other activities and programs of the Department of Defense.

SEC. 505.¹⁶¹ UTILIZATION OF ASSISTANCE.—(a) Military assistance to any country shall be furnished solely for internal security, for legitimate self-defense, to permit the recipient country to participate in regional or collective arrangements or measures consistent with the Charter of the United Nations, or otherwise to permit the recipient country to participate in collective measures requested by the United Nations for the purpose of maintaining or restoring international peace and security, or for the purpose of assisting foreign military forces in less developed friendly countries (or the voluntary efforts of personnel of the Armed Forces of the United States in such countries) to construct public works and to engage in other activities helpful to the economic and social development of such friendly countries. It is the sense of the Congress that such foreign military forces should not be maintained or established solely for civic action activities and that such civic action activities not significantly detract from the capability of the military forces to perform their military missions and be coordinated with and form part of the total economic and social development effort.¹⁶²

(b)¹⁶³ Except¹⁶⁴ (1) to the extent necessary to fulfill prior commitments, or (2) for civic action assistance, or (3) to the extent that the

¹⁵⁹ 22 U.S.C. § 2312. Sec. 201(a) of the FFAAct of 1966 amended Sec. 504(a), which formerly read as follows:

"(a) There is hereby authorized to be appropriated to the President for use beginning in fiscal year 1966 to carry out the purposes of this part, not to exceed \$1,170,000,000, which shall remain available until expended. Of the funds made available for the fiscal year 1965 to carry out the purposes of this part, not less than \$200,000,000 shall be available solely for use in Vietnam, unless the President determines otherwise and promptly reports such determination to the Committees on Foreign Relations and Appropriations of the Senate and to the Speaker of the House of Representatives."

¹⁶⁰ FA Appropriation Act, 1967—\$792,000,000, including administrative expenses authorized by section 536(g)(1) of such Act, which shall not exceed \$23,000,000 for the current fiscal year, and purchase of passenger motor vehicles for replacement only for use outside the United States: *Provided*, That none of the funds contained in this paragraph shall be available for the purchase of new automotive vehicles outside of the United States.

¹⁶¹ 22 U.S.C. § 2313.

¹⁶² Sec. 201(c)(1) of the FFAAct of 1965 struck out the colon and added the words to this point, beginning with "or for the purpose of assisting".

¹⁶³ Sec. 201(c)(2) of the FFAAct of 1965 struck out subsection (b) and redesignated the proviso of subsection (a) as subsection (b). Subsection (b) formerly read as follows: "To the extent feasible and consistent with the other purposes of this part, the use of military forces in less developed friendly countries in the construction of public works and other activities helpful to economic development shall be encouraged." The proviso had been added to subsection (b) by Sec. 202(b) of the FFAAct of 1963.

¹⁶⁴ Section 201(c)(3) of the FFAAct of 1965 substituted the word "Except" for the words "*Provided*, That except" and substituted the words ", or (2) for civic action assistance, or (3)" in lieu of "or (2)".

President finds, with respect to any Latin American country, that the furnishing of military assistance under this Act is necessary to safeguard the security of the United States or to safeguard the security of a country associated with the United States in the Alliance for Progress against overthrow of a duly constituted government, and so informs the Congress,¹⁶⁵ no further military assistance under any provision of this Act shall be furnished to any Latin American country.

SEC. 506.¹⁶⁶ CONDITIONS OF FURNISHING.—(a) In addition to such other provisions as the President may require, no defense articles shall be furnished to any country on a grant basis unless it shall have agreed that—

(1) it will not, without the consent of the President—

(A) permit any use of such articles by anyone not an officer, employee, or agent of that country,

(B) transfer, or permit any officer, employee, or agent of that country to transfer such articles by gift, sale, or otherwise, or

(C) use or permit the use of such articles for purposes other than those for which furnished;

(2) it will maintain the security of such articles, and will provide substantially the same degree of security protection afforded to such articles by the United States Government;

(3) it will, as the President may require, permit continuous observation and review by, and furnish necessary information to, representatives of the United States Government with regard to the use of such articles; and

(4) unless the President consents to other disposition, it will return to the United States Government for such use or disposition as the President considers in the best interests of the United States, such articles which are no longer needed for the purposes for which furnished.

(b) No defense articles shall be furnished on a grant basis to any country at a cost in excess of \$3,000,000 in any fiscal year unless the President determines—

(1) that such country conforms to the purposes and principles of the Charter of the United Nations;

(2) that such defense articles will be utilized by such country for the maintenance of its own defensive strength, and the defensive strength of the free world;

(3) that such country is taking all reasonable measures, consistent with its political and economic stability, which may be needed to develop its defense capacities; and

(4) That the increased ability of such country to defend itself is important to the security of the United States.

(c)¹⁶⁷ The President shall regularly reduce and, with such deliberate speed as orderly procedure and other relevant considerations, including prior commitments, will permit, shall terminate all further grants of military equipment and supplies to any country having

¹⁶⁵ For other reports required to be submitted to Congress, see Reports to Congress, Index to FAAct, page 87, and Secs. 102, 103, 108, 109(b) and the Proviso at the end of the last paragraph under Economic Assistance of the FA Appropriation Act, 1967.

¹⁶⁶ 22 U.S.C. § 2314.

¹⁶⁷ Subsections (c) and (d) were added by Sec. 201(a) of the FAAct of 1963.

sufficient wealth to enable it, in the judgment of the President, to maintain and equip its own military forces at adequate strength, without undue burden to its economy.

(d)¹⁶⁷ Any country which hereafter uses defense articles or defense services furnished such country under this Act, the Mutual Security Act of 1954, as amended, or any predecessor foreign assistance Act, in substantial violation of the provisions of this chapter or any agreements entered into pursuant to any of such Acts shall be immediately ineligible for further assistance.

(e)¹⁶⁸ From and after the sixtieth day after the day of enactment of the Foreign Assistance Act of 1966, no assistance shall be provided under this chapter to any country to which sales are made under title I of the Agricultural Trade Development and Assistance Act of 1954 until such country has entered into an agreement to permit the use of foreign currencies accruing to the United States under such title I to procure equipment, materials, facilities, and services for the common defense including internal security, in accordance with the provisions of section 104(c) of such title I.

SEC. 507.¹⁶⁹ SALES.—(a) The President may furnish defense articles from the stocks of the Department of Defense and defense services to any friendly country or international organization, without reimbursement from funds made available for use under this part, if such country or international organization agrees to pay not less than¹⁷⁰ the value thereof in United States dollars. Payment shall be made in advance or, as determined by the President to be in the best interests of the United States, within a reasonable period not to exceed three years after the delivery of the defense articles, or the provision of the defense services. Notwithstanding the provisions of section 644(m)(2), nonexcess defense articles may be sold under this subsection at the standard price in effect at the time such articles are offered for sale to the purchasing country or international organization.¹⁷¹ For the purposes of this subsection, the value of excess defense articles shall be not less than (1) the value specified in section 644(m)(1) plus the scrap value, or (2) the market value, if ascertainable, whichever is the greater.

(b) The President may, without requirement for charge to any appropriation or contract authorization otherwise provided, enter into contracts for the procurement of defense articles or defense services for sale to any friendly country or international organization if such country or international organization provides the United States Government with a dependable undertaking (1) to pay the full amount of such contract which will assure the United States Government against any loss on the contract, and (2) to make funds available in such amounts and at such times as may be required to meet the payments required by the contract, and any damages and costs that may accrue from the cancellation of such contract, in advance of the time such payments, damages, or costs are due: *Provided*, That the President may, when he determines it to be in the national interest, accept a dependable undertaking to make full payment within one hundred and twenty days after delivery of the defense articles, or the render-

¹⁶⁶ Subsection (e) was added by Sec. 201(b) of the FAAct of 1966.

¹⁶⁷ 22 U.S.C. § 2315. See also Sec. 640 of this Act.

¹⁶⁸ The words "not less than" were added by Sec. 201(b) of the FAAct of 1962.

¹⁶⁹ This sentence was added by Sec. 201(d)(1) of the FAAct of 1965.

ing of the defense services, and appropriations available to the Department of Defense may be used to meet the payments required by the contracts and shall be reimbursed by the amounts subsequently received from the country or international organization: ¹⁷² *Provided further*, That the President may, when he determines it to be in the national interest, enter into sales agreements with purchasing countries or international organizations which fix prices to be paid by the purchasing countries or international organizations for the defense articles or defense services ordered. Funds available under this part for financing sales shall be used to reimburse the applicable appropriations in the amounts required by the contracts which exceed the price so fixed, except that such reimbursement shall not be required upon determination by the President that the continued production of the defense article being sold is advantageous to the Armed Forces of the United States. Payments by purchasing countries or international organizations which exceed the amounts required by such contracts shall be credited to the account established under section 508. To the maximum extent possible, prices fixed under any such sales agreement shall be sufficient to reimburse the United States for the cost of the defense articles or defense services ordered. The President shall submit to the Congress promptly a detailed report concerning any fixed-price sales agreement under which the aggregate cost to the United States exceeds the aggregate amount required to be paid by the purchasing country or international organization. ¹⁷³ No sales of unclassified defense articles shall be made to the government of any economically developed nation under the provisions of this subsection unless such articles are not generally available for purchase by such nations from commercial sources in the United States: *Provided, however*, That the Secretary of Defense may waive the provisions of this sentence when he determines that the waiver of such provisions is in the national interest. ¹⁷⁴

SEC. 508. ¹⁷⁵ REIMBURSEMENTS.—Whenever funds made available for use under this part have been or ¹⁷⁶ are used to furnish military assistance on cash or credit terms, United States dollar repayments, including dollar proceeds derived from the sale of foreign currency repayments to any agency or program of the United States Government, receipts received from the disposition of evidences of indebtedness and charges (including fees and premiums) or interest collected ¹⁷⁷ shall be credited to a separate fund account ¹⁷⁸ and shall be available until expended solely for the purpose of financing sales and guaranties, including the overhead costs thereof, ¹⁷⁹ and, notwithstanding any provision of law relating to receipts and credits accruing to the United States Government, repayments in foreign currency may be used to

¹⁷² This proviso was added by Sec. 201(c) of the FAAct of 1964.

¹⁷³ Sec. 201(d)(2) of the FAAct of 1965 substituted a colon for the period at the end of the first proviso and added the second proviso and the following sentences to this point. For other reports required to be submitted to Congress, see Reports to Congress, Index to FAAct, page 87, and Secs. 102, 103, 108, 109(b) and the Proviso at the end of the last paragraph under Economic Assistance of the FA Appropriation Act, 1967.

¹⁷⁴ This last sentence was added by Sec. 201(c) of the FAAct of 1962.

¹⁷⁵ 22 U.S.C. § 2316.

¹⁷⁶ The words "have been or" were added by Sec. 201(e)(1) of the FAAct of 1965.

¹⁷⁷ The words to this point, beginning with "receipts received from", were added by Sec. 201(c)(2) of the FAAct of 1965.

¹⁷⁸ Sec. 201(e)(3) of the FAAct of 1965 substituted the words "a separate fund account" in lieu of "the current applicable appropriation".

¹⁷⁹ Sec. 201(e)(4) of the FAAct of 1965 substituted the words "financing sales and guaranties, including the overhead costs thereof" in lieu of "furnishing further military assistance on cash or credit terms".

carry out this part. Such amounts of the appropriations made available under this part (including unliquidated balances of funds heretofore obligated for financing sales and guarantees) as may be determined by the President shall be transferred to, and merged with, the separate fund account.¹⁵⁰

SEC. 509.¹⁵¹ EXCHANGES AND GUARANTIES.¹⁵² (a)¹⁵³ Defense articles or defense services transferred to the United States Government by a country or international organization as payment for assistance furnished under this part may be used to carry out this part, or may be disposed of or transferred to any agency of the United States Government for stockpiling or other purposes. If such disposal or transfer is made subject to reimbursement, the funds so received shall be credited to the appropriation, fund, or account funding the cost of the assistance furnished or to any appropriation, fund, or account currently available for the same general purpose.

(b)¹⁵⁴ In issuing guaranties, insurance, coinsurance, and reinsurance, the President may enter into contracts with exporters, insurance companies, financial institutions, or others, or groups thereof, and where appropriate may employ any of the same to act as agent in the issuance and servicing of such guaranties, insurance, coinsurance, and reinsurance, and the adjustment of claims arising thereunder. Fees and premiums shall be charged in connection with contracts of guaranty, insurance, coinsurance, and reinsurance (excluding contracts with any agency of the United States Government).¹⁵⁵ Obligations shall be recorded against the funds available for credit sales under this part in an amount not less than 25 per centum of the contractual liability related to any guaranty, insurance, coinsurance, and reinsurance issued pursuant to this part and the funds so obligated together with fees and premiums shall constitute a single reserve for the payment of claims under such contracts. Any guaranties, insurance, coinsurance, and reinsurance issued pursuant to this part shall be considered contingent obligations backed by the full faith and credit of the United States of America.

SEC. 510.¹⁵⁶ SPECIAL AUTHORITY.--(a) During the fiscal year 1967,¹⁵⁷ the President may, if he determines it to be vital to the security of the United States, order defense articles from the stocks of the Department of Defense and defense services for the purposes of part II, subject to subsequent reimbursement therefor from subsequent appropriations available for military assistance. The value of such orders under this subsection in the fiscal year 1967¹⁵⁸ shall not exceed \$300,000,000. Prompt notice of action taken under this subsection shall be given to the Committees on Foreign Relations, Appropriations, and Armed Services of the Senate and the Speaker of the House of Representatives.¹⁵⁹

¹⁵⁰ The last sentence was added by Sec. 201(c) of the FAAct of 1966.

¹⁵¹ 22 U.S.C. § 2317. See also Sec. 640 of this Act page 72.

¹⁵² Sec. 201(d)(1) of the FAAct of 1964 amended the heading, which formerly read "EXCHANGES".

¹⁵³ Subsection designation "(a)" was added by Sec. 201(c)(2) of the FAAct of 1964.

¹⁵⁴ Subsection (b) was added by Sec. 201(d)(3) of the FAAct of 1964.

¹⁵⁵ The words to this point, beginning with "(excluding contracts)" were added by Sec. 201(f) of the FAAct of 1967.

¹⁵⁶ 22 U.S.C. § 2318.

¹⁵⁷ Sec. 201(d) of the FAAct of 1966 substituted "1967" in lieu of "1966".

¹⁵⁸ For other reports required to be submitted to Congress, see Reports to Congress, Index to FAAct, page 57, and Secs. 102, 103, 109, 109(b) and the Proviso at the end of the last paragraph under Economic Assistance of the FA Appropriation Act 1967.

(b) The Department of Defense is authorized to incur, in applicable appropriations, obligations in anticipation of reimbursements in amounts equivalent to the value of such orders under subsection (a) of this section. Appropriations to the President of such sums as may be necessary to reimburse the applicable appropriation, fund, or account for such orders are hereby authorized.

SEC. 511.¹⁰⁰ RESTRICTIONS ON MILITARY AID TO LATIN AMERICA.—(a) The value of grant programs of defense articles for American Republics, pursuant to any authority contained in this part other than section 507, in any fiscal year beginning with the fiscal year 1962, shall not exceed \$55,000,000, of which \$25,000,000 may be used for assistance on a cost-sharing basis to an inter-American military force under the control of the Organization of American States.¹⁰¹ *Provided*, That the cost of defense articles supplied for use by elements of the Inter-American Peace Force in the Dominican Republic shall not be charged against the \$55,000,000 limitation provided by this subsection.¹⁰¹

(b)¹⁰² To the maximum extent feasible, military assistance shall be furnished to American Republics in accordance with joint plans (including joint plans relating to internal security problems) approved by the Organization of American States. The President shall submit semiannual reports to the Speaker of the House of Representatives and to the Committee on Foreign Relations of the Senate on the implementation of this subsection.¹⁰³

SEC. 512.¹⁰⁴ RESTRICTIONS ON MILITARY AID TO AFRICA.—No military assistance shall be furnished on a grant basis to any country in Africa, except for internal security requirements or for civic action requirements,¹⁰⁵ unless the President determines otherwise and promptly reports such determination to the Committee on Foreign Relations of the Senate and the Speaker of the House of Representatives.¹⁰⁶ The value of grant programs of defense articles for African countries in each fiscal year,¹⁰⁷ pursuant to any authority contained in this part other than section 507, shall not exceed \$25,000,000.

SEC. 513.¹⁰⁸ CERTIFICATION OF RECIPIENT'S CAPABILITY.—(a) Except as provided in subsection (b) of this section, no defense article having a value in excess of \$100,000 shall hereafter be furnished to any coun-

¹⁰⁰ 22 U.S.C. § 2319.

¹⁰¹ The words to this point, beginning with "\$25,000,000 may be used", were substituted for the words "a part may be used during each fiscal year for assistance in implementing a feasible plan for regional defense", by Sec. 201(h)(1) of the FAAAct of 1965.

¹⁰² Sec. 201(h)(1) of the FAAAct of 1965 amended the proviso, which formerly read as follows: "*Provided*, That an amount equal to the amount by which the foregoing ceiling reduces the program as presented to the Congress for the fiscal year 1962 shall be transferred to and consolidated with the appropriation made pursuant to section 212 and shall be used for development grants in American Republics."

¹⁰³ Sec. 201(h)(2) of the FAAAct of 1965 amended subsection (b), which formerly read as follows:

"(b) Internal security requirements shall not, unless the President determines otherwise and promptly reports such determination to the Senate Committee on Foreign Relations and to the Speaker of the House of Representatives, be the basis for military assistance programs for American Republics."

¹⁰⁴ For other reports required to be submitted to Congress, see Reports to Congress, Index to FAAAct, page 87, and Secs. 102, 103, 108, 109(b) and the Proviso at the end of the last paragraph under Economic Assistance of the FA Appropriation Act, 1967.

¹⁰⁵ 22 USC § 2320. This section was added by Sec. 202(e) of the FAAAct of 1963.

¹⁰⁶ Sec. 201(i)(1) of the FAAAct of 1965 substituted the words "civic action requirements" for "programs described in section 503(b) of this chapter".

¹⁰⁷ For other reports required to be submitted to Congress, see Reports to Congress, Index to FAAAct, page 87, and Secs. 102, 103, 108, 109(b) and the Proviso at the end of the last paragraph under Economic Assistance of the FA Appropriation Act, 1967.

¹⁰⁸ Sec. 201(e) of the FAAAct of 1966 substituted "each fiscal year" in lieu of "fiscal year 1966".

¹⁰⁹ 22 USC § 2321. Sec. 513 was added by Sec. 201(g) of the FAAAct of 1964.

try or international organization under the authority of this Act (except under the authority of section 507) unless the chief of the appropriate military assistance activity or group representing the United States with respect to defense articles used by such country or international organization or the head of any other group representing the United States with respect to defense articles used by such country or international organization has certified in writing within six months prior to delivery that the country or international organization has the capability to utilize effectively such article in carrying out the purposes of this part.

(b) Defense articles included in approved military assistance programs may be furnished to any country or international organization for which the certification required by subsection (a) of this section cannot be made when determined necessary and specifically approved in advance by the Secretary of State (or, upon appropriate delegation of authority by an Under Secretary or Assistant Secretary of State) and the Secretary of Defense (or, upon appropriate delegation of authority by the Deputy Secretary or an Assistant Secretary of Defense). The Secretary of State, or his delegate, shall make a complete report to the Speaker of the House of Representatives and to the Committee on Foreign Relations and the Committee on Appropriations of the Senate of each such determination and approval and the reasons therefor.¹⁹⁹

SEC. 514.²⁰⁰ ADMINISTRATION OF SALES AND EXCHANGE PROGRAMS INVOLVING DEFENSE ARTICLES AND SERVICES.—(a) Programs for the sale or exchange of defense articles or defense services under this chapter shall be administered so as to encourage regional arms control and disarmament agreements and so as to discourage arms races.

(b) In order to further encourage regional arms control and disarmament agreements and discourage arms races in the American Republics, notwithstanding the provisions of section 511(a) of this Act, the total value of military assistance and sales (other than training) under this Act or in accordance with section 7307 of title 10, United States Code, for American Republics in any fiscal year shall not exceed \$85,000,000, of which \$25,000,000 may be used for assistance on a cost-sharing basis to an inter-American military force under the control of the Organization of American States: *Provided*, That the cost of defense articles supplied for use by elements of the Inter-American Peace Force in the Dominican Republic shall not be charged against the \$85,000,000 limitation provided by this subsection.

PART III

CHAPTER 1—GENERAL PROVISIONS

SEC. 601.²⁰¹ ENCOURAGEMENT OF FREE ENTERPRISE AND PRIVATE PARTICIPATION.—(a) The Congress of the United States recognizes the vital role of free enterprise in achieving rising levels of production and standards of living essential to economic progress and develop-

¹⁹⁹ For other reports required to be submitted to Congress, see Reports to Congress, Index to FAAct, page 87, and Secs. 102, 103, 108, 109(b) and the Proviso at the end of the last paragraph under Economic Assistance of the FA Appropriation Act, 1967.

²⁰⁰ 22 USC § 2322. Sec. 514 was added by Sec. 201(f) of the FAAct of 1966.

²⁰¹ 22 USC § 2351.

ment. Accordingly, it is declared to be the policy of the United States to encourage the efforts of other countries to increase the flow of international trade, to foster private initiative and competition, to encourage the development and use of cooperatives, credit unions, and savings and loan associations, to discourage monopolistic practices, to improve the technical efficiency of their industry, agriculture, and commerce, and to strengthen free labor unions; and to encourage the contribution of United States enterprise toward economic strength of less developed friendly countries, through private trade and investment abroad, private participation in programs carried out under this Act (including the use of private trade channels to the maximum extent practicable in carrying out such programs), and exchange of ideas and technical information on the matters covered by this subsection.

(b) In order to encourage and facilitate participation by private enterprise to the maximum extent practicable in achieving any of the purposes of this Act, the President shall—

(1) make arrangements to find, and draw the attention of private enterprise to, opportunities for investment and development in less developed friendly countries and areas;

(2)²⁰² establish an effective system for obtaining adequate information with respect to the activities of, and opportunities for, nongovernmental participation in the development process, and for utilizing such information in the planning, direction, and execution of programs carried out under this Act, and in the coordination of such programs with the ever-increasing developmental activities of nongovernmental United States institutions;

(3)²⁰³ accelerate a program of negotiating treaties for commerce and trade, including tax treaties, which shall include provisions to encourage and facilitate the flow of private investment to, and its equitable treatment in, friendly countries and areas participating in programs under this Act;

(4)²⁰⁴ seek, consistent with the national interest, compliance by other countries or areas with all treaties for commerce and trade and taxes, and take all reasonable measures under this Act or other authority to secure compliance therewith and to assist United States citizens in obtaining just compensation for losses sustained by them or payments exacted from them as a result of measures taken or imposed by any country or area thereof in violation of any such treaty;²⁰⁵

(5)²⁰⁶ to the maximum extent practicable²⁰⁷ carry out programs of assistance through private channels and to the extent practicable in conjunction with local private or governmental participation, including loans under the authority of section 201 to any individual, corporation, or other body of persons;²⁰⁸

(6)^{209 210} take appropriate steps to discourage nationalization,

²⁰² Paragraph (2) was added by Sec. 301(a)(1) of the FFA Act of 1966.

²⁰³ Sec. 301(a)(2) of the FFA Act of 1966 redesignated paragraphs (2), (3), (4), (5) and (6) as paragraphs (3), (4), (5), (6) and (7), respectively.

²⁰⁴ The word "and", which appeared at this point was struck out by Sec. 301(a)(1) of the FFA Act of 1963.

²⁰⁵ Sec. 301(a)(2) of the FFA Act of 1963 substituted the words "to the maximum extent practicable" for the words "wherever appropriate", and substituted a semicolon for the period at the end of the paragraph.

²⁰⁶ Paragraphs (6) and (7), formerly paragraphs (5) and (6), were added by Sec. 301(a)(3) of the FFA Act of 1962.

expropriation, confiscation, seizure of ownership or control of private investment and discriminatory or other actions having the effect thereof, undertaken by countries receiving assistance under this Act, which divert available resources essential to create new wealth, employment, and productivity in those countries and otherwise impair the climate for new private investment essential to the stable economic growth and development of those countries;²⁰⁷

(7)^{203 206} utilize wherever practicable the services of United States private enterprise (including, but not limited to, the services of experts and consultants in technical fields such as engineering);²⁰⁷

(8)²⁰⁷ utilize wherever practicable the services of United States private enterprise on a cost-plus incentive fee contract basis to provide the necessary skills to develop and operate a specific project or program of assistance in a less developed friendly country or area in any case in which direct private investment is not readily encouraged, and provide where appropriate for the transfer of equity ownership in such project or program to private investors at the earliest feasible time.

(c)²⁰⁸(1) There is hereby established an International Private Investment Advisory Council on Foreign Aid to be composed of such number of leading American business specialists as may be selected, from time to time, by the Administrator of the Agency for International Development for the purpose of carrying out the provisions of this subsection. The members of the Council shall serve at the pleasure of the Administrator, who shall designate one member to serve as Chairman.

(2) It shall be the duty of the Council, at the request of the Administrator, to make recommendations to the Administrator with respect to particular aspects of programs and activities under this Act where private enterprise can play a contributing role and to act as liaison for the Administrator to involve specific private enterprises in such programs and activities.

(3) The members of the Advisory Council shall receive no compensation for their services but shall be entitled to reimbursement

²⁰⁷ Sec. 301(a)(3) of the FAAct of 1966 struck out "and" at the end of paragraph (6); substituted the semicolon in lieu of a period at the end of paragraph (7), and added paragraph (8).

²⁰⁸ Subsection (c) was amended by Sec. 301(a)(4) of the FAAct of 1966. It formerly read as follows:

"(c)(1) There is hereby established an Advisory Committee on Private Enterprise in Foreign Aid. The Advisory Committee shall carry out studies and make recommendations for achieving the most effective utilization of the private enterprise provisions of this Act to the head of the agency charged with administering the program under part I of this Act, who shall appoint the Committee.

"(2) Members of the Advisory Committee shall represent the public interest and shall be selected from the business, labor and professional world, from the universities and foundations, and from among persons with extensive experience in government. The Advisory Committee shall consist of not more than nine members, and one of the members shall be designated as chairman.

"(3) Members of the Advisory Committee shall receive no compensation for their services but shall be entitled to reimbursement in accordance with section 5 of the Administrative Expenses Act of 1946 (5 U.S.C. 73b-2) for travel and other expenses incurred in attending meetings of the Advisory Committee.

"(4) The Advisory Committee shall, if possible, meet not less frequently than once each month, shall submit such interim reports as the Committee finds advisable, and shall submit a final report not later than June 30, 1965, whereupon the Committee shall cease to exist. Such reports shall be made available to the public and to the Congress.

"(5) The expenses of the Committee, which shall not exceed \$50,000, shall be paid from funds otherwise available under this Act."

in accordance with section 5 of the Administrative Expenses Act of 1946 (5 U.S.C. 73b-2) for travel and other expenses incurred by them in the performance of their functions under this subsection.

(4) The expenses of the Advisory Council shall be paid by the Administrator from funds otherwise available under this Act.

(d)²⁰⁹ It is the sense of Congress that the Agency for International Development should continue to encourage, to the maximum extent consistent with the national interest, the utilization of engineering and professional services of United States firms (including, but not limited to, any corporation, company, partnership, or other association) or by an affiliate of such United States firms in connection with capital projects financed by funds authorized under this Act.

SEC. 602.²¹⁰ SMALL BUSINESS.—(a) Insofar as practicable and to the maximum extent consistent with the accomplishment of the purposes of this Act, the President shall assist American small business to participate equitably in the furnishing of commodities, defense articles, and services (including defense services) financed with funds made available under this Act—

(1) by causing to be made available to suppliers in the United States, and particularly to small independent enterprises, information, as far in advance as possible, with respect to purchases proposed to be financed with such funds;

(2) by causing to be made available to prospective purchasers in the countries and areas receiving assistance under this Act information as to such commodities, articles, and services produced by small independent enterprises in the United States; and

(3) by providing for additional services to give small business better opportunities to participate in the furnishing of such commodities, articles, and services financed with such funds.

(b) There shall be an Office of Small Business, headed by a Special Assistant for Small Business, in such agency of the United States Government as the President may direct, to assist in carrying out the provisions of subsection (a) of this section.

(c) The Secretary of Defense shall assure that there is made available to suppliers in the United States, and particularly to small independent enterprises, information with respect to purchases made by the Department of Defense pursuant to part II, such information to be furnished as far in advance as possible.

SEC. 603.²¹¹ SHIPPING ON UNITED STATES VESSELS.—The ocean transportation between foreign countries of commodities and defense articles purchased with foreign currencies made available or derived from funds made available under this Act or the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 et seq.), and transfers of fresh fruit and products thereof under this Act, shall not be governed by the provisions of section 901(b) of the Merchant Marine Act of 1936, as amended (46 U.S.C. 1241), or any other law relating to the ocean transportation of commodities on United States flag vessels.

²⁰⁹ Subsection (d) was added by Sec. 301(b) of the FA Act of 1964.

²¹⁰ 22 U.S.C. § 2352.

²¹¹ 22 U.S.C. § 2353.

SEC. 604.²¹⁴ PROCUREMENT.—(a) Funds made available under this Act may be used for procurement outside the United States only if the President determines that such procurement will not result in adverse effects upon the economy of the United States or the industrial mobilization base, with special reference to any areas of labor surplus or to the net position of the United States in its balance of payments with the rest of the world, which outweigh the economic or other advantages to the United States of less costly procurement outside the United States,²¹⁵ and only if the price of any commodity procured in bulk is lower than the market price prevailing in the United States at the time of procurement, adjusted for differences in the cost of transportation to destination, quality, and terms of payment.²¹⁶

(b) No funds made available under this Act shall be used for the purchase in bulk of any commodities at prices higher than the market price prevailing in the United States at the time of purchase, adjusted for differences in the cost of transportation to destination, quality, and terms of payment.

(c) In providing for the procurement of any ²¹⁷ agricultural commodity or product thereof available for disposition under the Agricultural Trade Development and Assistance Act of 1954, as amended,²¹⁸ for transfer by grant under this Act to any recipient country in accordance with its requirements, the President shall, insofar as practicable and when in furtherance of the purposes of this Act, authorize the procurement of such ²¹⁷ agricultural commodity only within the United States except to the extent that such ²¹⁷ agricultural commodity is not available in the United States in sufficient quantities to supply emergency requirements of recipients under this Act.

(d) In providing assistance in the procurement of commodities in the United States, United States dollars shall be made available for marine insurance on such commodities where such insurance is placed on a competitive basis in accordance with normal trade practice prevailing prior to the outbreak of World War II: *Provided*, That in the event a participating country, by statute, decree, rule, or regulation, discriminates against any marine insurance company authorized to do business in any State of the United States, then commodities purchased with funds provided hereunder and destined for such country shall be insured in the United States against marine risk with a company or companies authorized to do a marine insurance business in any State of the United States.

(e)²¹⁹ No funds made available under this Act shall be used for the procurement of any agricultural commodity or product thereof outside the United States when the domestic price of such commodity is less than parity.

SEC. 605.²²⁰ RETENTION AND USE OF CERTAIN ITEMS AND FUNDS.²²¹—(a) Any commodities and defense articles procured to

²¹⁴ 22 U.S.C. § 2354.

²¹⁵ See also Sec. 201(b) (6), Sec. 211(a) (5) and (6), the penultimate sentence of Sec. 211(a), Sec. 222(g) and Sec. 251(b) (4) of this Act.

²¹⁶ See also Sec. 604(h) of this Act.

²¹⁷ Sec. 301(b) (1) of the FAAct of 1960 struck out the word "surplus" which appeared before the word "agricultural".

²¹⁸ The words or "product thereof available for disposition under the Agricultural Trade Development and Assistance Act of 1954, as amended," were added by Sec. 301(f) (1) of the FAAct of 1960.

²¹⁹ Subsection (e) was added by Sec. 301(b) (2) of the FAAct of 1960.

²²⁰ 22 U.S.C. § 2355.

²²¹ Sec. 301(a) (1) of the FAAct of 1965 substituted "CERTAIN ITEMS AND FUNDS" for "ITEMS".

carry out this Act shall be retained by, or upon reimbursement, transferred to, and for the use of, such agency of the United States Government as the President may determine in lieu of being disposed of to a foreign country or international organization, whenever in the judgment of the President the best interests of the United States will be served thereby, or whenever such retention is called for by concurrent resolution. Any commodities or defense articles so retained may be disposed of without regard to provisions of law relating to the disposal of property owned by the United States Government, when necessary to prevent spoilage or wastage of such commodities or defense articles or to conserve the usefulness thereof. Funds realized from any disposal or transfer shall revert to the respective appropriation, fund, or account used to procure such commodities or defense articles or to the appropriation, fund, or account currently available for the same general purpose.

(b) Whenever commodities are transferred to the United States Government as repayment of assistance under this Act, such commodities may be used in furtherance of the purposes and within the limitations of this Act.

(c) ²²² Funds realized as a result of any failure of a transaction financed under authority of part I of this Act to conform to the requirements of this Act, or to applicable rules and regulations of the United States Government, or to the terms of any agreement or contract entered into under authority of part I of this Act, shall revert to the respective appropriation, fund, or account used to finance such transaction or to the appropriation, fund, or account currently available for the same general purpose.

(d) ²²² Funds realized by the United States Government from the sale, transfer, or disposal of defense articles returned to the United States Government by a recipient country or international organization as no longer needed for the purpose for which furnished shall be credited to the respective appropriation, fund, or account used to procure such defense articles or to the appropriation, fund, or account currently available for the same general purpose.

SEC. 606.²²³ PATENTS AND TECHNICAL INFORMATION.—(a) Whenever, in connection with the furnishing of assistance under this Act—

(1) an invention or discovery covered by a patent issued by the United States Government is practiced within the United States without the authorization of the owner, or

(2) information, which is (A) protected by law, and (B) held by the United States Government subject to restrictions imposed by the owner, is disclosed by the United States Government or any of its officers, employees, or agents in violation of such restrictions,

the exclusive remedy of the owner, except as provided in subsection (b) of this section, is to sue the United States Government for reasonable and entire compensation for such practice or disclosure in the district court of the United States for the district in which such owner is a resident, or in the Court of Claims, within six years after the cause of action arises. Any period during which the United States Govern-

²²² Subsections (c) and (d) were added by Sec. 301(a)(2) of the FAAct of 1965.
²²³ 22 U.S.C. § 2356.

ment is in possession of a written claim under subsection (b) of this section before mailing a notice of denial of that claim does not count in computing the six years. In any such suit, the United States Government may plead any defense that may be pleaded by a private person in such an action. The last paragraph of section 1498(a) of title 28 of the United States Code shall apply to inventions and information covered by this section.

(b) Before suit against the United States Government has been instituted, the head of the agency of the United States Government concerned may settle and pay any claim arising under the circumstances described in subsection (a) of this section. No claim may be paid under this subsection unless the amount tendered is accepted by the claimant in full satisfaction.

(c) Funds appropriated pursuant to this Act shall not be expended by the United States Government for the acquisition of any drug product or pharmaceutical product manufactured outside the United States if the manufacture of such drug product or pharmaceutical product in the United States would involve the use of, or be covered by, an unexpired patent of the United States which has not previously been held invalid by an unappealed or unappealable judgment or decree of a court of competent jurisdiction, unless such manufacture is expressly authorized by the owner of such patent.

SEC. 607.²²⁴ FURNISHING OF SERVICES AND COMMODITIES.—Whenever the President determines it to be consistent with and in furtherance of the purposes of part I and within the limitations of this Act, any agency of the United States Government is authorized to furnish services and commodities on an advance-of-funds or reimbursement basis to friendly countries, international organizations, the American Red Cross, and voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid. Such advances or reimbursements which are received under this section within one hundred and eighty days after the close of the fiscal year in which such services and commodities are delivered, may be credited to the current applicable appropriation, account, or fund of the agency concerned and shall be available for the purposes for which such appropriation, account, or fund is authorized to be used.

SEC. 608.²²⁵ ADVANCE ACQUISITION OF PROPERTY.—(a) The President is authorized to maintain in a separate account, which shall, notwithstanding section 1210 of the General Appropriation Act, 1951 (64 Stat. 765), be free from fiscal year limitations, \$5,000,000 of funds made available under section 212, which may be used to pay costs (including personnel costs)²²⁶ of acquisition, storage, renovation and rehabilitation, packing, crating, handling, transportation, and related costs of property classified as domestic or foreign excess property pursuant to the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 471 et seq.), or other property, in advance of known requirements therefor for use in furtherance of the purposes of part I: *Provided*, That the amount of property classified as domestic excess property pursuant to the Federal Property and Administrative

²²⁴ 22 U.S.C. § 2357.

²²⁵ 22 U.S.C. § 2358.

²²⁶ The words "(including personnel costs)" were added by Sec. 301(c) of the FAAct of 1966.

Services Act of 1949, as amended, held at any one time pursuant to this section shall not exceed \$15,000,000 in total original acquisition cost. Property acquired pursuant to the preceding sentence may be furnished (1) pursuant to any provision of part I for which funds are authorized for the furnishing of assistance, in which case the separate account established pursuant to this section shall be repaid from funds made available for such provision for all costs incurred, or (2) pursuant to section 607, in which case such separate account shall be repaid in accordance with the provisions of that section for all costs incurred.

(b) Property classified as domestic excess property under the Federal Property and Administrative Services Act of 1949, as amended, shall not be transferred to the agency primarily responsible for administering part I for use pursuant to the provisions of part I or section 607 unless (1) such property is transferred for use exclusively by an agency of the United States Government, or (2) it has been determined in the same manner as provided for surplus property in section 203(j) of the Federal Property and Administrative Services Act of 1949, as amended, that such property is not needed for donation pursuant to that subsection. The foregoing restrictions shall not apply to the transfer in any fiscal year for use pursuant to the provisions of part I of amounts of such property with a total original acquisition cost to the United States Government not exceeding \$15,000,000.

SEC. 609.²² SPECIAL ACCOUNT.—(a) In cases where any commodity is to be furnished on a grant basis under chapter 4 of part I under arrangements which will result in the accrual of proceeds to the recipient country from the sale thereof, the President shall require the recipient country to establish a Special Account, and

(1) deposit in the Special Account, under such terms and conditions as may be agreed upon, currency of the recipient country in amounts equal to such proceeds;

(2) make available to the United States Government such portion of the Special Account as may be determined by the President to be necessary for the requirements of the United States Government: *Provided*, That such portion shall not be less than 10 per centum in the case of any country to which such minimum requirement has been applicable under any Act repealed by this Act; and

(3) utilize the remainder of the Special Account for programs agreed to by the United States Government to carry out the purposes for which new funds authorized by this Act would themselves be available: *Provided*, That whenever funds from such Special Account are used by a country to make loans, all funds received in repayment of such loans prior to termination of assistance to such country shall be reused only for such purposes as shall have been agreed to between the country and the United States Government.

(b) Any unencumbered balances of funds which remain in the Account upon termination of assistance to such country under this Act shall be disposed of for such purposes as may, subject to approval by Act of the Congress, be agreed to between such country and the United States Government.

²² 22 U.S.C. § 2359.

SEC. 610.²²⁹ TRANSFER BETWEEN ACCOUNTS.—(a)²³⁰ Whenever the President determines it to be necessary for the purposes of this Act, not to exceed 10 per centum of the funds made available for any provision of this Act may be transferred to, and consolidated with, the funds made available for any other provision of this Act, and may be used for any of the purposes for which such funds may be used, except that the total in the provision for the benefit of which the transfer is made shall not be increased by more than 20 per centum of the amount of funds made available for such provision.²³¹

(b)²³² The authority contained in this section and in sections 451, 510, and 614 shall not be used to augment appropriations made available pursuant to sections 636(g)(1) and 637 or used otherwise to finance activities which normally would be financed from appropriations for administrative expenses. Not to exceed \$5,000,000 of the funds appropriated under section 402 of this Act for any fiscal year may be transferred to and consolidated with appropriations made under section 637(a) of this Act for the same fiscal year, subject to the further limitation that funds so transferred shall be available solely for additional administrative expenses incurred in connection with programs in Vietnam.²³³

SEC. 611.²³² COMPLETION OF PLANS AND COST ESTIMATES.—(a) No agreement or grant which constitutes an obligation of the United States Government in excess of \$100,000 under section 1311 of the Supplemental Appropriation Act, 1955, as amended (31 U.S.C. 200), shall be made for any assistance authorized under titles I, II, and VI²³⁴ of chapter 2 and chapter 4 of part I—

(1) if such agreement or grant requires substantive technical or financial planning, until engineering, financial, and other plans necessary to carry out such assistance, and a reasonably firm estimate of the cost to the United States Government of providing such assistance, have been completed; and

(2) if such agreement or grant requires legislative action within the recipient country, unless such legislative action may reasonably be anticipated to be completed in time to permit the orderly accomplishment of the purposes of such agreement or grant.

(b) Plans required under subsection (a) of this section for any water or related land resource construction project or program shall include a computation of benefits and costs made insofar as practicable in accordance with the procedures set forth in the Memorandum of the President dated May 15, 1962,²³⁵ with respect to such computations.

²²⁹ 22 U.S.C. § 2360.

²³⁰ Subsection designation "(a)" and subsection (b) were added by Sec. 301(a) of the FAAct of 1962.

²³¹ But see Secs. 201(c) and 251(c) of this Act.

²³² Sec. 301(d) of the FAAct of 1966 amended this sentence, which formerly read as follows: "Not to exceed \$1,400,000 of the funds appropriated under section 402 of this Act after January 1, 1966, for the fiscal year 1966 may be transferred to and consolidated with appropriations made under section 637(a) of this Act for such fiscal year, subject to the limitations of subsection (a) of this section and subject to the further limitation that funds so transferred shall be available solely for administrative expenses incurred in connection with programs in the Republic of Vietnam."

²³³ 22 U.S.C. § 2361.

²³⁴ Sec. 301(b) of the FAAct of 1962 substituted "I, II, and VI" for "and II".

²³⁵ Sec. 301(e) of the FAAct of 1963 substituted the words "the Memorandum of the President dated May 15, 1962," for the words "circular A-47 of the Bureau of the Budget". This Memorandum of the President together with related papers, is contained in S. Doc. 97, 87th Cong., 2d sess.

(c) To the maximum extent practicable, all contracts for construction outside the United States made in connection with any agreement or grant subject to subsection (a) of this section shall be made on a competitive basis.

(d) Subsection (a) of this section shall not apply to any assistance furnished for the sole purpose of preparation of engineering, financial, and other plans.

SEC. 612.²³⁶ USE OF FOREIGN CURRENCIES.—(a)²³⁷ Except as otherwise provided in this Act or other Acts, foreign currencies received either (1) as a result of the furnishing of nonmilitary assistance under the Mutual Security Act of 1954, as amended, or any Act repealed thereby, and unobligated on the date prior to the effective date of this Act, or (2) on or after the effective date of this Act, as a result of the furnishing of nonmilitary assistance under the Mutual Security Act of 1954, as amended, or any Act repealed thereby, or (3) as a result of the furnishing of assistance under part I, which are in excess of amounts reserved under authority of section 105(d) of the Mutual Educational and Cultural Exchange Act of 1961²³⁸ or any other Act relating to educational and cultural exchanges, may be sold by the Secretary of the Treasury to agencies of the United States Government for payment of their obligations outside the United States, and the United States dollars received as reimbursement shall be deposited into miscellaneous receipts of the Treasury. Foreign currencies so received which are in excess of the amounts so reserved and of the requirements of the United States Government in payment of its obligations outside the United States, as such requirements may be determined from time to time by the President, shall be available for the authorized purposes of part I in such amounts as may be specified from time to time in appropriation Acts.

(b)²³⁹ Any Act of Congress making appropriations to carry out programs under this or any other Act for United States operations abroad is hereby authorized to provide for the utilization of United States-owned excess foreign currencies to carry out any such operations authorized by law.

²⁴⁰ As used in this subsection, the term "excess foreign currencies" means foreign currencies or credits owned by or owed to the United States which are, under applicable agreements with the foreign country concerned, available for the use of the United States Government and are determined by the President to be excess to the normal requirements of departments and agencies of the United States for such currencies or credits and are not prohibited from use under this subsection by an agreement entered into with the foreign country concerned.

²³⁶ 22 U.S.C. § 2362

²³⁷ Subsection designation "(a)" was added by Sec. 301(d)(1) of the FAAct of 1963

²³⁸ 22 U.S.C. § 2455

²³⁹ Subsection (c) was added by Sec. 301(c) of the FAAct of 1964. Sec. 301(b) of the FAAct of 1963 redesignated subsection (c) as subsection (b). Former subsection (b) was redesignated subsection (t) of Sec. 104 of the Agricultural Trade Development and Assistance Act of 1954, as amended (P.L. 480), and was also amended by Sec. 2 of P.L. 86-438 (1964 Amendments to the Agricultural Trade Development and Assistance Act of 1954). The Agricultural Trade Development and Assistance Act of 1954, as amended, was amended by P.L. 89-808 (Food for Peace Act of 1966) and Sec. 103(m) is comparable to former Sec. 104(c).

²⁴⁰ The first sentence of this paragraph was struck out by Sec. 301(b) of the FAAct of 1963. It read as follows: "The President shall take all appropriate steps to assure that, to the maximum extent possible, United States-owned excess foreign currencies are utilized in lieu of dollars."

The President shall take all appropriate steps to assure that, to the maximum extent possible, United States-owned foreign currencies are utilized in lieu of dollars. Dollar funds made available pursuant to this Act shall not be expended for goods and services when United States-owned foreign currencies are available for such purposes unless the administrative official approving the voucher certifies as to the reason for the use of dollars in each case.²⁴¹

(c)²⁴² In addition to funds otherwise available, excess foreign currencies, as defined in subsection (b), may be made available to friendly foreign governments and to private, nonprofit United States organizations to carry out voluntary family planning programs in countries which request such assistance. No such program shall be assisted unless the President has received assurances that in the administration of such program the recipient will take reasonable precautions to insure that no person receives any family planning assistance or supplies unless he desires such services. The excess foreign currencies made available under this subsection shall not, in any one year, exceed 5 per centum of the aggregate of all excess foreign currencies. As used in this subsection, the term "voluntary family planning program" includes, but is not limited to, demographic studies, medical and psychological research, personnel training, the construction and staffing of clinics and rural health centers, specialized training of doctors and paramedical personnel, the manufacture of medical supplies, and the dissemination of family planning information, medical assistance, and supplies to individuals who desire such assistance.

SEC. 613.²⁴³ ACCOUNTING, VALUATION, REPORTING, AND ADMINISTRATION OF FOREIGN CURRENCIES.²⁴⁴— (a) Under the direction of the President, the Secretary of the Treasury shall have responsibility for valuation and central accounting with respect to foreign credits (including currencies) owed to or owned by the United States. In order to carry out such responsibility the Secretary shall issue regulations binding upon all agencies of the Government.

(b) The Secretary of the Treasury shall have sole authority to establish for all foreign currencies or credits the exchange rates at which such currencies are to be reported by all agencies of the Government.

(c) Each agency or department shall report to the Secretary of the Treasury an inventory as of June 30, 1961, showing the amount of all foreign currencies acquired without payment of dollars on hand of each of the respective countries, and the Secretary of the Treasury shall consolidate these reports as of the same date and submit to the Congress this consolidated report broken down by agencies, by countries, by units of foreign currencies and their dollar equivalent. Thereafter, semiannually, similar reports are to be submitted by the agencies to the Treasury Department and then presented to the Congress by the Secretary of the Treasury.²⁴⁵

²⁴¹ This paragraph was added by Sec. 301(b) of the FFA Act of 1965.

²⁴² Subsection (c) was added by Sec. 301(e) of the FFA Act of 1966.

²⁴³ 22 U.S.C. § 2363.

²⁴⁴ Sec. 301(c)(1) of the FFA Act of 1965 substituted "ACCOUNTING, VALUATION, REPORTING, AND ADMINISTRATION OF FOREIGN CURRENCIES" for "ACCOUNTING, VALUATION, AND REPORTING OF FOREIGN CURRENCIES."

²⁴⁵ For other reports required to be submitted to Congress, see Reports to Congress, Index to FFA Act, page 87, and Secs. 102, 105, 108, 109(b) and the Proviso at the end of the last paragraph under Economic Assistance of the FA Appropriation Act, 1967.

(d)²⁴⁶ In cases where assistance is to be furnished to any recipient country in furtherance of the purposes of this or any other Act on a basis which will result in the accrual of foreign currency proceeds to the United States, the Secretary of the Treasury shall issue regulations requiring that agreements, in respect of such assistance, include provisions for the receipt of interest income on the foreign currency proceeds deposited in authorized depositories: *Provided*, That whenever the Secretary of State determines it not to be in the national interest to conclude arrangements for the receipt of interest income he may waive the requirement thereof: *Provided further*, That the Secretary of State, or his delegate, shall promptly make a complete report to the Congress on each such determination and the reasons therefor.²⁴⁷

SEC. 614.²⁴⁸ SPECIAL AUTHORITIES.—(a) The President may authorize in each fiscal year the use of funds made available for use under this Act and the furnishing of assistance under section 510 in a total amount not to exceed \$250,000,000 and the use of not to exceed \$100,000,000 of foreign currencies accruing under this Act or any other law, without regard to the requirements of this Act,²⁴⁹ any law relating to receipts and credits accruing to the United States, any Act appropriating funds for use under this Act, or the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611 et seq.), in furtherance of any of the purposes of such Acts, when the President determines that such authorization is important to the security of the United States. Not more than \$50,000,000 of the funds available under this subsection may be allocated to any one country in any fiscal year. The limitation contained in the preceding sentence shall not apply to any country which is a victim of active Communist or Communist-supported aggression.²⁵¹

(b) Whenever the President determines it to be important to the national interest, he may use funds available for the purposes of chapter 4 of part I in order to meet the responsibilities or objectives of the United States in Germany, including West Berlin, and without regard to such provisions of law as he determines should be disregarded to achieve this purpose.

(c) The President is authorized to use amounts not to exceed \$50,000,000 of the funds made available under this Act pursuant to his certification that it is inadvisable to specify the nature of the use of such funds, which certification shall be deemed to be a sufficient voucher for such amounts.²⁵² The President shall promptly and fully inform the Speaker of the House of Representatives and the chairman and ranking minority member of the Committee on Foreign Relations of the Senate of each use of funds under this subsection.²⁵³

²⁴⁶ Subsection (d) was added by Sec. 301(e)(2) of the FA Act of 1965.

²⁴⁷ For other reports required to be submitted to Congress, see Reports to Congress, Index to FA Act, page 57, and Secs. 102, 103, 108, 109(b) and the Proviso at the end of the last paragraph under Economic Assistance of the FA Appropriation Act, 1967.

²⁴⁸ 22 U.S.C. § 2364.

²⁴⁹ But see Secs. 201(c), 251(c), 610(b), 620(e), (f), (i) and (k) of this Act.

²⁵¹ The last sentence was added by Sec. 301(f) of the FA Act of 1966.

²⁵² See also Secs. 624(d)(7) and 636(a)(8) of this Act.

²⁵³ The last sentence was added by Sec. 301(g) of the FA Act of 1966.

For other reports required to be submitted to Congress, see Reports to Congress, Index to FA Act, page 57, and Secs. 102, 103, 108, 109(b) and the Proviso at the end of the last paragraph under Economic Assistance of the FA Appropriation Act, 1967.

SEC. 615.²⁵¹ **CONTRACT AUTHORITY.**—Provisions of the Act authorizing the appropriation of funds shall be construed to authorize the granting in any appropriation Act of authority to enter into contracts, within the amounts so authorized to be appropriated, creating obligations in advance of appropriations.

SEC. 616.²⁵² **AVAILABILITY OF FUNDS.**—Except as otherwise provided in this Act, funds shall be available to carry out the provisions of this Act as authorized and appropriated to the President each fiscal year.

SEC. 617.²⁵³ **TERMINATION OF ASSISTANCE.**—Assistance under any provision of this Act may, unless sooner terminated by the President, be terminated by concurrent resolution. Funds made available under this Act shall remain available for a period not to exceed twelve months from the date of termination of assistance under this Act for the necessary expenses of winding up programs related thereto.

SEC. 618.²⁵⁴ **USE OF SETTLEMENT RECEIPTS.**—United States dollars directly paid to the United States under the Agreement Between the United States of America and Japan Regarding the Settlement of Postwar Economic Assistance to Japan²⁵⁵ may be appropriated or otherwise made available to the President in any appropriation Act, within the limitations of part I of this Act, to carry out the provisions of that part.

SEC. 619.²⁵⁶ **ASSISTANCE TO NEWLY INDEPENDENT COUNTRIES.**—Assistance under part I of this Act to newly independent countries shall, to the maximum extent appropriate in the circumstances of each case, be furnished through multilateral organizations or in accordance with multilateral plans, on a fair and equitable basis with due regard to self-help.

SEC. 620.²⁶⁰ **PROHIBITIONS AGAINST FURNISHING ASSISTANCE.**²⁶¹—(a) (1)²⁶² No assistance shall be furnished under this Act to the present government of Cuba; nor shall any such assistance be furnished to any country which furnishes assistance to the present government of Cuba unless the President determines that such assistance is in the national interest of the United States.²⁶³ As an additional means of implementing and carrying into effect the policy of the preceding sentence, the President is authorized to establish and maintain a total embargo upon all trade between the United States and Cuba.

(2)²⁶⁴ Except as may be deemed necessary by the President in the interest of the United States, no assistance shall be furnished under this Act to any government of Cuba, nor shall Cuba be entitled to receive any quota authorizing the importation of Cuban sugar into the

²⁵¹ 22 U.S.C. § 2365.

²⁵² 22 U.S.C. § 2366.

²⁵³ 22 U.S.C. § 2367.

²⁵⁴ 22 U.S.C. § 2368. Sec. 301(c) of the FAAct of 1962 struck out former Section 618, which related to economic assistance to Latin America. For text, see Statutes Repealed.

²⁵⁵ TIAS Document No. 5154.

²⁵⁶ 22 U.S.C. § 2369.

²⁵⁷ 22 U.S.C. § 2370.

²⁶⁰ Sec. 301(d)(1) of the FAAct of 1965 substituted "PROHIBITIONS AGAINST FURNISHING ASSISTANCE" for "PROHIBITIONS AGAINST FURNISHING ASSISTANCE TO CUBA AND CERTAIN OTHER COUNTRIES."

But see Secs. 639, 640 and the last paragraph of Sec. 102 of this Act, and Sec. 117 of the FA Appropriation Act, 1967.

²⁶¹ Sec. 301(e)(1)(A) of the FAAct of 1963 inserted "(1)" after subsection (a).

²⁶² This sentence was amended by Sec. 301(d)(1) of the FAAct of 1962. It formerly read as follows: "No assistance shall be furnished under this Act to the present government of Cuba."

²⁶³ Paragraphs (2) and (3) were added by Sec. 301(e)(1)(B) of the FAAct of 1963.

United States or to receive any other benefit under any law of the United States, until the President determines that such government has taken appropriate steps according to international law standards to return to United States citizens, and to entities not less than 50 per centum beneficially owned by United States citizens, or to provide equitable compensation to such citizens and entities for property taken from such citizens and entities on or after January 1, 1959, by the Government of Cuba.

(3)²⁶⁶ No funds authorized to be made available under this Act (except under section 214) shall be used to furnish assistance to any country which has failed to take appropriate steps, not later than 60 days after the date of enactment of the Foreign Assistance Act of 1963—

(A) to prevent ships or aircraft under its registry from transporting to Cuba (other than to United States installations in Cuba)—

(i) any items of economic assistance.

(ii) any items which are, for the purposes of title I of the Mutual Defense Assistance Control Act of 1951, as amended, arms, ammunition and implements of war, atomic energy materials, petroleum, transportation materials of strategic value, or items of primary strategic significance used in the production of arms, ammunition, and implements of war, or

(iii) any other equipment, materials, or commodities, so long as Cuba is governed by the Castro regime; and

(B) to prevent ships or aircraft under its registry from transporting any equipment, materials, or commodities from Cuba (other than from United States installations in Cuba) so long as Cuba is governed by the Castro regime.²⁶⁶

(b) No assistance shall be furnished under this Act to the government of any country unless the President determines that such country is not dominated or controlled by the international Communist movement.

(c)²⁶⁷ No assistance shall be provided under this Act to the government of any country which is indebted to any United States citizen or person for goods or services furnished or ordered where (i) such citizen or person has exhausted available legal remedies, which shall include arbitration, or (ii) the debt is not denied or contested by such government, or (iii) such indebtedness arises under an unconditional guaranty of payment given by such government, or any predecessor government, directly or indirectly, through any controlled entity: *Provided*, That the President does not find such action contrary to the national security.

(d) No assistance shall be furnished under section 201 of this Act for construction or operation of any productive enterprise in any coun-

²⁶⁶ See also Sec. 107 of the FA Appropriation Act, 1967, page 136.

²⁶⁷ Subsection (c) was amended by Sec. 301(d)(2) of the FAA Act of 1962. It formerly read as follows:

"(c) No assistance shall be provided under this Act to the government of any country which is indebted to any United States citizen for goods or services furnished, where such citizen has exhausted available legal remedies and the debt is not denied or contested by such government."

try where such enterprise will compete with United States enterprise unless such country has agreed that it will establish appropriate procedures to prevent the exportation for use or consumption in the United States of more than twenty per centum of the annual production of such facility during the life of the loan. In case of failure to implement such agreement by the other contracting party, the President is authorized to establish necessary import controls to effectuate the agreement. The restrictions imposed by or pursuant to this subsection may be waived by the President where he determines that such waiver is in the national security interest.

(e)²⁶⁸(1)²⁶⁹ The President shall suspend assistance to the government of any country to which assistance is provided under this or any other Act when the government of such country or any government agency or subdivision within such country on or after January 1, 1962—

(A)²⁷⁰ has nationalized or expropriated or seized ownership or control of property owned by any United States citizen or by any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or

(B)²⁷⁰ has taken steps to repudiate or nullify existing contracts or agreements with any United States citizen or any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or

(C)²⁷⁰ has imposed or enforced discriminatory taxes or other exactions, or restrictive maintenance or operational conditions, or has taken other actions, which have the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property so owned,

and such country, government agency, or government subdivision fails within a reasonable time (not more than six months after such action, or, in the event of a referral to the Foreign Claims Settlement Commission of the United States within such period as provided herein, not more than twenty days after the report of the Commission is received) to take appropriate steps, which may include arbitration, to discharge its obligations under international law toward such citizen or entity, including speedy compensation for such property in convertible foreign exchange, equivalent to the full value thereof, as required by international law, or fails to take steps designed to provide relief

²⁶⁸ Subsection (e) was added by Sec. 301(d)(3) of the FAAAct of 1962 and was amended by Sec. 301(e)(2) of the FAAAct of 1963 and by Secs. 301(d)(1) and (2) of the FAAAct of 1964. As originally enacted, it read as follows:

"(e) The President shall suspend assistance to the government of any country to which assistance is provided under this Act when the government of such country or any government agency or subdivision within such country on or after January 1, 1962—

(1) has nationalized or expropriated or seized ownership or control of property owned by any United States citizen or by any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or

(2) has imposed or enforced discriminatory taxes or other exactions, or restrictive maintenance or operational conditions, which have the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property so owned,

and such country, government agency, or government subdivision fails within a reasonable time (not more than six months after such action or after the date of enactment of this subsection, whichever is later) to take appropriate steps, which may include arbitration, to discharge its obligations under international law toward such citizen or entity, including equitable and speedy compensation for such property in convertible foreign exchange as required by international law, or fails to take steps designed to provide relief from such taxes, exactions, or conditions, as the case may be, and such suspension shall continue until he is satisfied that appropriate steps are being taken and no other provision of this Act shall be construed to authorize the President to waive the provisions of this subsection."

²⁶⁹ Paragraph designation "(1)" was added by Sec. 301(d)(1) of the FAAAct of 1964.

²⁷⁰ Sec. 301(d)(2) of the FAAAct of 1964 redesignated subparagraphs (1), (2), and (3) as subparagraphs (A), (B), and (C), respectively.

from such taxes, exactions, or conditions, as the case may be; and such suspension shall continue until the President is satisfied that appropriate steps are being taken, and no other provision of this Act shall be construed to authorize the President to waive the provisions of this subsection.

Upon request of the President (within seventy days after such action referred to in subparagraphs (A), (B), or (C) of paragraph (1)²⁷¹ of this subsection), the Foreign Claims Settlement Commission of the United States (established pursuant to Reorganization Plan No. 1 of 1954, 68 Stat. 1279) is hereby authorized to evaluate expropriated property, determining the full value of any property nationalized, expropriated, or seized, or subject to discriminatory or other actions as aforesaid, for purposes of this subsection and to render an advisory report to the President within ninety days after such request. Unless authorized by the President, the Commission shall not publish its advisory report except to the citizen or entity owning such property. There is hereby authorized to be appropriated such amount, to remain available until expended, as may be necessary from time to time to enable the Commission to carry out expeditiously its functions under this subsection.²⁷²

(2)²⁷³ Notwithstanding any other provision of law, no court in the United States shall decline on the ground of the federal act of state doctrine to make a determination on the merits giving effect to the principles of international law in a case in which a claim or title or other right to property²⁷⁴ is asserted by any party including a foreign state (or a party claiming through such state) based upon (or traced through) a confiscation or other taking after January 1, 1959, by an act of that state in violation of the principles of international law, including the principles of compensation and the other standards set out in this subsection: *Provided*, That this subparagraph shall not be applicable (1) in any case in which an act of a foreign state is not contrary to international law or with respect to a claim of title or other right to property²⁷⁵ acquired pursuant to an irrevocable letter of credit of not more than 180 days duration issued in good faith prior to the time of the confiscation or other taking, or (2) in any case with respect to which the President determines that application of the act of state doctrine is required in that particular case by the foreign policy interests of the United States and a suggestion to this effect is filed on his behalf in that case with the court.²⁷⁶

(f)²⁷⁷ No assistance shall be furnished under this Act, as amended (except section 214(b)), to any Communist country.²⁷⁸ This restriction may not be waived pursuant to any authority contained in this Act unless the President finds and promptly reports to Congress that: (1) such assistance is vital to the security of the United States; (2) the recipient country is not controlled by the international Communist conspiracy; and (3) such assistance will further promote the independ-

²⁷¹ Sec. 301(d)(3) of the FAAAct of 1964 substituted the words "subparagraphs (A), (B), or (C) of paragraph (1)" for the words "paragraphs (1), (2), or (3)".

²⁷² No funds were appropriated for this purpose in the FA Appropriation Act, 1967.

²⁷³ Paragraph (2) was added by Sec. 301(d)(4) of the FAAAct of 1964.

²⁷⁴ Sec. 301(d)(2) of the FAAAct of 1965 inserted the words "to property".

²⁷⁵ The words "(1) in any case in which an act of a foreign state is not contrary to international law or with respect to a claim of title or other right to property" which appeared at this point, were struck out by Sec. 301(d)(2) of the FAAAct of 1965.

²⁷⁶ Subsection (f) was added by Sec. 301(d)(3) of the FAAAct of 1962.

²⁷⁷ See also Sec. 109 of the FA Appropriation Act, 1967.

ence of the recipient country from international communism.²⁷⁸ For the purposes of this subsection, the phrase "Communist country" shall include specifically, but not be limited to, the following countries:

Peoples Republic of Albania,
Peoples Republic of Bulgaria,
Peoples Republic of China,
Czechoslovak Socialist Republic,
German Democratic Republic (East Germany),
Estonia,
Hungarian Peoples Republic,
Latvia,
Lithuania,
North Korean Peoples Republic,
North Vietnam,
Outer Mongolia-Mongolian Peoples Republic,
Polish Peoples Republic,
Rumanian Peoples Republic,
Tibet,
Federal Peoples Republic of Yugoslavia,
Cuba, and
Union of Soviet Socialist Republics (including its captive constituent republics).²⁷⁹

(g)²⁸⁰ Notwithstanding any other provision of law, no monetary assistance shall be made available under this Act to any government or political subdivision or agency of such government which will be used to compensate owners for expropriated or nationalized property and, upon finding by the President that such assistance has been used by any government for such purpose, no further assistance under this Act shall be furnished to such government until appropriate reimbursement is made to the United States for sums so diverted.

(h)²⁸¹ The President shall adopt regulations and establish procedures to insure that United States foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of the Communist-bloc countries.

(i)²⁸² No assistance shall be provided under this or any other Act, and no sales shall be made under the Agricultural Trade Development and Assistance Act of 1954, to any country which the President determines is engaging in or preparing for aggressive military efforts, or which hereafter is officially represented at any international conference when that representation includes the planning of activities involving insurrection or subversion, which military efforts, insurrection, or subversion, are directed against—

- (1) the United States,
- (2) any country receiving assistance under this or any other Act, or
- (3) any country to which sales are made under the Agricultural Trade Development and Assistance Act of 1954,

²⁷⁸ For other reports required to be submitted to Congress, see Reports to Congress, Index to FAAct, page 87, and Secs. 102, 105, 108, 109(b) and the Proviso at the end of the last paragraph under Economic Assistance of the FA Appropriation Act, 1967.

²⁷⁹ The parenthetical phrase was added by Sec. 301(e) of the FAAct of 1964.

²⁸⁰ Subsections (g) and (h) were added by Sec. 301(d)(3) of the FAAct of 1962.

²⁸¹ Subsection (i) was added by Sec. 301(e)(3) of the FAAct of 1963.

until the President determines that such military efforts or preparations have ceased, or such representation has ceased, and he reports to the Congress that he has received assurances satisfactory to him that such military efforts or preparations will not be renewed, or that such representation will not be renewed or repeated.²⁵¹ This restriction may not be waived pursuant to any authority contained in this Act.

(j)²⁵⁴ No assistance under this Act shall be furnished to Indonesia unless the President determines that the furnishing of such assistance is essential to the national interest of the United States. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and currently informed of any assistance furnished to Indonesia under this Act.²⁵⁵

(k)²⁵⁶ Without the express approval of Congress, no assistance shall be furnished under this Act to any country for construction of any productive enterprise with respect to which the aggregate value of assistance to be furnished by the United States will exceed \$100,000,000. Except as otherwise provided in section 510, no military assistance shall be furnished to any country under this Act for carrying out any program, with respect to which the aggregate value of assistance to be furnished beginning July 1, 1966, by the United States will exceed \$100,000,000 unless such program has been included in the presentation to the Congress during its consideration of authorizations for appropriations under this Act or of appropriations pursuant to authorizations contained in this Act. No provision of this or any other Act shall be construed to authorize the President to waive the provisions of this subsection.

(l)²⁵⁷ The President shall consider denying assistance under this Act to the government of any less developed country which, after Decem-

²⁵¹ The first sentence of Subsection (i) was amended by Sec. 301(h)(1) of the FFA Act of 1966. It formerly read as follows:

"(1) No assistance shall be provided under this or any other Act, and no sales shall be made under the Agricultural Trade Development and Assistance Act of 1954, to any country which the President determines is engaging in or preparing for aggressive military efforts directed against—

"(1) the United States,

"(2) any country receiving assistance under this or any other Act, or

"(3) any country to which sales are made under the Agricultural Trade Development and Assistance Act of 1954.

until the President determines that such military efforts or preparations have ceased and he reports to the Congress that he has received assurances satisfactory to him that such military efforts or preparations will not be renewed."

For other reports required to be submitted to Congress, see Reports to Congress, Index to FFA Act, page 57, and Secs. 102, 103, 108, 109(b) and the Proviso at the end of the last paragraph under Economic Assistance of the FA Appropriation Act, 1967.

²⁵⁴ Subsection (j) was added by Sec. 301(e)(3) of the FFA Act of 1963. For other reports required to be submitted to Congress, see Reports to Congress, Index to FFA Act, page 57, and Secs. 102, 103, 108, 109(b) and the Proviso at the end of the last paragraph under Economic Assistance of the FA Appropriation Act, 1967.

²⁵⁵ Subsection (k), which was added by Sec. 301(e)(3) of the FFA Act of 1963, was amended by Sec. 301(h)(2) of the FFA Act of 1966. It formerly read as follows:

"(k) Until the enactment of the Foreign Assistance Act of 1965 or other general legislation, during the calendar year 1965, authorizing additional appropriations to carry out programs of assistance under this Act, no assistance shall be furnished under this Act to any country for construction of any productive enterprise with respect to which the aggregate value of such assistance to be furnished by the United States will exceed \$100,000,000. No other provision of this Act shall be construed to authorize the President to waive the provisions of this subsection."

²⁵⁷ Subsection (l), which was added by Sec. 301(e)(3) of the FFA Act of 1963, was amended by Sec. 301(h)(3) of the FFA Act of 1966. It formerly read as follows:

"(l) No assistance shall be provided under this Act after December 31, 1966, to the government of any less developed country which has failed to enter into an agreement with the President to institute the investment guaranty program under section 221(b)(1) of this Act, providing protection against the specific risks of inconvertibility under subparagraph (A), and expropriation or confiscation under subparagraph (B), of such section 221(b)(1)."

ber 31, 1966, has failed to enter into an agreement with the President to institute the investment guaranty program under section 221(b) (1) of this Act, providing protection against the specific risks of convertibility under subparagraph (A), and expropriation or confiscation under subparagraph (B), of such section 221(b) (1).

(m)²⁹⁸ No assistance shall be furnished on a grant basis under this Act to any economically developed nation capable of sustaining its own defense burden and economic growth, except (1) to fulfill firm commitments made prior to July 1, 1963, or (2) additional orientation and training expenses under part II hereof during each²⁹⁹ fiscal year²⁹⁹ in an amount not to exceed \$500,000.²⁹⁹

(n)²⁹⁰ In view of the aggression of North Vietnam, no assistance shall be furnished under this Act to any country which has failed to take appropriate steps, not later than sixty days after the date of enactment of the Foreign Assistance Act of 1966—

(A) to prevent ships or aircraft under its registry from transporting to North Vietnam—

(i) any items of economic assistance,

(ii) any items which are, for the purposes of title I of the Mutual Defense Assistance Control Act of 1951, as amended, arms, ammunition and implements of war, atomic energy materials, petroleum, transportation materials of strategic value, or items of primary strategic significance used in the production of arms, ammunition, and implements of war, or

(iii) any other equipment, materials, or commodities; and

(B) to prevent ships or aircraft under its registry from transporting any equipment, materials, or commodities from North Vietnam.²⁹¹

(o)²⁹² In determining whether or not to furnish assistance under this Act, consideration shall be given to excluding from such assistance any country which hereafter seizes, or imposes any penalty or sanction against, any United States fishing vessel on account of its fishing activities in international waters. The provisions of this subsection shall not be applicable in any case governed by international agreement to which the United States is a party.

(p)²⁹³ No assistance shall be furnished under this Act to the United Arab Republic unless the President finds and reports within thirty days of such finding to the Committee on Foreign Relations of the

²⁹⁸ Subsection (m) was added by Sec. 301(e) (3) of the FAAAct of 1963.

²⁹⁹ Sec. 301(g) of the FAAAct of 1964 added the word "each"; struck out the figure "1964" which appeared after "fiscal year", and substituted "\$500,000" for "\$1,000,000".

²⁹⁰ Subsection (n), which was added by Sec. 301(d) (4) of the FAAAct of 1965, was amended by Sec. 301(h) (4) of the FAAAct of 1966. It formerly read as follows:

"(n) In view of the aggression of North Vietnam, the President shall consider denying assistance under this Act to any country which has failed to take appropriate steps, not later than sixty days after the date of enactment of the Foreign Assistance Act of 1965—

"(A) to prevent ships or aircraft under its registry from transporting to North Vietnam—

"(i) any items of economic assistance,

"(ii) any items which are, for the purposes of title I of the Mutual Defense Assistance Control Act of 1951, as amended, arms, ammunition and implements of war, atomic energy materials, petroleum, transportation materials of strategic value, or items of primary strategic significance used in the production of arms, ammunition, and implements of war, or

"(iii) any other equipment, materials, or commodities, and

"(B) to prevent ships or aircraft under its registry from transporting any equipment, materials, or commodities from North Vietnam."

²⁹¹ See Sec. 116 of the FA Appropriation Act, 1967.

²⁹² Subsection (o) was added by Sec. 301(d) (4) of the FAAAct of 1965.

²⁹³ Subsections (p), (q) and (r) were added by Sec. 301(h) (5) of the FAAAct of 1966.

Senate and the Speaker of the House of Representatives that such assistance is essential to the national interest of the United States, and further that such assistance will neither directly nor indirectly assist aggressive actions by the United Arab Republic.²⁹¹

(q)²⁹² No assistance shall be furnished under this Act to any country which is in default, during a period in excess of six calendar months, in payment to the United States of principal or interest on any loan made to such country under this Act, unless such country meets its obligations under the loan or unless the President determines that assistance to such country is in the national interest and notifies the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate of such determination.²⁹³

(r)²⁹⁴ No recipient of a loan made under the authority of this Act, any part of which is outstanding on or after the date of enactment of this subsection, shall be relieved of liability for the repayment of any part of the principal of or interest on such loan.

CHAPTER 2—ADMINISTRATIVE PROVISIONS

SEC. 621.²⁹⁵ EXERCISE OF FUNCTIONS —²⁹⁶ The President may exercise any functions conferred upon him by this Act through such agency or officer of the United States Government as he shall direct. The head of any such agency or such officer may from time to time promulgate such rules and regulations as may be necessary to carry out such functions, and may delegate authority to perform any such functions, including, if he shall so specify, the authority successively to redelegate any of such functions to any of his subordinates. In providing technical assistance under this Act, the head of any such agency or such officer shall utilize, to the fullest extent practicable, goods and professional and other services from private enterprise on a contract basis. In such fields as education, health, housing, or agriculture, the facilities and resources of other Federal agencies shall be utilized when such facilities are particularly or uniquely suitable for technical assistance, are not competitive with private enterprise, and can be made available without interfering unduly with domestic programs.²⁹⁷

SEC. 622.²⁹⁸ COORDINATION WITH FOREIGN POLICY — (a) Nothing contained in this Act shall be construed to infringe upon the powers or functions of the Secretary of State.

(b) The President shall prescribe appropriate procedures to assure coordination among representatives of the United States Government in each country, under the leadership of the Chief of the United States Diplomatic Mission. The Chief of the diplomatic mission shall make sure that recommendations of such representatives pertaining to mili-

²⁹¹ For other reports required to be submitted to Congress, see Reports to Congress, Index to FAAct, page 87, and Secs. 102, 105, 108, 109(b) and the Proviso at the end of the last paragraph under Economic Assistance of the FA Appropriation Act, 1967.

²⁹² 22 U.S.C. § 2381.

²⁹³ Sec. 302(a) of the FAAct of 1962 struck out subsection designation "(a)" and repealed subsections (b), (c), (d) and (e).

²⁹⁴ Sec. 302(a) of the FAAct of 1961 substituted the last two sentences in lieu of a former sentence, which read as follows: "In providing technical assistance under this Act in the field of education, health, housing, or agriculture or in other fields, the head of any such agency or such officer shall utilize, to the fullest extent practicable, the facilities and resources of the Federal agency or agencies with primary responsibilities for domestic programs in such fields."

²⁹⁵ 22 U.S.C. § 2382.

tary assistance (including civic action) or sales programs²⁹² are coordinated with political and economic considerations, and his comments shall accompany such recommendations if he so desires.

(c) Under the direction of the President, the Secretary of State shall be responsible for the continuous supervision and general direction of economic assistance and military assistance and sales programs, including but not limited to determining whether there shall be a military assistance (including civic action) or sales program for a country and the value thereof, to the end that such programs are effectively integrated both at home and abroad and the foreign policy of the United States is best served thereby.²⁹³

SEC. 623.²⁹⁴ THE SECRETARY OF DEFENSE.-- (a) In the case of assistance under part II of this Act, the Secretary of Defense shall have primary responsibility for--

- (1) the determination of military end-item requirements;
- (2) the procurement of military equipment in a manner which permits its integration with service programs;
- (3) the supervision of end-item use by the recipient countries;
- (4) the supervision of the training of foreign military personnel;
- (5) the movement and delivery of military end-items; and
- (6) within the Department of Defense, the performance of any other functions with respect to the furnishing of military assistance.

(b) The establishment of priorities in the procurement, delivery, and allocation of military equipment shall be determined by the Secretary of Defense.

SEC. 624.²⁹⁵ STATUTORY OFFICERS.-- (a) The President may appoint, by and with the advice and consent of the Senate, twelve officers in the agency primarily responsible for administering part I, * * * [Repealed- 1964]

(1) * * * [Repealed- 1964]

(2) * * * [Repealed- 1964]

(3) * * * [Repealed- 1964]²⁹⁶ and in the selection of one of such persons due consideration shall be given to persons qualified as professional engineers.

(b) Within the limitations established by subsection (a) of this section, the President may fix the rate of compensation, and may designate

²⁹² Sec. 302(a)(1) of the FAAct of 1960 substituted "(including civic action) or sales programs" for "(including any civic action and sales program)".

²⁹³ The words to this point, beginning with "economic assistance and", were substituted for the words "the assistance programs authorized by this Act, including but not limited to determining whether there shall be a military assistance program (including any civic action and sales program) for a country and the value thereof, to the end that such programs are effectively integrated both at home and abroad and the foreign policy of the United States is best served thereby" by Sec. 302(a)(2) of the FAAct of 1960.

²⁹⁴ 22 U.S.C. § 2383.

²⁹⁵ 22 U.S.C. § 2384.

²⁹⁶ That part of Sec. 624(a) to this point, beginning with the words "of whom" was repealed by Sec. 307(42) of the Government Employees Salary Reform Act of 1964 (P.L. 88-426). The repealed part read as follows:

* * * "of whom

"(1) one shall have the rank of an Under Secretary and shall be compensated at a rate not to exceed the rate authorized by law for any Under Secretary of an Executive Department;

"(2) one shall have the rank of a Deputy Under Secretary and shall be compensated at a rate not to exceed the rate authorized by law for any Deputy Under Secretary of an Executive Department; and

"(3) ten shall have the rank of Assistant Secretaries and shall be compensated at a rate not to exceed the rate authorized by law for any Assistant Secretary of an Executive Department."

nate the title of, any officer appointed pursuant to the authority contained in that subsection. The President may also fix the order of succession among the officers provided for in ³⁰¹ subsection (a) of this section in the event of the absence, death, resignation, or disability of one or more of said officers.³⁰¹

(c) Any person who was appointed by and with the advice and consent of the Senate, to any statutory position authorized by any provision of law repealed by section 612(a) and who is serving in one of such positions at the time of transfer of functions pursuant to subsections (c) and (d) of section 621, may be appointed by the President to a comparable position authorized by subsection (a) of this section on the date of the establishment of the agency primarily responsible for administering part I, without further action by the Senate.

(d)³⁰²(1) In addition to the officers provided for in subsection (a) of this section, there shall be in the Department of State an officer with the title of "Inspector General, Foreign Assistance," who shall be appointed by the President, by and with the advice and consent of the Senate. In addition, there shall be one Deputy Inspector General, Foreign Assistance, who shall be appointed by the President by and with the advice and consent of the Senate,³⁰³ and two Assistant Inspector Generals, Foreign Assistance, who shall be appointed by the President, and such other personnel as may be required to carry out the functions vested in the Inspector General, Foreign Assistance, by this subsection. Notwithstanding any other provisions of law, such of the personnel employed under the authority of section 533A of the Mutual Security Act of 1954, as amended, as the Inspector General, Foreign Assistance, may designate, and such of the property, records, and funds of the office established by such section 533A as the Inspector General, Foreign Assistance, may deem necessary, may be transferred to the office of the Inspector General, Foreign Assistance.³⁰⁷

(2) The Inspector General, Foreign Assistance, shall report directly to the Secretary of State and shall have the following duties and responsibilities:

(A) He shall arrange for, direct or conduct such reviews, inspections and audits of programs being conducted under part I of this Act and of the Peace Corps, and programs being conducted by the United States Government agencies under the Latin American Development Act, as amended,³⁰⁴ as he considers necessary for the purpose of ascertaining the efficiency and the economy of their

³⁰¹ Sec. 302(b)(1) of the FFAAct of 1965 struck out the words "paragraph (3) of" which appeared at this point, and also substituted "of one or more of said officers" for "of the officers provided for in paragraphs (1) and (2) of that subsection".

³⁰² Sec. 302(b) of the FFAAct of 1962 repealed subsection (d) and redesignated subsection (e) as subsection "(d)". For text of repealed subsection (d), see Statutes Repealed, page 118.

³⁰³ Sec. 302(b)(4) of the FFAAct of 1963 added the words "who shall be appointed by the President by and with the advice and consent of the Senate".

³⁰⁴ Sec. 303(33) of the Government Employees Salary Reform Act of 1964 (P.L. 86-426) repealed the last sentence of this section, which read as follows: "The Inspector General, Foreign Assistance, shall receive compensation at the rate of \$20,000 annually, the Deputy Inspector General, Foreign Assistance, shall receive compensation at the rate of \$20,000 annually, and each Assistant Inspector General, Foreign Assistance, shall receive compensation at the rate of \$19,000 annually." Sec. 303(d)(52) of the Government Employees Salary Reform Act of 1964 established an annual basic compensation of \$27,000 for the Inspector General, Foreign Assistance, and Sec. 303(d)(53) established an annual basic compensation of \$27,000 for the Deputy Inspector General, Foreign Assistance.

³⁰⁷ The words "and programs being conducted by United States Government agencies under Public Law 86-735" were added by Sec. 302(b) of the FFAAct of 1962. Sec. 302(b)(3) of the FFAAct of 1965 substituted "the Latin American Development Act, as amended" for "Public Law 86-735".

administration, their consonance with the foreign policy of the United States, and the attainment of their objectives.

(B) For the purpose of ascertaining the extent to which programs of assistance being carried out under part II of this Act and the Agricultural Trade Development and Assistance Act of 1954, as amended, are in consonance with the foreign policy of the United States, are aiding in the attainment of the objectives of this Act, and are being carried out consistently with the responsibilities with respect thereto of the respective United States chiefs of missions and of the Secretary of State, as well as the efficiency and the economy with which such responsibilities are discharged, he shall arrange for, direct or conduct such reviews, inspections and audits of programs of assistance under part II of this Act and the Agricultural Trade Development and Assistance Act of 1954, as amended, as he considers necessary.

(3) The Inspector General, Foreign Assistance, shall maintain continuous observation and review of programs with respect to which he has responsibilities under paragraph (2) of this subsection for the purpose of:

(A) determining the extent to which such programs are in compliance with applicable laws and regulations;

(B) making recommendations for the correction of deficiencies in, or for improving the organization, plans or procedures of, such programs; and

(C) evaluating the effectiveness of such programs in attaining United States foreign policy objectives and reporting to the Secretary of State with respect thereto.

(4) In order to eliminate duplication and to assure full utilization of existing data, the Inspector General, Foreign Assistance, shall, in carrying out his duties under this Act, give due regard to the audit, investigative and inspection activities of the various agencies, including those of the General Accounting Office and of the military Inspectors General.

(5) For the purpose of aiding in carrying out his duties under this Act, the Inspector General, Foreign Assistance, shall have access to all records, reports, audits, reviews, documents, papers, recommendations, or other material of the agencies of the United States Government administering part I or II of this Act, and the Latin American Development Act, as amended,³⁰² the Peace Corps or the Agricultural Trade Development and Assistance Act of 1954, as amended. All agencies of the United States Government shall cooperate with the Inspector General, Foreign Assistance, and shall furnish assistance upon request to the Inspector General, Foreign Assistance, in aid of his responsibilities.

(6) The Inspector General, Foreign Assistance, shall have authority to suspend all or any part of any project or operation (but not a country program) with respect to which he has conducted or is conducting an inspection, audit or review provided he first has given written notice to the Secretary of State. Any such suspension shall remain effective until such program or part thereof is ordered resumed by the Inspector General, Foreign Assistance, or by the Secretary of State.

³⁰² See 302(b)(2) of the FAAct of 1965 substituted "the Latin American Development Act, as amended" for "Public Law 56-735".

This paragraph shall not apply to part II of this Act, and with respect to the Agricultural Trade Development and Assistance Act of 1954, as amended, shall apply only to projects and operations administered by the Secretary of State.

(7) Expenses of the Inspector General, Foreign Assistance, with respect to programs under part I or II of this Act, and the Latin American Development Act, as amended,³⁰² and the Peace Corps shall be charged to the appropriations made to carry out such programs, and with respect to programs under the Agricultural Trade Development and Assistance Act of 1954, as amended, shall be charged to funds available under the authority of this Act: *Provided*, That such appropriations shall not be charged with such expenses after the expiration of a thirty-five day period which begins on the date the General Accounting Office, or any committee of the Congress, or any duly authorized subcommittee thereof, charged with considering legislation, appropriations, or expenditures under the Act, has delivered to the Office of the Secretary of State a written request that it be furnished any document, paper, communication, audit, review, finding, recommendation, report, or other material which relates to the operation or activities of the Inspector General, Foreign Assistance, unless and until there has been furnished to the General Accounting Office, or to such committee, or subcommittee, as the case may be, (A) the document, paper, communication, audit, review, finding, recommendation, report, or other material so requested, or (B) a certification by the President personally that he has forbidden the furnishing thereof pursuant to such request and his reason for so doing.³¹⁰ The waiver authority in section 614(a) of this Act and the provisions of section 631(c) of this Act shall not apply to this subsection. Such expenses shall not exceed \$2,000,000 in any fiscal year. The Inspector General, Foreign Assistance, may make expenditures (not in excess of \$2,000 in any fiscal year) of a confidential nature when he finds that such expenditures are in aid of inspections, audits or reviews under this subsection. A certificate of the amount of each such expenditure, the nature of which it is considered inadvisable to specify, shall be made by the Inspector General, Foreign Assistance, and every such certificate shall be deemed a sufficient voucher for the amount therein specified.³¹¹

(8)³¹² Whenever the Inspector General, Foreign Assistance, deems it appropriate in carrying out his duties under this Act, he may from time to time notify the head of any agency primarily responsible for administering any program with respect to which the Inspector General, Foreign Assistance, has responsibilities under paragraph (2) of this subsection that all internal audit, end-use inspection, and management inspection reports submitted to the head of such agency or mission in the field in connection with such program from any geographic areas designated by the Inspector General, Foreign Assistance, shall be submitted simultaneously to the Inspector General, Foreign Assistance. The head of each such agency shall cooperate with the Inspector General, Foreign Assistance, in carrying out the provisions of this paragraph.

³⁰² See also Sec. 634(c) of this Act and Sec. 402 of the FA Appropriation Act, 1967.

³¹⁰ See also Sec. 614(c) and Sec. 636(a)(8) of this Act.

³¹² Subsection (8) was added by Sec. 302(b) of the FA Act of 1966.

SEC. 625.³¹³ EMPLOYMENT OF PERSONNEL.—(a) Any agency or officer of the United States Government carrying out functions under this Act is authorized to employ such personnel as the President deems necessary to carry out the provisions and purposes of this Act.

(b) Of the personnel employed in the United States to carry out part I or coordinate part I and part II, not to exceed one hundred and ten³¹⁴ may be appointed, compensated or removed without regard to the provisions of any law, of whom not to exceed fifty-one may be compensated at rates higher than those provided for grade 15 of the general schedule established by the Classification Act of 1949, as amended (5 U.S.C. 1071 et seq.), but not in excess of the highest rate of grade 18 of such general schedule.³¹⁵ *Provided*, That, under such regulations as the President shall prescribe, officers and employees of the United States Government who are appointed to any of the above positions may be entitled, upon removal from such position, to reinstatement to the position occupied at the time of appointment or to a position of comparable grade and salary. Such positions shall be in addition to those authorized by law to be filled by Presidential appointment, and in addition to the number authorized by section 505 of the Classification Act of 1949, as amended.

(c) Of the personnel employed in the United States to carry out part II, not to exceed eight may be compensated at rates higher than those provided for grade 15 of the general schedule established by the Classification Act of 1949, as amended, but not in excess of the highest rate of grade 18 of such general schedule.³¹⁶ Such positions shall be in addition to those authorized by law to be filled by Presidential appointment, and in addition to the number authorized by section 505 of the Classification Act of 1949, as amended.

(d) For the purpose of performing functions under this Act outside the United States the President may—

(1) employ or assign persons, or authorize the employment or assignment of officers or employees by agencies of the United States Government, who shall receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946, as amended (22 U.S.C. 801 et seq.), together with allowances and benefits thereunder; and persons so employed or assigned shall be entitled, except to the extent that the President may specify otherwise in cases in which the period of employment or assignment exceeds thirty months, to the same benefits as are provided by section 528 of that Act for persons appointed to the Foreign Service Reserve, and the provisions of section 1005 of that Act shall apply in the case of such persons, except that policymaking officials shall not be subject to

³¹³ 22 U.S.C. 42385.

³¹⁴ Sec. 302(c)(1) of the FAAct of 1962 substituted "one hundred and ten" in lieu of "seventy-six".

³¹⁵ Sec. 1001(k)(1) of the Postal Service and Federal Employees Salary Act of 1962 (Public Law 87-79) substituted the words "but not in excess of the highest rate of grade 18 of such general schedule" in lieu of "and of these, not to exceed eight may be compensated at a rate in excess of the highest rate provided for grades of such general schedule but not in excess of \$10,000 per year".

³¹⁶ Sec. 1001(k)(2) of the Postal Service and Federal Employees Salary Act of 1962 (Public Law 87-79) substituted the words "but not in excess of the highest rate of grade 18 of such general schedule" in lieu of "and of these, not to exceed three may be compensated at a rate in excess of the highest rate provided for grades of such general schedule but not in excess of \$10,000 per year".

that part of section 1005 of that Act which prohibits political tests; and

(2) utilize such authority, including authority to appoint and assign personnel for the duration of operations under this Act, contained in the Foreign Service Act of 1946, as amended, as the President deems necessary to carry out functions under this Act; and such provisions of the Foreign Service Act of 1946, as amended, as the President deems appropriate shall apply to personnel appointed or assigned under this paragraph, including in all cases the provisions of section 528 of that Act: *Provided, however*, That the President may by regulation make exceptions to the application of section 528 in cases in which the period of the appointment or assignment exceeds thirty months: *Provided further*, That Foreign Service Reserve officers appointed or assigned pursuant to this paragraph shall receive within-class salary increases in accordance with such regulations as the President may prescribe: *Provided further*, That, whenever the President determines it to be important for the purposes of this Act, the President may initially assign personnel under this paragraph for duty within the United States for a period not to exceed two years for the purpose of preparation for assignment outside the United States: *However*, the authority contained in this proviso may not be exercised with respect to the assignment to such duty of more than forty³¹⁸ persons at any one time.³¹⁹

(e) The President is authorized to prescribe by regulation standards or other criteria for maintaining adequate performance levels for personnel appointed or assigned pursuant to paragraph (2) of subsection (d) of this section and section 527(c)(2) of the Mutual Security Act of 1954, as amended, and may, notwithstanding any other law, but subject to an appropriate administrative appeal, separate employees who fail to meet such standards or other criteria, and also may grant such personnel severance benefits of one month's salary for each year's service, but not to exceed one year's salary at the then current salary rate of such personnel.

(f) Funds provided for in agreements with foreign countries for the furnishing of services under this Act with respect to specific projects shall be deemed to be obligated for the services of personnel employed by agencies of the United States Government (other than the agencies primarily responsible for administering part I or part II of this Act) as well as personnel not employed by the United States Government.³²⁰

(g) The principles regarding foreign language competence set forth in section 578 of the Foreign Service Act of 1946, as amended (22 U.S.C. 801), shall be applicable to personnel carrying out functions under this Act and the Secretary of State shall make appropriate designations and standards for such personnel.

³¹⁸ Sec. 302(c) of the FFA Act of 1964 substituted "forty" for "twenty".

³¹⁹ The last proviso in this paragraph was added by Sec. 302(c)(2) of the FFA Act of 1962. Sec. 302(a)(1) of the FFA Act of 1964 substituted the words "the assignment to such duty of more than twenty persons at any one time" for the words "more than thirty persons in the aggregate".

³²⁰ Sec. 625(f) was amended by Sec. 302(c)(3) of the FFA Act of 1962. It formerly read as follows: "Funds provided for in agreements with foreign countries for the furnishing of services under this Act shall be deemed to be obligated for the services of personnel employed by the United States Government as well as other personnel."

(h) Notwithstanding any other provision of law, officers and employees of the United States Government performing functions under this Act shall not accept from any foreign country any compensation or other benefits. Arrangements may be made by the President with such countries for reimbursement to the United States Government or other sharing of the cost of performing such functions.

(i) To the maximum extent practicable officers and employees performing functions under this Act abroad shall be assigned to countries and positions for which they have special competence, such as appropriate language and practical experience.

(j)³²² The President may appoint or assign a United States citizen to be representative of the United States to the Inter-American Committee on the Alliance for Progress and, in his discretion, may terminate such appointment or assignment, notwithstanding any other provision of law. Such person may be compensated at a rate not to exceed that authorized for a chief of mission, class 2, within the meaning of the Foreign Service Act of 1946, as amended.

SEC. 626.³²³ EXPERTS, CONSULTANTS, AND RETIRED OFFICERS.—(a) Experts and consultants or organizations thereof may, as authorized by section 15 of the Act of August 2, 1946, as amended (5 U.S.C. 55a), be employed for the performance of functions under this Act, and individuals so employed may be compensated at rates not in excess of \$100³²⁴ per diem, and while away from their homes or regular places of business, they may be paid actual travel expenses and per diem in lieu of subsistence at the applicable rate prescribed in the standardized Government travel regulations, as amended from time to time. Contracts for such employment with such organizations, employment of personnel as experts and consultants, not to exceed ten in number, contracts for such employment of retired military personnel with specialized research and development experience, not to exceed ten in number, and contracts for such employment of retired military personnel with specialized experience of a broad politico-military nature, not to exceed five in number, may be renewed annually.

(b)³²⁵ Service of an individual as an expert or consultant under subsection (a) of this section shall not³²⁶ be considered as employment or holding of office or position bringing such individual within the provisions of section 13 of the Civil Service Retirement Act, as amended (5 U.S.C. 2263),³²⁷ section 572 of the Foreign Service Act of 1946, as

³²² Subsection (j) was added by Sec. 302(a)(2) of the FAAct of 1964.

³²³ 22 U.S.C. § 2386.

³²⁴ Sec. 302(b)(1) of the FAAct of 1964 substituted "\$100" for "\$75".

³²⁵ Sec. 302(c)(1) of the FAAct of 1964 struck out the first sentence of this section since the subject matter thereof was superseded by P.L. 87-849, approved October 23, 1962. The first sentence formerly read as follows: "Service of an individual as an expert or consultant under subsection (a) of this section shall not be considered as service or employment bringing such individual within the provisions of section 281, 283, or 284 of title 18 of the United States Code, or of section 190 of the Revised Statutes (5 U.S.C. 90), or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States Government, except insofar as such provisions of law may prohibit any such individual from receiving compensation in respect of any particular matter in which such individual was directly involved in the performance of such service."

³²⁶ The words "Service of an individual as an expert or consultant under subsection (a) of this section shall not" were substituted for the words "Nor shall such service" by Sec. 302(c)(2) of the FAAct of 1964.

³²⁷ Sec. 401(c)(1) of the Dual Compensation Act (P.L. 88-448) struck out the words "section 212 of Public Law 72-212, as amended (5 U.S.C. 59a)," which appeared at this point.

amended, or any other law limiting the reemployment of retired officers or employees or governing the simultaneous receipt of compensation and retired pay or annuities, subject to section 201 of the Dual Compensation Act.³²⁹

(c)³³¹ Persons of outstanding experience and ability may be employed without compensation by any agency of the United States Government for the performance of functions under this Act in accordance with the provisions of section 710(b) of the Defense Production Act of 1950, as amended (50 U.S.C. App. 2160(b)), and regulations issued thereunder.

SEC. 627.³³² **DETAIL OF PERSONNEL TO FOREIGN GOVERNMENT.**—Whenever the President determines it to be in furtherance of the purposes of this Act, the head of any agency of the United States Government is authorized to detail or assign any officer or employee of his agency to any office or position with any foreign government or foreign government agency, where acceptance of such office or position does not involve the taking of an oath of allegiance to another government or the acceptance of compensation or other benefits from any foreign country by such officer or employee.

SEC. 628.³³³ **DETAIL OF PERSONNEL TO INTERNATIONAL ORGANIZATIONS.**—Whenever the President determines it to be consistent with and in furtherance of the purposes of this Act, the head of any agency of the United States Government is authorized to detail, assign, or otherwise make available to any international organization any officer or employee of his agency to serve with, or as a member of, the international staff of such organization, or to render any technical, scientific, or professional advice or service to, or in cooperation with, such organization.

SEC. 629.³³⁴ **STATUS OF PERSONNEL DETAILED.**—(a) Any officer or employee, while assigned or detailed under section 627 or 628 of this Act, shall be considered, for the purpose of preserving his allowances, privileges, rights, seniority, and other benefits as such, an officer or employee of the United States Government and of the agency of the United States Government from which detailed or assigned and he shall continue to receive compensation, allowances, and benefits from funds appropriated to that agency or made available to that agency under this Act.

(b) Any officer or employee assigned, detailed, or appointed under section 627, 628, 631, or 624(d)³³⁵ of this Act is authorized to receive under such regulations as the President may prescribe, representation allowances similar to those allowed under section 901 of the Foreign Service Act of 1950 as amended (22 U.S.C. 1131). The authorization of such allowances and other benefits and the payment thereof out of any appropriations available therefor shall be considered as meet-

³²⁹ The words "subject to section 201 of the Dual Compensation Act" were added by Sec. 401(e)(2) of the Dual Compensation Act (P.L. 88-448).

³³¹ Sec. 302(d) of the FAAct of 1965 redesignated subsection (d) as subsection (c). Former subsection (c), which related to employment of retired officers, was repealed by the Dual Compensation Act (P.L. 88-448), August 19, 1964.

³³² 22 U.S.C. § 2387.

³³³ 22 U.S.C. § 2388.

³³⁴ 22 U.S.C. § 2389.

³³⁵ Sec. 302(d) of the FAAct of 1965 substituted "624(d)" for "624(e)".

ing all the requirements of section 1765 of the Revised Statutes (5 U.S.C. 70).

SEC. 630.³²⁷ **TERMS OF DETAIL OR ASSIGNMENT.**—Details or assignments may be made under section 627 or 628 of this Act or section 408 of the Mutual Security Act of 1954, as amended.

(1) without reimbursement to the United States Government by the foreign government or international organization;

(2) upon agreement by the foreign government or international organization, to reimburse the United States Government for compensation, travel expenses, benefits³²⁹ and allowances, or any part thereof, payable to the officer or employee concerned during the period of assignment or detail; and such reimbursements (including foreign currencies) shall be credited to the appropriation, fund, or account utilized for paying such compensation, travel expenses, benefits³²⁹ or allowances, or to the appropriation, fund, or account currently available for such purposes;

(3) upon an advance of funds, property, or services by the foreign government or international organization to the United States Government accepted with the approval of the President for specified uses in furtherance of the purposes of this Act; and funds so advanced may be established as a separate fund in the Treasury of the United States Government, to be available for the specified uses, and to be used for reimbursement of appropriations or direct expenditure subject to the provisions of this Act, any unexpended balance of such account to be returned to the foreign government or international organization; or

(4) subject to the receipt by the United States Government of a credit to be applied against the payment by the United States Government of its share of the expenses of the international organization to which the officer or employee is detailed or assigned, such credit to be based upon the compensation, travel expenses, benefits³²⁹ and allowances, or any part thereof, payable to such officer or employee during the period of detail or assignment in accordance with section 629.

SEC. 631.³³⁰ **MISSIONS AND STAFFS ABROAD.**—(a) The President may maintain special missions or staffs outside the United States in such countries and for such periods of time as may be necessary to carry out the purposes of this Act. Each such special mission or staff shall be under the direction of a chief.

(b) The chief and his deputy of each special mission or staff carrying out the purposes of part I shall be appointed by the President, and may, notwithstanding any other law, be removed by the President at his discretion. Such chief shall be entitled to receive (1) in cases approved by the President, the same compensation and allowances as a chief of mission, class 3, or a chief of mission, class 4, within the meaning of the Foreign Service Act of 1916, as amended, or (2) compensation and allowances in accordance with section 625(d), as the President shall determine to be appropriate.

³²⁷ 22 U.S.C. § 2390.

³²⁹ The word "benefits" was added by Sec. 302(e) of the FAA of 1965.

³³⁰ 22 U.S.C. § 2391.

(c) ³⁴² The President may appoint any United States citizen who is not an employee of the United States Government or may assign any United States citizen who is a United States Government employee to serve as Chairman of the Development Assistance Committee or any successor committee thereto of the Organization for Economic Cooperation and Development upon election thereto by members of said Committee, and, in his discretion, may terminate such appointment or assignment, notwithstanding any other provision of law. Such person may receive such compensation and allowances as are authorized by the Foreign Service Act of 1946, as amended,³⁴³ not to exceed those authorized for a chief of mission, class 2, within the meaning of said Act, as the President may determine. Such person may also, in the President's discretion, receive any other benefits and perquisites available under this Act to chiefs of special missions or staffs outside the United States established under this section.

(d) ³⁴³ Wherever practicable; especially in the case of the smaller programs, assistance under this Act shall be administered under the direction of the Chief of the United States Diplomatic Mission by the principal economic officer of the mission in the case of assistance under part I, and by the senior military officer of the mission in the case of assistance under part II.

SEC. 632.³⁴⁴ ALLOCATION AND REIMBURSEMENT AMONG AGENCIES.—

(a) The President may allocate or transfer to any agency of the United States Government any part of any funds available for carrying out the purposes of this Act, including any advance to the United States Government by any country or international organization for the procurement of commodities, defense articles, or services (including defense services). Such funds shall be available for obligation and expenditure for the purposes for which authorized, in accordance with authority granted in this Act or under authority governing the activities of the agencies of the United States Government to which such funds are allocated or transferred.

(b) Any officer of the United States Government carrying out functions under this Act may utilize the services (including defense services) and facilities of, or procure commodities and defense articles from, any agency of the United States Government as the President shall direct, or with the consent of the head of such agency, and funds allocated pursuant to this subsection to any such agency may be established in separate appropriation accounts on the books of the Treasury.

(c) In the case of any commodity, service, or facility procured from any agency of the United States Government to carry out part I, reimbursement or payment shall be made to such agency from funds available to carry out such part. Such reimbursement or payment shall be at replacement cost, or, if required by law, at actual cost, or at any other price authorized by law and agreed to by the owning or disposing agency. The amount of any such reimbursement or payment shall be credited to current applicable appropriations, funds, or accounts, from which there may be procured replacements of similar commodities, services, or facilities, except that where such appropriations, funds, or accounts are not reimbursable except by reason of this sub-

³⁴² Subsection (c) was added by Sec. 302(d) of the FAAct of 1963.

³⁴³ Subsection (d) was added by Sec. 302(f) of the FAAct of 1963.

³⁴⁴ 22 U.S.C. § 2392.

section, and when the owning or disposing agency determines that such replacement is not necessary, any funds received in payment thereof shall be deposited into the Treasury as miscellaneous receipts.

(d) Except as otherwise provided in sections 507 and 510, reimbursement shall be made to any United States Government agency, from funds available for use under part II, for any assistance furnished under part II from, by, or through such agency. Such reimbursement shall be in an amount equal to the value (as defined in section 614(m)) of the defense articles or of the defense services (other than salaries of members of the Armed Forces of the United States), or other assistance furnished, plus expenses arising from or incident to operations under part II. The amount of such reimbursement shall be credited to the current applicable appropriations, funds, or accounts of such agency.

(e) In furnishing assistance under this Act, accounts may be established on the books of any agency of the United States Government or, on terms and conditions approved by the Secretary of the Treasury, in banking institutions in the United States, (1) against which letters of commitment may be issued which shall constitute recordable obligations of the United States Government, and moneys due or to become due under such letters of commitment shall be assignable under the Assignment of Claims Act of 1940, as amended (second and third paragraphs of 31 U.S.C. 203 and 41 U.S.C. 15), and (2) from which disbursements may be made to, or withdrawals may be made by, recipient countries or agencies, organizations, or persons upon presentation of contracts, invoices, or other appropriate documentation. Expenditure of funds which have been made available through accounts so established shall be accounted for on standard documentation required for expenditure of funds of the United States Government: *Provided*, That such expenditures for commodities, defense articles, services (including defense services), or facilities procured outside the United States may be accounted for exclusively on such certification as may be prescribed in regulations approved by the Comptroller General of the United States.

(f) Credits made by the Export-Import Bank of Washington with funds allocated thereto under subsection (a) of this section or under section 522(a) of the Mutual Security Act of 1954, as amended, shall not be considered in determining whether the Bank has outstanding at any one time loans and guaranties to the extent of the limitation imposed by section 7 of the Export-Import Bank Act of 1945, as amended (12 U.S.C. 637e).

(g) Any appropriation or account available to carry out provisions of part I may initially be charged in any fiscal year, within the limit of available funds, to finance expenses for which funds are available in other appropriations or accounts under part I: *Provided*, That as of the end of such fiscal year such expenses shall be finally charged to applicable appropriations or accounts with proper credit to the appropriations or accounts initially utilized for financing purposes: *Provided further*, That such final charge to applicable appropriations or accounts shall not be required in the case of expenses (other than those provided for under section 637(a)) incurred in furnishing assistance by the agency primarily responsible for administering part I where it is determined that the accounting costs of identifying the applicable

appropriation or account to which such expenses should be charged would be disproportionate to the advantage to be gained.

SEC. 633.³⁴⁵ WAIVERS OF CERTAIN LAWS. (a) Whenever the President determines it to be in furtherance of the purposes of this Act, the functions authorized under this Act may be performed without regard to such provisions of law (other than the Renegotiation Act of 1951, as amended (50 U.S.C. App. 1211 et seq.)), regulating the making, performance, amendment, or modification of contracts and the expenditure of funds of the United States Government as the President may specify.³⁴⁶

(b) The functions authorized under part II may be performed without regard to such provisions as the President may specify of the joint resolution of November 4, 1939 (54 Stat. 4), as amended.

(c) Notwithstanding the provisions of sections 3541(b) and 8541(b) of title 10 of the United States Code, personnel of the Department of Defense may be assigned or detailed to any civil office to carry out this Act.

SEC. 634.³⁴⁷ REPORTS AND INFORMATION.³⁴⁸ (a) The President shall, while funds made available for the purposes of this Act remain available for obligation, transmit to the Congress after the close of each fiscal year a report concerning operations in that fiscal year under this Act. Each such report shall include information on the operation of the investment guaranty program and on progress under the freedom of navigation and nondiscrimination declaration contained in section 102.³⁴⁹

(b) The President shall, in the reports required by subsection (a) of this section, and in response to requests from Members of the Congress or inquiries from the public, make public all information concerning operations under this Act not deemed by him to be incompatible with the security of the United States. In the case of each loan made from the Development Loan Fund established pursuant to section 201(a) the President shall make public appropriate information about the loan, including information about the borrower, the nature of the activity being financed, and the economic development objectives being served by the loan.

(c) None of the funds made available pursuant to the provisions of this Act shall be used to carry out any provision of this Act in any country or with respect to any project or activity, after the expiration of the thirty-five-day period which begins on the date the General Accounting Office or any committee of the Congress charged with considering legislation, appropriations or expenditures under this Act, has delivered to the office of the head of any agency carrying out such provision, a written request that it be furnished any document, paper, communication, audit, review, finding, recommendation, report, or other material in its custody or control relating to the administration of such provision in such country or with respect to such project or

³⁴⁵ 22 U.S.C. § 2393.

³⁴⁶ See Executive Order 11223.

³⁴⁷ 22 U.S.C. § 2394.

³⁴⁸ For other reports required to be submitted to Congress, see Reports to Congress, Index to FAAcT, page 87, and Secs. 102, 105, 108, 109(c), and the Provision at the end of the last paragraph under Economic Assistance of the FA Appropriation Act, 1967.

³⁴⁹ The last part of this sentence, beginning with the words "and on progress", was added by Sec. 302(e) of the FAAcT of 1962.

activity, unless and until there has been furnished to the General Accounting Office, or to such committee, as the case may be, (1) the document, paper, communication, audit, review, finding, recommendation, report, or other material so requested, or (2) a certification by the President that he has forbidden the furnishing thereof pursuant to request and his reason for so doing.¹²⁰

(d) At the end of each fiscal year,¹²¹ the President shall notify the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives of all actions taken during the fiscal year¹²² under this Act which resulted in furnishing assistance of a kind, for a purpose, or to an area, substantially different from that included in the presentation to the Congress during its consideration of this Act or any Act appropriating funds pursuant to authorizations contained in this Act, or which resulted in obligations or reservations greater by 50 per centum or more than the proposed obligations or reservations included in such presentation for the program concerned, and in his notification the President shall state the justification for such changes. There shall also be included in the presentation material submitted to the Congress during its consideration of amendments to this Act, or of any Act appropriating funds pursuant to authorizations contained in this Act, a comparison of the current fiscal year programs and activities with those presented to the Congress in the previous year and an explanation of any substantial changes.¹²³ In addition, the President shall promptly notify the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives of any determination under section 303, 610, 614(a), or 614(b).

(e) The President shall include in his recommendations to the Congress for programs under this Act for each fiscal year a specific plan for each country receiving bilateral grant economic assistance whereby, wherever practicable, such grant economic assistance shall be progressively reduced and eventually terminated.

(f) ¹²⁴The Secretary of the Treasury shall transmit to the Speaker of the House of Representatives and to the Committee on Foreign Relations of the Senate semiannual reports showing as of June 30 and December 31 of each year the repayment status of each loan theretofore made under authority of this Act any part of the principal or interest of which remains unpaid on the date of the report.

SEC. 635.¹²⁵ GENERAL AUTHORITIES.—(a) Except as otherwise specifically provided in this Act, assistance under this Act may be furnished on a grant basis or on such terms, including cash, credit, or other terms of repayment (including repayment in foreign currencies or by transfer to the United States Government of commodities) as may be determined to be best suited to the achievement of the purposes of this Act, and shall emphasize loans rather than grants wherever possible.

¹²⁰ See also Sec. 624(d)(7) of this Act and Sec. 402 of the FA Appropriation Act, 1967.

¹²¹ Sec. 302(f)(1) of the FA Act of 1962 substituted the words "At the end of each fiscal year" and "fiscal year" for the words "In January of each year" and "preceding twelve months", respectively.

¹²² The second sentence in this paragraph was added by Sec. 302(f)(2) of the FA Act of 1962.

¹²³ Subsection (f) was added by Sec. 302(c) of the FA Act of 1966.

¹²⁴ 22 U.S.C. § 2395.

(b) The President may make loans, advances, and grants to, make and perform agreements and contracts with, or enter into other transactions with, any individual, corporation, or other body of persons, friendly government or government agency, whether within or without the United States, and international organizations in furtherance of the purposes and within the limitations of this Act.

(c) It is the sense of Congress that the President, in furthering the purposes of this Act, shall use to the maximum extent practicable the services and facilities of voluntary, nonprofit organizations registered with, and approved by, the Advisory Committee on Voluntary Foreign Aid.

(d) The President may accept and use in furtherance of the purposes of this Act, money, funds, property, and services of any kind made available by gift, devise, bequest, grant, or otherwise for such purpose.

(e) Any agency of the United States Government is authorized to pay the cost of health and accident insurance for foreign participants in any program of furnishing technical information and assistance administered by such agency while such participants are absent from their homes for the purpose of participation in such program.

(f) Alien participants in any program of furnishing technical information and assistance under this Act may be admitted to the United States if otherwise qualified as nonimmigrants under section 101(a)(15) of the Immigration and Nationality Act, as amended (8 U.S.C. 1101(a)(15)), for such time and under such conditions as may be prescribed by regulations promulgated by the Secretary of State and the Attorney General.²⁵³

(g) In making loans and sales²⁵⁴ under this Act, the President—

(1) may issue letters of credit and letters of commitment;

(2) may collect or compromise any obligations assigned to, or held by, and any legal or equitable rights accruing to him, and, as he may determine, refer any such obligations or rights to the Attorney General for suit or collection;

(3) may acquire and dispose of, upon such terms and conditions as he may determine, any property, including any instrument evidencing indebtedness or ownership (provided that equity securities may not be directly purchased although such securities may be acquired by other means such as by exercise of conversion rights or through enforcement of liens or pledges or otherwise to satisfy a previously incurred indebtedness), and guarantee payment against any such instrument;

(4) may determine the character of, and necessity for, obligations and expenditures of funds used in making such loans and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to corporations of the United States Government; and

(5) shall cause to be maintained an integral set of accounts which shall be audited by the General Accounting Office in accordance with principles and procedures applicable to commercial corporate transactions as provided by the Government Corporation Control Act, as amended (31 U.S.C. 841 et seq.).

²⁵³ See Sec. 101(a)(15)(J) of the Immigration and Nationality Act (8 U.S.C. § 1101).
²⁵⁴ The words "and sales" were added by Sec. 302(g) of the FAAct of 1963.

(h) A contract or agreement which entails commitments for the expenditure of funds²⁷ available under titles II, V, and VI²⁸ (except development loans)²⁹ of chapter 2 of part I and under part II may, subject to any future action of the Congress, extend at any time for not more than five years.

(i) Claims arising as a result of investment guaranty operations may be settled, and disputes arising as a result thereof may be arbitrated with the consent of the parties, on such terms and conditions as the President may direct. Payment made pursuant to any such settlement, or as a result of an arbitration award, shall be final and conclusive notwithstanding any other provision of law.

(j) The provisions of section 955 of title 18 of the United States Code shall not apply to prevent any person, including any individual, partnership, corporation, or association, from acting for, or participating in, any operation or transaction arising under this Act, or from acquiring any obligation issued in connection with any operation or transaction arising under this Act.

(k)³⁰ Any cost-type contract or agreement (including grants) entered into with a university, college, or other educational institution for the purpose of carrying out programs authorized by part I may provide for the payment of the reimbursable indirect costs of said university, college, or other educational institution on the basis of predetermined fixed percentage rates applied to the total, or an element thereof, of the reimbursable direct costs incurred.

SEC. 626. PROVISIONS ON USES OF FUNDS.—(a) Appropriations for the purposes of or pursuant to this Act (except for part II), allocations to any agency of the United States Government, from other appropriations, for functions directly related to the purposes of this Act, and funds made available for other purposes to the agency primarily responsible for administering part I, shall be available for:

(1) rent of buildings and space in buildings in the United States, and for repair, alteration, and improvement of such leased properties;

(2) expenses of attendance at meetings concerned with the purposes of such appropriations or of this Act, including (notwithstanding the provisions of section 9 of Public Law 60-323 (31 U.S.C. 673)) expenses in connection with meetings of persons whose employment is authorized by section 626;

(3) contracting with individuals for personal services abroad: *Provided*, That such individuals shall not be regarded as employees of the United States Government for the purpose of any law administered by the Civil Service Commission;

(4) purchase, maintenance, operation, and hire of aircraft: *Provided*, That aircraft for administrative purposes may be purchased only as specifically provided for in an appropriation or other Act;

(5) purchase and hire of passenger motor vehicles: *Provided*, That, except as may otherwise be provided in an appropriation

²⁷ Sec. 302(g) of the FAAAct of 1962 deleted the word "made" which appeared after the word "funds" and substituted the words "V and VI" for "and V".

²⁸ The words "(except development loans)" were added by Sec. 302(d) of the FAAAct of 1966.

²⁹ Subsection (k) was added by Sec. 302(e) of the FAAAct of 1963.

³⁰ 22 U.S.C. § 2396.

or other Act, passenger motor vehicles for administrative purposes outside the United States may be purchased for replacement only, and such vehicles may be exchanged or sold and replaced by an equal number of such vehicles, and the cost, including exchange allowance, of each such replacement shall not exceed \$3,500 in the case of an automobile for the chief of any special mission or staff outside the United States established under section 631: *Provided further*, That passenger motor vehicles, other than one for the official use (without regard to the limitations contained in section 5 of Public Law 63-127, as amended (5 U.S.C. 78(c)(2), and section 201 of Public Law 85-468 (5 U.S.C. 78a-1)) of the head of the agency primarily responsible for administering part I, may be purchased for use in the United States only as may be specifically provided in an appropriation or other Act;

(6) entertainment (not to exceed \$25,000 in any fiscal year except as may otherwise be provided in an appropriation or other Act);

(7) exchange of funds without regard to section 3651 of the Revised Statutes (31 U.S.C. 543) and loss by exchange;

(8) expenditures (not to exceed \$50,000 in any fiscal year except as may otherwise be provided in an appropriation or other Act) of a confidential character other than entertainment: *Provided*, That a certificate of the amount of each such expenditure, the nature of which it is considered inadvisable to specify, shall be made by the head of the agency primarily responsible for administering part I or such person as he may designate, and every such certificate shall be deemed a sufficient voucher for the amount therein specified;³⁰¹

(9) insurance of official motor vehicles or aircraft acquired for use in foreign countries;

(10) rent or lease outside the United States for not to exceed ten years of offices, buildings, grounds, and quarters, including living quarters to house personnel, and payments therefor in advance; maintenance, furnishings, necessary repairs, improvements, and alterations to properties owned or rented by the United States Government or made available for use to the United States Government outside the United States; and costs of fuel, water, and utilities for such properties;

(11) expenses of preparing and transporting to their former homes, or, with respect to foreign participants engaged in any program under part I, to their former homes or places of burial, and of care and disposition of, the remains of persons or members of the families of persons who may die while such persons are away from their homes participating in activities carried out with funds covered by this subsection;

(12) purchase of uniforms;

(13) payment of per diem in lieu of subsistence to foreign participants engaged in any program under part I while such participants are away from their homes in countries other than the United States, at rates not in excess of those prescribed by the standardized Government travel regulations, notwithstanding any other provision of law;

³⁰¹ See also Secs 614(c) and 624(d)(7) of this Act.

(14) use in accordance with authorities of the Foreign Service Act of 1946, as amended (22 U.S.C. 801 et seq.), not otherwise provided for;

(15) ice and drinking water for use outside the United States;

(16) services of commissioned officers of the Coast and Geodetic Survey, and for the purposes of providing such services the Coast and Geodetic Survey may appoint not to exceed twenty commissioned officers in addition to those otherwise authorized;

(17) expenses in connection with travel of personnel outside the United States, including travel expenses of dependents (including expenses during necessary stopovers while engaged in such travel), and transportation of personal effects, household goods, and automobiles of such personnel when any part of such travel or transportation begins in one fiscal year pursuant to travel orders issued in that fiscal year, notwithstanding the fact that such travel or transportation may not be completed during the same fiscal year, and cost of transporting automobiles to and from a place of storage, and the cost of storing automobiles of such personnel when it is in the public interest or more economical to authorize storage.

(b) Funds made available for the purposes of this Act may be used for compensation, allowances, and travel of personnel including Foreign Service personnel whose services are utilized primarily for the purposes of this Act, for printing and binding without regard to the provisions of any other law, and for expenditures outside the United States for the procurement of supplies and services and for other administrative and operating purposes (other than compensation of personnel) without regard to such laws and regulations governing the obligation and expenditure of funds of the United States Government as may be necessary to accomplish the purposes of this Act.

(c) Notwithstanding any other law, not to exceed \$3,000,000 of the funds available for assistance under this Act (other than title I of chapter 2 of part I) may be used in any fiscal year (in addition to funds available for such use under other authorities in this Act) to construct or otherwise acquire outside the United States (1) essential living quarters, office space, and necessary supporting facilities for use of personnel carrying out activities authorized by this Act, and (2) schools (including dormitories and boarding facilities) and hospitals for use of personnel carrying out activities authorized by this Act, United States Government personnel, and their dependents. In addition, funds made available for assistance under this Act (other than title I of chapter 2 of part I) may be used, notwithstanding any other law, to equip, staff, operate, and maintain such schools and hospitals.

(d) Not to exceed \$1,500,000 of the funds available for assistance under this Act (other than title I of chapter 2 of part I) may be used in any fiscal year to provide assistance, on such terms and conditions as are deemed appropriate, to schools established, or to be established, outside the United States whenever it is determined that such action would be more economical or would best serve the interests of the United States in providing for the education of dependents of per-

sonnel carrying out activities authorized by this Act and dependents of United States Government personnel, in lieu of acquisition or construction pursuant to subsection (c) of this section.

(e) Funds available under this Act (other than title I of chapter 2 of part I) may be used to pay costs of training United States citizen personnel employed or assigned pursuant to section 625(d)(2) (through interchange or otherwise) at any State or local unit of government, public or private nonprofit institution, trade, labor, agricultural, or scientific association or organization, or commercial firm; and the provisions of Public Law 84-918 (7 U.S.C. 1881 et seq.) may be used to carry out the foregoing authority notwithstanding that interchange of personnel may not be involved or that the training may not take place at the institutions specified in that Act. Such training shall not be considered employment or holding of office under section 301 of the Dual Compensation Act (5 U.S.C. 3105),³⁶³ and any payments or contributions in connection therewith may, as deemed appropriate by the head of the agency of the United States Government authorizing such training, be made by private or public sources and be accepted by any trainee, or may be accepted by and credited to the current applicable appropriation of such agency: *Provided, however,* That any such payments to any employee in the nature of compensation shall be in lieu, or in reduction, of compensation received from the United States Government.

(f) Funds made available under section 212 may be used for expenses (other than those provided for under section 637(a)) to assist in carrying out functions under title I of chapter 2 of part I, under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 et seq.), and under the Latin American Development Act, as amended³⁶⁴ (22 U.S.C. 1942 et seq.), performed by the agency primarily responsible for administering part I.

(g) Funds made available for the purposes of part II shall be available for—

(1) administrative, extraordinary (not to exceed \$300,000 in any fiscal year), and operating expenses;

(2) reimbursement of actual expenses of military officers detailed or assigned as tour directors in connection with orientation visits of foreign military personnel, in accordance with the provisions of section 3 of the Travel Expense Act of 1949, as amended (5 U.S.C. 836), applicable to civilian officers and employees; and

(3) maintenance, repair, alteration, and furnishing of United States-owned facilities in the District of Columbia or elsewhere for the training of foreign military personnel, without regard to the provisions of section 3733 of the Revised Statutes (41 U.S.C. 12) or other provision of law requiring a specific authorization or specific appropriation for such public contracts.

(h)³⁶⁵ In carrying out programs under this Act, the President shall take all appropriate steps to assure that, to the maximum extent

³⁶³ Sec. 302(h)(1) of the FAAct of 1965 substituted the words "section 301 of the Dual Compensation Act (5 U.S.C. 3105)" for "section 2 of the Act of July 31, 1894, as amended (5 U.S.C. 62)".

³⁶⁴ Sec. 302(h)(2) of the FAAct of 1965 substituted the words "Latin American Development Act, as amended" for "Act to provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes".

³⁶⁵ Subsection (h) was added by Sec. 302(f) of the FAAct of 1963.

possible, (1) countries receiving assistance under this Act contribute local currencies to meet the cost of contractual and other services rendered in conjunction with such programs, and (2) foreign currencies owned by the United States are utilized to meet the costs of such contractual and other services.

SEC. 637.³⁶⁶ ADMINISTRATIVE EXPENSES.—(a) There is hereby authorized to be appropriated to the President for the fiscal year 1967 not to exceed \$55,813,500³⁶⁷ for necessary administrative expenses of the agency primarily responsible for administering part I.

(b) There is hereby authorized to be appropriated³⁶⁸ such amounts as may be necessary from time to time for administrative expenses which are incurred for functions of the Department of State under this Act and un repealed provisions of the Mutual Security Act of 1954, as amended, or for normal functions of the Department of State which relate to such functions.³⁶⁹

SEC. 638.³⁷⁰ PEACE CORPS ASSISTANCE.—No provision of this Act shall be construed to prohibit assistance to any country pursuant to the Peace Corps Act, as amended; the Mutual Educational and Cultural Exchange Act of 1961, as amended;³⁷¹ or the Export-Import Bank Act of 1945, as amended.³⁷²

SEC. 639.³⁷³ FAMINE AND DISASTER RELIEF.—No provision of this Act shall be construed to prohibit assistance to any country for famine or disaster relief.

SEC. 640.³⁷⁴ MILITARY SALES.—Except as otherwise provided in part II of this Act, no provision of this Act shall be construed to prohibit the sale, exchange, or the guaranty of a sale, of defense articles or defense services to any friendly country or international organization if the President shall have found, pursuant to section 503, that the assisting of such country or organization will strengthen the security of the United States and promote world peace.

CHAPTER 3—MISCELLANEOUS PROVISIONS

SEC. 641.³⁷⁵ EFFECTIVE DATE AND IDENTIFICATION OF PROGRAMS.—This Act shall take effect on the date of its enactment. Programs under this Act shall be identified appropriately overseas as “American Aid”.

SEC. 642. STATUTES REPEALED.—(a) There are hereby repealed—
(1) Reorganization Plan Numbered 7 of 1953;

³⁶⁶ 22 U.S.C. § 2397.

³⁶⁷ Sec. 302(e) of the FAAct of 1966 substituted the words “1967 not to exceed \$55,813,500” in lieu of “1966 not to exceed \$54,240,000”.

³⁶⁸ FA Appropriation Act, 1967—\$55,813,500.

³⁶⁹ The words “to the Secretary of State”, which appeared at this point, were deleted by Sec. 302(b)(2) of the FAAct of 1962.

³⁷⁰ FA Appropriation Act, 1967—\$5,255,000, as authorized by this section, and by Sec. 305 of the MDAC Act of 1951, as amended.

³⁷¹ 22 U.S.C. § 2398. Sec. 638 was added by Sec. 302(h) of the FAAct of 1963.

³⁷² 22 U.S.C. § 2451.

³⁷³ 22 U.S.C. § 615.

³⁷⁴ 12 U.S.C. § 615. The words “; or famine or disaster relief, including such relief through voluntary agencies, under title II of the Agricultural Trade Development and Assistance Act of 1954, as amended”, which appeared at this point, were struck out by Sec. 302(i) of the FAAct of 1965.

³⁷⁵ 22 U.S.C. § 2399. Sec. 639 was added by Sec. 302(k) of the FAAct of 1965.

³⁷⁶ 22 U.S.C. § 2399a. Sec. 640 was added by Sec. 302(k) of the FAAct of 1965.

³⁷⁷ 22 U.S.C. § 2401.

(2) the Mutual Security Act of 1954, as amended (except sections ³⁷⁸ 402, 408, 414, 417, 502(a), 502(b), 514, 523(d), and 536 ³⁷⁹); ³⁸⁰

(3) section 12 of the Mutual Security Act of 1955;

(4) sections 12, 13, and 14 of the Mutual Security Act of 1956;

(5) section 503 of the Mutual Security Act of 1958;

(6) section 108 of the Mutual Security Appropriation Act, 1959;

(7) section 501(a), chapter VI, and sections 702 and 703 of the Mutual Security Act of 1959, as amended, and

(8) section 604 and chapter VIII of the Mutual Security Act of 1960.

(b) References in law to the Acts, or provisions of such Acts, repealed by subsection (a) of this section shall hereafter be deemed to be references to this Act or appropriate provisions of this Act.

(c) The repeal of the Acts listed in subsection (a) of this section shall not be deemed to affect amendments contained in such Acts to Acts not named in that subsection.

SEC. 643.³⁸¹ SAVING PROVISIONS.—(a) Except as may be expressly provided to the contrary in this Act, all determinations, authorizations, regulations, orders, contracts, agreements, and other actions issued, undertaken, or entered into under authority of any provision of law repealed by section 642(a) shall continue in full force and effect until modified by appropriate authority.

(b) Wherever provisions of this Act establish conditions which must be complied with before use may be made of authority contained in, or funds authorized by, this Act, compliance with, or satisfaction of, substantially similar conditions under Acts listed in section 642(a) or Acts repealed by those Acts shall be deemed to constitute compliance with the conditions established by this Act.

(c) Funds made available pursuant to provisions of law repealed by section 642(a)(2) shall, unless otherwise authorized or provided by law, remain available for their original purposes in accordance with the provisions of law originally applicable thereto, or in accordance with the provisions of law currently applicable to those purposes.

(d) ³⁸² * * * [Repealed—§62]

³⁸⁰ Sec. 303(a) of the FAAAct of 1965 struck out section 143 of the Mutual Security Act of 1954, as amended, which was retained by the FAAAct of 1961.

³⁸¹ Subsections (a), (c) and (d) of Sec. 403 of the Mutual Security Act of 1954, as amended, and Subsection (c) of the said Act, which were retained by the Foreign Assistance Act of 1961, were repealed by Sec. 6 of the Migration and Refugee Assistance Act of 1962 (Public Law 87-510).

³⁸² The words "Provided, That until the enactment of legislation authorizing and appropriating funds for activities heretofore carried on pursuant to sections 403(a), 403(c), 403(d), and 451(c) of the Mutual Security Act of 1954, as amended, such activities may be continued with funds made available under section 451(a) of this Act", which appeared at this point, were struck out by Sec. 303(a) of the FAAAct of 1965.

³⁸³ 22 U.S.C. § 2402.

³⁸⁴ Subsection (d) was repealed by Sec. 303(a) of the FAAAct of 1962.

SEC. 611.³⁸⁹ DEFINITIONS. As used in this Act—

(a) "Agency of the United States Government" includes any agency, department, board, wholly or partly owned corporation, instrumentality, commission, or establishment of the United States Government.

(b) "Armed Forces" of the United States means the Army, Navy, Air Force, Marine Corps, and Coast Guard.

(c) "Commodity" includes any material, article, supply, goods, or equipment used for the purposes of furnishing nonmilitary assistance.

(d) "Defense article" includes—

(1) any weapon, weapons system, munition, aircraft, vessel, boat, or other implement of war;

(2) any property, installation, commodity, material, equipment, supply, or goods used for the purposes of furnishing military assistance;

(3) any machinery, facility, tool, material, supply, or other item necessary for the manufacture, production, processing, repair, servicing, storage, construction, transportation, operation, or use of any article listed in this subsection; or

(4) any component or part of any article listed in this subsection; but

shall not include merchant vessels or, as defined by the Atomic Energy Act of 1954, as amended (42 U.S.C. 2011), source material, byproduct material, special nuclear material, or atomic weapons.

(e) "Defense information" includes any document, writing, sketch, photograph, plan, model, specification, design, prototype, or other recorded or oral information relating to any defense article or defense service, but shall not include Restricted Data and formerly Restricted Data as defined by the Atomic Energy Act of 1954, as amended.

(f) "Defense service" includes any service, test, inspection, repair, training including orientation,³⁹⁰ training aid, publication, or technical or other assistance, including the transfer of limited quantities of defense articles for test, evaluation, or standardization purposes, or defense information used for the purposes of furnishing military assistance.

(g) "Excess defense articles" mean the quantity of defense articles owned by the United States Government, and not procured in anticipation of military assistance or sales requirements, or pursuant to a military assistance or sales order,³⁹¹ which is in excess of the mobilization reserve at the time such articles are dropped from inventory by the supplying agency for delivery to countries or international organizations³⁹² under this Act.

(h) "Function" includes any duty, obligation, power, authority, responsibility, right, privilege, discretion, or activity.

(i) "Mobilization reserve" means the quantity of defense articles determined to be required, under regulations prescribed by the President, to support mobilization of the Armed Forces of the United States Government in the event of war or national emergency.

³⁸⁹ 22 U.S.C. § 2463.

³⁹⁰ The words "including orientation" were added by Sec. 303 of the FAAAct of 1963.

³⁹¹ The words to this point, beginning with "and not procured", were added by Sec. 303(b)(1) of the FAAAct of 1965.

³⁹² The words "as grant assistance", which appeared at this point, were struck out by Sec. 303(b)(1) of the FAAAct of 1965.

(j) "Officer or employee" means civilian personnel and members of the Armed Forces of the United States Government.

(k) "Services" include any service, repair, training of personnel, or technical or other assistance or information used for the purposes of furnishing nonmilitary assistance.

(l) "Surplus agricultural commodity" means any agricultural commodity or product thereof, class, kind, type, or other specification thereof, produced in the United States, either publicly or privately owned, which is in excess of domestic requirements, adequate carry-over, and anticipated exports for United States dollars, as determined by the Secretary of Agriculture.

(m) "Value" means--

(1) with respect to excess defense articles, the gross cost incurred by the United States Government in repairing, rehabilitating, or modifying such articles;

(2) with respect to nonexcess defense articles delivered from inventory to countries or international organizations³⁹³ under this Act, the standard price in effect at the time such articles are dropped from inventory by the supplying agency. Such standard price shall be the same price (including authorized reduced prices)³⁹⁴ used for transfers or sales of such articles in or between the Armed Forces of the United States Government, or, where such articles are not transferred or sold in or between the Armed Forces of the United States, the gross cost to the United States Government adjusted as appropriate for condition and market value; and

(3) with respect to nonexcess defense articles delivered from new procurement to countries or international organizations³⁹⁵ under this Act, the contract of production costs of such articles. Military assistance and sales³⁹⁶ programs and orders shall be based upon the best estimates of stock status and prevailing prices; reimbursements to the supplying agency shall be made on the basis of the stock status and prices determined pursuant to this section. Notwithstanding the foregoing provisions of this section, the Secretary of Defense may prescribe regulations authorizing reimbursements to the supplying agency based on negotiated prices for aircraft, vessels, plant equipment, and such other major items as he may specify: *Provided*, That such articles are not excess at the time such prices are negotiated: *Provided further*, That such prices are negotiated at the time firm orders are placed with the supplying agency.³⁹⁸

SEC. 645.³⁹⁷ UNEXPENDED BALANCES.—Unexpended balances of funds made available pursuant to this Act, the Mutual Security Act of 1954, as amended, or the Latin American Development Act, as

³⁹³ The words "as grant assistance", which appeared at this point, were deleted by Sec. 303(b) of the FAAct of 1962.

³⁹⁴ The words to this point, beginning with "Such standard", were substituted for "Such price shall be the same standard price" by Sec. 303(b)(2) of the FAAct of 1965.

³⁹⁵ The words "and sales" were added by Sec. 303(b)(3)(A) of the FAAct of 1965.

³⁹⁶ The words "by the military assistance program", which appeared at this point, were struck out by Sec. 303(b)(3)(B) of the FAAct of 1965.

³⁹⁷ 22 U.S.C. § 2404. Sec. 304 of the FAAct of 1963 amended Section 645, which formerly read as follows: "Unexpended balances of funds made available pursuant to this Act or the Mutual Security Act of 1954 as amended, are hereby authorized to be continued available for the general purposes for which appropriated, and may at any time be consolidated, and, in addition, may be consolidated with appropriations made available for the same general purposes under the authority of this Act."

amended,³⁹⁸ are hereby authorized to be continued available for the general purposes for which appropriated, and may at any time be consolidated, and, in addition, may be consolidated with appropriations made available for the same general purposes under the authority of this Act.

SEC. 646.⁴⁰⁰ CONSTRUCTION.—If any provision of this Act, or the application of any provision to any circumstances or persons shall be held invalid, the validity of the remainder of this Act, and of the applicability of such provision to other circumstances or persons shall not be affected thereby.

SEC. 647.⁴⁰¹ DEPENDABLE FUEL SUPPLY.—It is of paramount importance that long-range economic plans take cognizance of the need for a dependable supply of fuels, which is necessary to orderly and stable development and growth, and that dependence not be placed upon sources which are inherently hostile to free countries and the ultimate well-being of economically underdeveloped countries and which might exploit such dependence for ultimate political domination. The agencies of government in the United States are directed to work with other countries in developing plans for basing development programs on the use of the large and stable supply of relatively low cost fuels available in the free world.

SEC. 648.⁴⁰² SPECIAL AUTHORIZATION FOR USE OF FOREIGN CURRENCIES.—Subject to the provisions of section 1415 of the Supplemental Appropriation Act, 1953, the President is authorized, as a demonstration of good will on the part of the people of the United States for the Polish and Italian people, to use foreign currencies accruing to the United States Government under this or any other Act, for assistance on such terms and conditions as he may specify, in the repair, rehabilitation, improvement, and maintenance of cemeteries in Italy serving as the burial place of members of the armed forces of Poland who died in combat in Italy during World War II.

SEC. 649.⁴⁰⁴ LIMITATION ON AGGREGATE AUTHORIZATION FOR USE IN FISCAL YEAR 1966.—Notwithstanding any other provision of this Act, the aggregate of the total amounts authorized to be appropriated for use during the fiscal year 1966 for furnishing assistance and for administrative expenses under this Act shall not exceed \$3,360,000,000.

PART IV * * * [Repealed—1962] ⁴⁰³

³⁹⁸ Sec. 303(c) of the FAAct of 1965 substituted "the Latin American Development Act, as amended," for "Public Law 86-735".

³⁹⁹ See last paragraph under Economic Assistance of the FA Appropriation Act, 1967.

⁴⁰⁰ 22 U.S.C. § 2405.

⁴⁰¹ 22 U.S.C. § 2405.

⁴⁰² 22 U.S.C. § 2407. Sec. 648 was added by Sec. 303 of the FAAct of 1964.

⁴⁰³ 22 U.S.C. § 2408. Sec. 649 was added by Sec. 303(d) of the FAAct of 1965.

⁴⁰⁴ Sec. 401 of the FAAct of 1962 repealed Part IV of the FAAct of 1961, as amended (relating to amendments to other laws), and provided that the "repeal shall not be deemed to affect amendments contained in such part."

Executive Order No. 10973, as Amended

Text of Executive Order 10973, November 3, 1961, 26 F.R. 10469, 3 CFR 1559-63 Comp., p. 493, as amended by Executive Order 11261, December 11, 1965, 30 F.R. 15397, 3 CFR, 1965 Supp., p. 194

ADMINISTRATION OF FOREIGN ASSISTANCE AND RELATED FUNCTIONS

By virtue of the authority vested in me by the Foreign Assistance Act of 1961 (75 Stat. 424) and section 301 of title 3 of the United States Code, and as President of the United States, it is hereby ordered as follows:

PART I. DEPARTMENT OF STATE

SEC. 101. DELEGATION OF FUNCTIONS. Exclusive of the functions otherwise delegated, or reserved to the President, by the provisions of this order, and subject to the provisions of this order, there are hereby delegated to the Secretary of State (hereafter in this Part referred to as the Secretary) all functions conferred upon the President by (1) the Act (as defined in Part VI hereof), (2) the Act to provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes (74 Stat. 869; 22 U.S.C. 1942 et seq.), (3) the Mutual Defense Assistance Control Act of 1951 (65 Stat. 644; 22 U.S.C. 1611 et seq.), (4) the unrevoked provisions of the Mutual Security Act of 1954 (68 Stat. 832; 22 U.S.C. 1750 et seq.), and (5) those provisions of acts appropriating funds under the authority of the Act which relate to the Act.

SEC. 102. AGENCY FOR INTERNATIONAL DEVELOPMENT. (a) The Secretary shall establish an agency in the Department of State to be known as the Agency for International Development (hereafter in this Part referred to as the Agency).

(b) The Agency shall be headed by an Administrator who shall be the officer provided for in section 624(a)(1) of the Act. Nothing in this order shall be construed as affecting the tenure of the said Administrator now in office.

(c) The officers provided for in section 624(a)(2) and 624(a)(3) of the Act shall serve in the Agency.

SEC. 103. CONTINUATION OF PRIOR AGENCIES. The corporate Development Loan Fund, the International Cooperation Administration, and the Office of the Inspector General and Comptroller shall continue in existence until the end of November 3, 1961. The personnel, offices, entities, property, records, and funds of such agencies and office may be utilized by the Secretary prior to the abolition of such agencies and office.

SEC. 101. SPECIAL MISSIONS AND STAFFS ABROAD. The maintenance of special missions or staffs abroad, the fixing of the ranks of the chiefs thereof after the chiefs of the United States diplomatic missions, and the authorization of the same compensation and allowances as the chief of mission, class 3 and class 4, within the meaning of the Foreign Service Act of 1946 (60 Stat. 999; 22 U.S.C. 801 et seq.), all under section 631 of the Act, shall be subject to the approval of the Secretary.

SEC. 105. MUNITIONS CONTROL. In carrying out the functions conferred upon the President by section 414 of the Mutual Security Act of 1951, the Secretary shall consult with appropriate agencies. Designations, including changes in designations, by the Secretary of articles which shall be considered as arms, ammunition, and implements of war, including technical data relating thereto, under that section shall have the concurrence of the Secretary of Defense.

SEC. 106. OFFICE OF SMALL BUSINESS. The Office of Small Business provided for in section 602(b) of the Act shall be in the Department of State.

PART II. DEPARTMENT OF DEFENSE

SEC. 201. DELEGATION OF FUNCTIONS. Subject to the provisions of this order, there are hereby delegated to the Secretary of Defense:

(a) The functions conferred upon the President by Part II of the Act not otherwise delegated or reserved to the President.

(b) To the extent that they relate to other functions under the Act administered by the Department of Defense, the functions conferred upon the President by sections 602(a), 605(a), 625(a), 625(h), 627, 628, 631(a), 634(b), 635(b), and 635(d) of the Act.

(c) The function conferred upon the President by section 644(i) of the Act.

(d) The functions conferred upon the President by the fourth and fifth provisos of section 108 of the Mutual Security Appropriation Act, 1956 (69 Stat. 438).

SEC. 202. REPORTS AND INFORMATION. In carrying out the functions under section 631(b) of the Act delegated to him by the provisions of section 201(b) of this order, the Secretary of Defense shall consult with the Secretary of State.

SEC. 203. EXCLUSIONS FROM DELEGATION TO SECRETARY OF DEFENSE. The following-described functions conferred upon the President by the Act are excluded from the functions delegated by the provisions of section 201(a) of this order:

(a) Those under section 506(a) (introductory clause) of the Act.

(b) Those under sections 506(b) (1), (2), and (3) of the Act to the extent that they pertain to countries which agree to the conditions set forth therein.

(c) So much of those under section 511(b) of the Act as consists of determining that internal security requirements may be the basis for programs of military assistance in the form of defense services and reporting any such determination.

(d) That of making the determination provided for in section 507(a) of the Act.

(e) Those of negotiating, concluding, and terminating international agreements.

PART III. OTHER AGENCIES

SEC. 301. DEPARTMENT OF THE TREASURY. There is hereby delegated to the Secretary of the Treasury the function conferred upon the President by the second sentence of section 612 of the Act.

SEC. 302. DEPARTMENT OF COMMERCE. There is hereby delegated to the Secretary of Commerce so much of the functions conferred upon the President by section 601(b)(1) of the Act as consists of drawing the attention of private enterprise to opportunities for investment and development in less developed friendly countries and areas.

SEC. 303. CIVIL SERVICE COMMISSION. There is hereby delegated to the Chairman of the Civil Service Commission the function of prescribing regulations conferred upon the President by the proviso contained in section 625(b) of the Act.

SEC. 304. UNITED STATES INFORMATION AGENCY.⁶ (a) The United States Information Agency shall perform all public-information functions abroad with respect to the foreign assistance, aid, and development programs of the United States Government.

(b) There are hereby designated to the Director of the United States Information Agency the functions conferred upon the President by sections 221 and 222 of the Act to the extent that those functions relate to the informational media guaranties authorized by section 1011 of the United States Information and Educational Exchange Act of 1948 (68 Stat. 862), as amended.

SEC. 305. DEVELOPMENT LOAN COMMITTEE. There is hereby established a Development Loan Committee in accordance with section 204 of the Act. The Committee shall consist of the Administrator of the Agency for International Development, who shall be chairman, the Chairman of the Board of Directors of the Export-Import Bank of Washington, the Assistant Secretary of State for Economic Affairs, the Assistant Secretary of the Treasury dealing with international finance, and the officer of the Agency for International Development dealing with development financing.

PART IV. RESERVED FUNCTIONS

SEC. 401. RESERVATION OF FUNCTIONS TO THE PRESIDENT. There are hereby excluded from the functions delegated by the foregoing provisions of this order:

(a) The functions conferred upon the President by sections 501(b), 613(a), 614(a), 620(a), 620(d), 621(a), 622(b), 622(c), 633(a), 633(b), and 634(a) of the Act.

(b) The functions conferred upon the President by the Act and section 408(b) of the Mutual Security Act of 1954 with respect to the appointment of officers required to be appointed by and with the advice and consent of the Senate and with respect to the appointment of officers pursuant to section 624(c) of the Act and the function so

⁶ Executive Order No. 11261 amended section 304 by substituting this language: "Section 304 formerly read as follows: 'The United States Information Agency shall perform all public information functions abroad with respect to the foreign assistance, aid, and development programs of the United States Government.'"

conferred by section 204 of the Act of assigning officers to the Development Loan Committee.

(c) The functions conferred upon the President with respect to determinations, certifications, directives, or transfers of funds, as the case may be, by sections 202(b), 205, 303, 506(b) (4), 510(a), 601(a), 610, 614(c), 624(c) (7), 632(b), 634(c), and 643(d) of the Act.

(d) The following-described functions conferred upon the President:

(1) Those under section 503 with respect to findings.

(2) Those under section 506(b) (1), (2), and (3) in respect of countries which do not agree to the conditions set forth therein.

(3) Those under section 511(b), except the functions of determining that internal security requirements may be the basis for programs of military assistance in the form of defense services and reporting any such determination.

(4) That under section 614(b) with respect to determining any provisions of law to be disregarded to achieve the purpose of that section.

(e) Those with respect to determinations under sections 102(b) (first proviso), 104 and 203 of the Mutual Defense Assistance Control Act of 1951.

(f) That under section 523(d) of the Mutual Security Act of 1954.

(g) Those under section 107 of the Foreign Assistance and Related Agencies Appropriation Act, 1962 (75 Stat. 717), and those with respect to determination and certification under sections 109 and 602, respectively, of that Act.

PART V. FUNDS

SEC. 501. ALLOCATION OF FUNDS. Funds appropriated or otherwise made available to the President for carrying out the Act shall be deemed to be allocated without any further action of the President as follows:

(a) There are allocated to the Secretary of State all funds made available for carrying out the Act except those made available for carrying out Part II of the Act.

(b) There are allocated to the Secretary of Defense funds made available for carrying out Part II of the Act.

SEC. 502. REALLOCATION OF FUNDS. The Secretary of State and the Secretary of Defense may allocate or transfer as appropriate any funds received under subsections (a) and (b), respectively, of section 501 of this order, to any agency, or part thereof, for obligation or expenditure thereby consistent with applicable law.

PART VI. GENERAL PROVISIONS

SEC. 601. DEFINITIONS. (a) As used in this order, the words "the Act" mean the Foreign Assistance Act of 1961 exclusive of Part IV thereof.

(b) As used in this order, the word "function" or "functions" includes any duty, obligation, power, authority, responsibility, right, privilege, discretion, or activity.

SEC. 602. INCIDENTAL TRANSFERS. (a) Effective at the end of November 3, 1961, all offices, entities, property, and records of the corporate Development Loan Fund, not otherwise disposed of by the Act, are hereby transferred to the Department of State.

(b) So much of the records of the Export-Import Bank of Washington as the Director of the Bureau of the Budget shall determine to be necessary for the purposes of section 621(e) of the Act shall be transferred to the Department of State.

SEC. 603. PERSONNEL. (a) In carrying out the functions conferred upon the President by the provisions of section 625(d)(1) of the Act, and by this order delegated to the Secretary of State, the Secretary shall authorize such of the agencies which administer programs under the Act as he may deem appropriate to perform any of the functions under section 625(d)(1) of the Act to the extent that the said functions relate to the programs administered by the respective agencies.

(b) Persons appointed, employed, or assigned after May 19, 1959, under section 527(c) of the Mutual Security Act of 1954 or section 625(d) of the Act for the purpose of performing functions under such Acts outside the United States shall not, unless otherwise agreed by the agency in which such benefits may be exercised, be entitled to the benefits provided by section 528 of the Foreign Service Act of 1964 in cases in which their service under the appointment, employment, or assignment exceeds thirty months.

SEC. 604. REFERENCES TO ORDERS AND ACTS. Except as may for any reason be inappropriate:

(a) References in this order or in any other Executive order to (1) the Foreign Assistance Act of 1961 (including references herein to "the Act"), (2) unrepealed provisions of the Mutual Security Act of 1954, (3) any other act which relates to the subject of this order, or (4) any provisions of any thereof shall be deemed to include references thereto, respectively, as amended from time to time.

(b) References in any prior Executive order to the Mutual Security Act of 1954 or any provisions thereof shall be deemed to be references to the Act or the corresponding provision, if any, thereof.

(c) References in this order to provisions of any appropriation Act, and references in any other Executive order to provisions of any appropriation Act related to the subject of this order, shall be deemed to include references to any hereafter-enacted provisions of law which are the same or substantially the same as such appropriation Act provisions, respectively.

(d) References in this order or in any other Executive order to this order or to any provision thereof shall be deemed to include references thereto, respectively, as amended from time to time.

(e) References in any prior Executive order not superseded by this order to any provisions of any Executive order so superseded shall hereafter be deemed to be references to the corresponding provisions, if any, of this order.

SEC. 605. SUPERSEDED ORDERS. The following are hereby superseded:

(a) Executive Order No. 10893 of November 8, 1960 (25 F.R. 10731), except Part II thereof and except for the purposes of using funds pursuant to section 613(c) of the Act.¹³

(b) Section 2 of Executive Order No. 10915 of January 24, 1961 (26 F.R. 781).

(c) Executive Order No. 10955 of July 31, 1961 (26 F.R. 6967).

SEC. 606. SAVING PROVISIONS. Except to the extent that they may be inconsistent with this order, all determinations, authorizations, regulations, rulings, certificates, orders, directives, contracts, agreements, and other actions made, issued, or entered into with respect to any function affected by this order and not revoked, superseded, or otherwise made inapplicable before the date of this order, shall continue in full force and effect until amended, modified, or terminated by appropriate authority.

SEC. 607. EFFECTIVE DATE. The provisions of this order shall become effective as of September 30, 1961.

JOHN F. KENNEDY.

THE WHITE HOUSE, November 3, 1961.

¹³ Part II of Executive Order No. 10893 reads as follows:

"Part II. COORDINATION AND SUPERVISION OF FUNCTIONS ABROAD

"SECTION 201. Functions of Chiefs of United States Diplomatic Missions. The several Chiefs of the United States Diplomatic Missions in foreign countries, as the representatives of the President and acting on his behalf, shall have and exercise, to the extent permitted by law and in accordance with such instructions as the President may from time to time promulgate, affirmative responsibility for the coordination and supervision over the carrying out by agencies of their functions in the respective countries."

Act of Bogota

Text of Act of Bogotá, recommending Measures for Social Improvement and Economic Development within the Framework of Operation Pan America, adopted by the Council of the Organization of American States on September 13, 1960, and approved by the Council in a resolution dated October 11, 1960

The Special Committee to Study the Formulation of New Measures for Economic Cooperation,

RECOGNIZING that the preservation and strengthening of free and democratic institutions in the American republics requires the acceleration of social and economic progress in Latin America adequate to meet the legitimate aspirations of the peoples of the Americas for a better life and to provide them the fullest opportunity to improve their status;

RECOGNIZING that the interests of the American republics are so interrelated that sound social and economic progress in each is of importance to all and that lack of it in any American republic may have serious repercussions in others;

COGNIZANT of the steps already taken by many American republics to cope with the serious economic and social problems confronting them, but convinced that the magnitude of these problems calls for redoubled efforts by governments and for a new and vigorous program of inter-American cooperation;

RECOGNIZING that economic development programs, which should be urgently strengthened and expanded, may have a delayed effect on social welfare, and that accordingly early measures are needed to cope with social needs;

RECOGNIZING that the success of a cooperative program of economic and social progress will require maximum self-help efforts on the part of the American republics and, in many cases, the improvement of existing institutions and practices, particularly in the fields of taxation, the ownership and use of land, education and training, health and housing;

BELIEVING it opportune to give further practical expression to the spirit of Operation Pan America by immediately enlarging the opportunities of the people of Latin America for social progress, thus strengthening of their hopes for the future;

CONSIDERING it advisable to launch a program for social development, in which emphasis should be given to those measures that meet social needs and also promote increases in productivity and strengthen economic development,

RECOMMENDS to the Council of the Organization of American States:

I. MEASURES FOR SOCIAL IMPROVEMENT

An inter-American program for social development should be established which should be directed to the carrying out of the following

measures of social improvement in Latin America, as considered appropriate in each country:

A. Measures for the improvement of conditions of rural living and land use

1. The examination of existing legal and institutional systems with respect to:

- a. land tenure legislation and facilities with a view to ensuring a wider and more equitable distribution of the ownership of land, in a manner consistent with the objectives of employment, productivity and economic growth;
- b. agricultural credit institutions with a view to providing adequate financing to individual farmers or groups of farmers;
- c. tax systems and procedures and fiscal policies with a view to assuring equity of taxation and encouraging improved use of land, especially of privately-owned land which is idle.

2. The initiation or acceleration of appropriate programs to modernize and improve the existing legal and institutional framework to ensure better conditions of land tenure, extend more adequate credit facilities and provide increased incentives in the land tax structure.

3. The acceleration of the preparation of projects and programs for:

- a. land reclamation and land settlement, with a view to promoting more widespread ownership and efficient use of land, particularly of unutilized or under-utilized land;
- b. the increase of the productivity of land already in use; and
- c. the construction of farm-to-market and access roads.

4. The adoption or acceleration of other government service programs designed particularly to assist the smaller farmer, such as new or improved marketing organizations; extension services; research and basic surveys; and demonstration, education, and training facilities.

B. Measures for the improvement of housing and community facilities

1. The examination of existing policies in the field of housing and community facilities, including urban and regional planning, with a view to improving such policies, strengthening public institutions and promoting private initiative and participation in programs in these fields. Special consideration should be given to encouraging financial institutions to invest in low-cost housing on a long-term basis and in building and construction industries.

2. The strengthening of the existing legal and institutional framework for mobilizing financial resources to provide better housing and related facilities for the people and to create new institutions for this purpose when necessary. Special consideration should be given to legislation and measures which would encourage the establishment and growth of:

- a. private financing institutions, such as building and loan associations;
- b. institutions to insure sound housing loans against loss;
- c. institutions to serve as a secondary market for home mortgages;
- d. institutions to provide financial assistance to local communities for the development of facilities such as water supply, sanitation and other public works.

Existing national institutions should be utilized, wherever practical and appropriate, in the application of external resources to further the development of housing and community facilities.

3. The expansion of home building industries through such measures as the training of craftsmen and other personnel, research, the introduction of new techniques, and the development of construction standards for low- and medium-cost housing.

4. The lending of encouragement and assistance to programs, on a pilot basis, for aided self-help housing, for the acquisition and subdivision of land for low-cost housing developments, and for industrial housing projects.

C. Measures for the improvement of educational systems and training facilities

1. The reexamination of educational systems, giving particular attention to:

a. the development of modern methods of mass education for the eradication of illiteracy;

b. the adequacy of training in the industrial arts and sciences with due emphasis on laboratory and work experience and on the practical application of knowledge for the solution of social and economic problems;

c. the need to provide instruction in rural schools not only in basic subjects but also in agriculture, health, sanitation, nutrition, and in methods of home and community improvement;

d. the broadening of courses of study in secondary schools to provide the training necessary for clerical and executive personnel in industry, commerce, public administration, and community service;

e. specialized trade and industrial education related to the commercial and industrial needs of the community;

f. vocational agricultural instruction;

g. advanced education of administrators, engineers, economists, and other professional personnel of key importance to economic development.

D. Measures for the improvement of public health

1. The reexamination of programs and policies of public health, giving particular attention to:

a. strengthening the expansion of national and local health services, especially those directed to the reduction of infant mortality;

b. the progressive development of health insurance systems, including those providing for maternity, accident and disability insurance, in urban and rural areas;

c. the provision of hospital and health service in areas located away from main centers of population;

d. the extension of public medical services to areas of exceptional need;

e. the strengthening of campaigns for the control or elimination of communicable diseases with special attention to the eradication of malaria;

f. the provision of water supply facilities for purposes of health and economic development;

- g. the training of public health officials and technicians;
- h. the strengthening of programs of nutrition for low-income groups.

E. Measures for the mobilization of domestic resources

1. This program shall be carried out within the framework of the maximum creation of domestic savings and of the improvement of fiscal and financial practices;
2. The equity and effectiveness of existing tax schedules, assessment practices and collection procedures shall be examined with a view to providing additional revenue for the purpose of this program;
3. The allocation of tax revenues shall be reviewed, having in mind an adequate provision of such revenues to the areas of social development mentioned in the foregoing paragraphs.

II. CREATION OF A SPECIAL FUND FOR SOCIAL DEVELOPMENT

1. The delegations of the Governments of the Latin American republics welcome the decision of the Government of the United States to establish a special inter-American fund for social development, with the Inter-American Development Bank to become the primary mechanism for the administration of the fund.
2. It is understood that the purpose of the special fund would be to contribute capital resources and technical assistance on flexible terms and conditions, including repayment in local currency and the relending of repaid funds, in accordance with appropriate and selective criteria in the light of the resources available, to support the efforts of the Latin American countries that are prepared to initiate or expand effective institutional improvements and to adopt measures to employ efficiently their own resources with a view to achieving greater social progress and more balanced economic growth.

III. MEASURES FOR ECONOMIC DEVELOPMENT

The Special Committee,

HAVING IN VIEW Resolution VII adopted at the Seventh Meeting of Consultation of Ministers of Foreign Affairs expressing the need for the maximum contribution of member countries in hemisphere cooperation in the struggle against underdevelopment, in pursuance of the objectives of Operation Pan America,

EXPRESSES ITS CONVICTION

1. That within the framework of Operation Pan America the economic development of Latin America requires prompt action of exceptional breadth in the field of international cooperation and domestic effort comprising:
 - a. additional public and private financial assistance on the part of capital exporting countries of America, Western Europe, and international lending agencies within the framework of their charters, with special attention to:
 - i. the need for loans on flexible terms and conditions, including, whenever advisable in the light of the balance of payments situation of individual countries, the possibility of repayment in local currency,

ii. the desirability of the adequate preparation and implementation of development projects and plans, within the framework of the monetary, fiscal and exchange policies necessary for their effectiveness, utilizing as appropriate the technical assistance of inter-American and international agencies,

iii. the advisability, in special cases, of extending foreign financing for the coverage of local expenditures;

b. mobilization of additional domestic capital, both public and private;

c. technical assistance by the appropriate international agencies in the preparation and implementation of national and regional Latin American development projects and plans;

d. the necessity for developing and strengthening credit facilities for small and medium private business, agriculture and industry.

RECOMMENDS:

1. That special attention be given to an expansion of long-term lending, particularly in view of the instability of exchange earnings of countries exporting primary products and of the unfavourable effect of the excessive accumulation of short- and medium-term debt on continuing and orderly economic development.

2. That urgent attention be given to the search for effective and practical ways, appropriate to each commodity, to deal with the problem of the instability of exchange earnings of countries heavily dependent upon the exportation of primary products.

IV. MULTILATERAL COOPERATION FOR SOCIAL AND ECONOMIC PROGRESS

The Special Committee,

CONSIDERING the need for providing instruments and mechanisms for the implementation of the program of inter-American economic and social cooperation which would periodically review the progress made and propose measures for further mobilization of resources,

RECOMMENDS:

1. That the Inter-American Economic and Social Council undertake to organize annual consultative meetings to review the social and economic progress of member countries, to analyze and discuss the progress achieved and the problems encountered in each country, to exchange opinions on possible measures that might be adopted to intensify further social and economic progress, within the framework of Operation Pan America, and to prepare reports on the outlook for the future. Such annual meetings should begin with an examination by experts and terminate with a session at the ministerial level.

2. That the Council of the Organization of American States convene within 60 days of the date of this Act a special meeting of senior government representatives to find ways of strengthening and improving the ability of the Inter-American Economic and Social Council to render effective assistance to governments with a view to achieving the objectives enumerated below, taking into account the proposal submitted by the delegation of Argentina in Document CECE/III-13:

a. To further the economic and social development of Latin American countries;

b. To promote trade between the countries of the Western Hemisphere as well as between them and extra-continental countries;

c. To facilitate the flow of capital and the extension of credits to the countries of Latin America both from the Western Hemisphere and from extra-continental sources.

3. The special meeting shall:

a. Examine the existing structure of the Inter-American Economic and Social Council, and of the units of the Secretariat of the Organization of American States working in the economic and social fields, with a view to strengthening and improving the Inter-American Economic and Social Council;

b. Determine the means of strengthening inter-American economic and social cooperation by an administrative reform of the Secretariat, which should be given sufficient technical, administrative and financial flexibility for the adequate fulfillment of its tasks;

c. Formulate recommendations designed to assure effective coordination between the Inter-American Economic and Social Council, the Economic Commission for Latin America, the Inter-American Development Bank, the United Nations and its Specialized Agencies and other agencies offering technical advice and services in the Western Hemisphere.

d. Propose procedures designed to establish effective liaison of the Inter-American Economic and Social Council and other regional American organizations with other international organizations for the purpose of study, discussion and consultation in the fields of international trade and financial and technical assistance;

e. And formulate appropriate recommendations to the Council of the Organization of American States.

In approving the Act of Bogotá the Delegations to the Special Committee, convinced that the people of the Americas can achieve a better life only within the democratic system, renew their faith in the essential values which lie at the base of Western civilization, and reaffirm their determination to assure the fullest measure of well-being to the people of the Americas under conditions of freedom and respect for the supreme dignity of the individual.

**The Charter of Punta del Este Establishing an Alliance for
Progress Within the Framework of Operation
Pan America¹**

PREAMBLE

We, the American Republics, hereby proclaim our decision to unite in a common effort to bring our people accelerated economic progress and broader social justice within the framework of personal dignity and political liberty.

Almost two hundred years ago we began in this Hemisphere the long struggle for freedom which now inspires people in all parts of the world. Today, in ancient lands, men moved to hope by the revolutions of our young nations search for liberty. Now we must give a new meaning to that revolutionary heritage. For America stands at a turning point in history. The men and women of our Hemisphere are reaching for the better life which today's skills have placed within their grasp. They are determined for themselves and their children to have decent and ever more abundant lives, to gain access to knowledge and equal opportunity for all, to end those conditions which benefit the few at the expense of the needs and dignity of the many. It is our inescapable task to fulfill these just desires—to demonstrate to the poor and forsaken of our countries, and of all lands, that the creative powers of free men hold the key to their progress and to the progress of future generations. And our certainty of ultimate success rests not alone on our faith in ourselves and in our nations but on the indomitable spirit of free man which has been the heritage of American civilization.

Inspired by these principles, and by the principles of Operation Pan America and the Act of Bogotá, the American Republics hereby resolve to adopt the following program of action to establish and carry forward an Alliance for Progress.

TITLE I. OBJECTIVES OF THE ALLIANCE FOR PROGRESS

It is the purpose of the Alliance for Progress to enlist the full energies of the peoples and governments of the American republics in a great cooperative effort to accelerate the economic and social development of the participating countries of Latin America, so that they may achieve maximum levels of well-being, with equal opportunities for all, in democratic societies adapted to their own needs and desires.

The American Republics agree to work toward the achievement of the following fundamental goals in the present decade:

1. To achieve in the participating Latin American countries a substantial and sustained growth of per capita income at a rate

¹ The special meeting of the Inter-American Economic and Social Council which began at Punta del Este, Uruguay, on August 5, 1961, was concluded on August 17, 1961 with the signing of a declaration and a charter by all members of the Organization of American States except Cuba.

designed to attain, at the earliest possible date, levels of income capable of assuring self-sustaining development, and sufficient to make Latin American income levels constantly larger in relation to the levels of the more industrialized nations. In this way the gap between the living standards of Latin America and those of the more developed countries can be narrowed. Similarly, presently existing differences in income levels among the Latin American countries will be reduced by accelerating the development of the relatively less developed countries and granting them maximum priority in the distribution of resources and in international cooperation in general. In evaluating the degree of relative development, account will be taken not only of average levels of real income and gross product per capita, but also of indices of infant mortality, illiteracy, and per capita daily caloric intake.

It is recognized that, in order to reach these objectives within a reasonable time, the rate of economic growth in any country of Latin America should be not less than 2.5 percent per capita per year, and that each participating country should determine its own growth target in the light of its stage of social and economic evolution, resource endowment, and ability to mobilize national efforts for development.

2. To make the benefits of economic progress available to all citizens of all economic and social groups through a more equitable distribution of national income, raising more rapidly the income and standard of living of the needier sectors of the population, at the same time that a higher proportion of the national product is devoted to investment.

3. To achieve balanced diversification in national economic structures, both regional and functional, making them increasingly free from dependence on the export of a limited number of primary products and the importation of capital goods while attaining stability in the prices of exports or in income derived from exports.

4. To accelerate the process of rational industrialization so as to increase the productivity of the economy as a whole, taking full advantage of the talents and energies of both the private and public sectors, utilizing the natural resources of the country and providing productive and remunerative employment for unemployed or part-time workers. Within this process of industrialization, special attention should be given to the establishment and development of capital-goods industries.

5. To raise greatly the level of agricultural productivity and output and to improve related storage, transportation, and marketing services.

6. To encourage, in accordance with the characteristics of each country, programs of comprehensive agrarian reform leading to the effective transformation, where required, of unjust structures and systems of land tenure and use, with a view to replacing latifundia and dwarf holdings by an equitable system of land tenure so that, with the help of timely and adequate credit, technical assistance and facilities for the marketing and distribution of products, the land will become for the man who works it the basis of his economic stability, the foundation of his increasing welfare, and the guarantee of his freedom and dignity.

7. To eliminate adult illiteracy and by 1970 to assure, as a minimum, access to 6 years of primary education for each school-age child in Latin America; to modernize and expand vocational, secondary and higher educational and training facilities, to strengthen the capacity for basic and applied research; and to provide the competent personnel required in rapidly-growing societies.

8. To increase life expectancy at birth by a minimum of 5 years, and to increase the ability to learn and produce, by improving individual and public health. To attain this goal it will be necessary, among other measures, to provide adequate potable water supply and sewage disposal to not less than 70 percent of the urban and 50 percent of the rural population; to reduce the mortality rate of children less than 5 years of age by at least one-half; to control the more serious communicable diseases, according to their importance as a cause of sickness, disability, and death; to eradicate those illnesses, especially malaria, for which effective techniques are known; to improve nutrition; to train medical and health personnel to meet at least minimum requirements; to improve basic health services at national and local levels; and to intensify scientific research and apply its results more fully and effectively to the prevention and cure of illness.

9. To increase the construction of low-cost houses for low-income families in order to replace inadequate and deficient housing and to reduce housing shortages; and to provide necessary public services to both urban and rural centers of population.

10. To maintain stable price levels, avoiding inflation or deflation and the consequent social hardships and maldistribution of resources, always bearing in mind the necessity of maintaining an adequate rate of economic growth.

11. To strengthen existing agreements on economic integration, with a view to the ultimate fulfillment of aspirations for a Latin American common market that will expand and diversify trade among the Latin American countries and thus contribute to the economic growth of the region.

12. To develop cooperative programs designed to prevent the harmful effects of excessive fluctuations in the foreign exchange earnings derived from exports of primary products, which are of vital importance to economic and social development; and to adopt the measures necessary to facilitate the access of Latin American exports to international markets.

TITLE II. ECONOMIC AND SOCIAL DEVELOPMENT

CHAPTER I. BASIC REQUIREMENTS FOR ECONOMIC AND SOCIAL DEVELOPMENT

The American Republics recognize that to achieve the foregoing goals it will be necessary:

1. That comprehensive and well-conceived national programs of economic and social development, aimed at the achievement of self-sustaining growth, be carried out in accordance with democratic principles.

2. That national programs of economic and social development be based on the principle of self-help-- as established in the Act of Bogotá-- and on the maximum use of domestic resources, taking into account the special conditions of each country.

3. That in the preparation and execution of plans for economic and social development, women should be placed on an equal footing with men.

4. That the Latin American countries obtain sufficient external financial assistance, a substantial portion of which should be extended on flexible conditions with respect to periods and terms of repayment and forms of utilization, in order to supplement domestic capital formation and reinforce their import capacity; and that, in support of well-conceived programs, which include the necessary structural reforms and measures for the mobilization of internal resources, a supply of capital from all external sources during the coming 10 years of at least 20 billion dollars be made available to the Latin American countries, with priority to the relatively less developed countries. The greater part of this sum should be in public funds.

5. That institutions in both the public and private sectors, including labor organizations, cooperatives, and commercial, industrial, and financial institutions, be strengthened and improved for the increasing and effective use of domestic resources, and that the social reforms necessary to permit a fair distribution of the fruits of economic and social progress be carried out.

CHAPTER II. NATIONAL DEVELOPMENT PROGRAMS

1. Participating Latin American countries agree to introduce or strengthen systems for the preparation, execution, and periodic revision of national programs for economic and social development consistent with the principles, objectives, and requirements contained in this document. Participating Latin American countries should formulate, if possible within the next eighteen months, long-term development programs. Such programs should embrace, according to the characteristics of each country, the elements outlined in the Appendix.

2. National development programs should incorporate self-help efforts directed to:

a. Improvement of human resources and widening of opportunities by raising general standards of education and health; improving and extending technical education and professional training with emphasis on science and technology; providing adequate remuneration for work performed, encouraging the talents of managers, entrepreneurs, and wage earners; providing more productive employment for underemployed manpower; establishing effective systems of labor relations, and procedures for consultation and collaboration among public authorities, employer associations, and labor organizations; promoting the establishment and expansion of local institutions for basic and applied research; and improving the standards of public administration.

b. Wider development and more efficient use of natural resources, especially those which are now idle or under-utilized, including measures for the processing of raw materials.

c. The strengthening of the agricultural base, progressively extending the benefits of the land to those who work it, and ensuring in countries with Indian populations the integration of these populations into the economic, social, and cultural processes of modern life. To carry out these aims, measures should be adopted, among others, to establish or improve, as the case may be, the following services: extension, credit, technical assistance, agricultural research and mechanization; health and education; storage and distribution; cooperatives and farmers' associations; and community development.

d. More effective, rational and equitable mobilization and use of financial resources through the reform of tax structures, including fair and adequate taxation of large incomes and real estate, and the strict application of measures to improve fiscal administration. Development programs should include the adaptation of budget expenditures to development needs, measures for the maintenance of price stability, the creation of essential credit facilities at reasonable rates of interest, and the encouragement of private savings.

e. Promotion through appropriate measures, including the signing of agreements for the purpose of reducing or eliminating double taxation, of conditions that will encourage the flow of foreign investments and help to increase the capital resources of participating countries in need of capital.

f. Improvement of systems of distribution and sales in order to make markets more competitive and prevent monopolistic practices.

CHAPTER III. IMMEDIATE AND SHORT-TERM ACTION MEASURES

1. Recognizing that a number of Latin American countries, despite their best efforts, may require emergency financial assistance, the United States will provide assistance from the funds which are or may be established for such purposes. The United States stands ready to take prompt action on applications for such assistance. Applications relating to existing situations should be submitted within the next 60 days.

2. Participating Latin American countries should, in addition to creating or strengthening machinery for long-term development programming, immediately increase their efforts to accelerate their development by giving special emphasis to the following objectives:

a. The completion of projects already under way and the initiation of projects for which the basic studies have been made, in order to accelerate their financing and execution.

b. The implementation of new projects which are designed:

(1) To meet the most pressing social needs and benefit directly the greatest number of people;

(2) To concentrate efforts within each country in the less developed or more depressed areas in which particularly serious social problems exist;

(3) To utilize idle capacity or resources, particularly under-employed manpower; and

(4) To survey and assess natural resources.

c. The facilitation of the preparation and execution of long-term programs through measures designed:

- (1) To train teachers, technicians, and specialists;
- (2) To provide accelerated training to workers and farmers;
- (3) To improve basic statistics;
- (4) To establish needed credit and marketing facilities; and
- (5) To improve services and administration.

3. The United States will assist in carrying out these short-term measures with a view to achieving concrete results from the Alliance for Progress at the earliest possible moment. In connection with the measures set forth above, and in accordance with the statement of President Kennedy, the United States will provide assistance under the Alliance, including assistance for the financing of short-term measures, totaling more than one billion dollars in the year ending March 1962.

CHAPTER IV. EXTERNAL ASSISTANCE IN SUPPORT OF NATIONAL DEVELOPMENT PROGRAMS

1. The economic and social development of Latin America will require a large amount of additional public and private financial assistance on the part of capital-exporting countries, including the members of the Development Assistance Group and international lending agencies. The measures provided for in the Act of Bogotá and the new measures provided for in this Charter, are designed to create a framework within which such additional assistance can be provided and effectively utilized.

2. The United States will assist those participating countries whose development programs establish self-help measures and economic and social policies and programs consistent with the goals and principles of this Charter. To supplement the domestic efforts of such countries, the United States is prepared to allocate resources which, along with those anticipated from other external sources, will be of a scope and magnitude adequate to realize the goals envisaged in this Charter. Such assistance will be allocated to both social and economic development and, where appropriate, will take the form of grants or loans on flexible terms and conditions. The participating countries will request the assistance of other capital-exporting countries and appropriate institutions so that they may provide assistance for the attainment of these objectives.

3. The United States will assist in the financing of technical assistance projects proposed by a participating country or by the General Secretariat of the Organization of American States for the purpose of:

a. Providing experts contracted in agreement with governments to work under their direction and to assist them in the preparation of specific investment projects and the strengthening of national mechanisms for preparing projects, using specialized engineering firms where appropriate;

b. Carrying out, pursuant to existing agreements for cooperation among the General Secretariat of the Organization of American States, the Economic Commission for Latin America, and

the Inter-American Development Bank, field investigations and studies, including those relating to development problems, the organization of national planning agencies and the preparation of development programs, agrarian reform and rural development, health, cooperatives, housing, education and professional training, and taxation and tax administration; and

c. Convening meetings of experts and officials on development and related problems.

The governments or above mentioned organizations should, when appropriate, seek the cooperation of the United Nations and its specialized agencies in the execution of these activities.

4. The participating Latin American countries recognize that each has in varying degree a capacity to assist fellow republics by providing technical and financial assistance. They recognize that this capacity will increase as their economies grow. They therefore affirm their intention to assist fellow republics increasingly as their individual circumstances permit.

CHAPTER V. ORGANIZATION AND PROCEDURES

1. In order to provide technical assistance for the formulation of development programs, as may be requested by participating nations, the Organization of American States, the Economic Commission for Latin America, and the Inter-American Development Bank will continue and strengthen their agreements for coordination in this field, in order to have available a group of programming experts whose service can be used to facilitate the implementation of this Charter. The participating countries will also seek an intensification of technical assistance from the specialized agencies of the United Nations for the same purpose.

2. The Inter-American Economic and Social Council, on the joint nomination of the Secretary General of the Organization of American States, the President of the Inter-American Development Bank, and the Executive Secretary of the United Nations Economic Commission for Latin America, will appoint a panel of nine high-level experts, exclusively on the basis of their experience, technical ability, and competence in the various aspects of economic and social development. The experts may be of any nationality, though if of Latin American origin an appropriate geographical distribution will be sought. They will be attached to the Inter-American Economic and Social Council, but will nevertheless enjoy complete autonomy in the performance of their duties. They may not hold any other remunerative position. The appointment of these experts will be for a period of three years, and may be renewed.

3. Each government, if it so wishes, may present its program for economic and social development for consideration by an ad hoc committee, composed of no more than three members drawn from the panel of experts referred to in the preceding paragraph together with an equal number of experts not on the panel. The experts who compose the ad hoc committee will be appointed by the Secretary General of the Organization of American States at the request of the interested government and with its consent.

4. The committee will study the development program, exchange opinions with the interested government as to possible modifications and, with the consent of the government, report its conclusions to the Inter-American Development Bank and to other governments and institutions that may be prepared to extend external financial and technical assistance in connection with the execution of the program.

5. In considering a development program presented to it, the ad hoc committee will examine the consistency of the program with the principles of the Act of Bogotá and of this Charter, taking into account the elements in the Appendix.

6. The General Secretariat of the Organization of American States will provide the personnel needed by the experts referred to in paragraphs 2 and 3 of this Chapter in order to fulfill their tasks. Such personnel may be employed specifically for this purpose or may be made available from the permanent staffs of the Organization of American States, the Economic Commission for Latin America, and the Inter-American Development Bank, in accordance with the present liaison arrangements between the three organizations. The General Secretariat of the Organization of American States may seek arrangements with the United Nations Secretariat, its specialized agencies and the Inter-American Specialized Organizations, for the temporary assignment of necessary personnel.

7. A government whose development program has been the object of recommendations made by the ad hoc committee with respect to external financing requirements may submit the program to the Inter-American Development Bank so that the Bank may undertake the negotiations required to obtain such financing, including the organization of a consortium of credit institutions and governments disposed to contribute to the continuing and systematic financing, on appropriate terms, of the development program. However, the government will have full freedom to resort through any other channels to all sources of financing, for the purpose of obtaining, in full or in part, the required resources.

The ad hoc committee shall not interfere with the right of each government to formulate its own goals, priorities, and reforms in its national development programs.

The recommendations of the ad hoc committee will be of great importance in determining the distribution of public funds under the Alliance for Progress which contribute to the external financing of such programs. These recommendations shall give special consideration of Title I.1.

The participating governments will also use their good offices to the end that these recommendations may be accepted as a factor of great importance in the decisions taken, for the same purpose, by inter-American credit institutions, other international credit agencies, and other friendly governments which may be potential sources of capital.

8. The Inter-American Economic and Social Council will review annually the progress achieved in the formulation, national implementation, and international financing of development programs; and will submit to the Council of the Organization of American States such recommendations as it deems pertinent.

APPENDIX

ELEMENTS OF NATIONAL DEVELOPMENT PROGRAMS

1. The establishment of mutually consistent targets to be aimed at over the program period in expanding productive capacity in industry, agriculture, mining, transport, power and communications, and in improving conditions of urban and rural life, including better housing, education and health.

2. The assignment of priorities and the description of methods to achieve the targets, including specific measures and major projects. Specific development projects should be justified in terms of their relative costs and benefits, including their contribution to social productivity.

3. The measures which will be adopted to direct the operations of the public sector and to encourage private action in support of the development program.

4. The estimated cost, in national and foreign currency, of major projects and of the development program as a whole, year by year over the program period.

5. The internal resources, public and private, estimated to become available for the execution of the programs.

6. The direct and indirect effects of the program on the balance of payments, and the external financing, public and private, estimated to be required for the execution of the program.

7. The basic fiscal and monetary policies to be followed in order to permit implementation of the program within a framework of price stability.

8. The machinery of public administration—including relationships with local governments, decentralized agencies and nongovernmental organizations, such as labor organizations, cooperatives, business and industrial organizations—to be used in carrying out the program, adapting it to changing circumstances and evaluating the progress made.

TITLE III. ECONOMIC INTEGRATION OF LATIN AMERICA

The American Republics consider that the broadening of present national markets in Latin America is essential to accelerate the process of economic development in the hemisphere. It is also an appropriate means for obtaining greater productivity through specialized and complementary industrial production which will, in turn, facilitate the attainment of greater social benefits for the inhabitants of the various regions of Latin America. The broadening of markets will also make possible the better use of resources under the Alliance for Progress. Consequently, the American Republics recognize that:

1. The Montevideo Treaty (because of its flexibility and because it is open to adherence of all of the Latin American nations) and the Central American Treaty of Economic Integration are appropriate instruments for the attainment of these objectives, as was recognized in Resolution No. 11 (III) of the Ninth Session of the Economic Commission for Latin America.

2. The integration process can be intensified and accelerated not only by the specialization resulting from the broadening of markets

through the liberalization of trade but also through the use of such instruments as the agreements for complementary production within economic sectors provided for in the Montevideo Treaty.

3. In order to insure the balanced and complementary economic expansion of all of the countries involved, the integration process should take into account, on a flexible basis, the condition of countries at a relatively less advanced stage of economic development, permitting them to be granted special, fair, and equitable treatment.

4. In order to facilitate economic integration in Latin America, it is advisable to establish effective relationships between the Latin American Free Trade Association and the group of countries adhering to the Central American Economic Integration Treaty, as well as between either of these groups and other Latin American countries. These arrangements should be established within the limits determined by these instruments.

5. The Latin American countries should coordinate their actions to meet the unfavorable treatment accorded to their foreign trade in world markets, particularly that resulting from certain restrictive and discriminatory policies of extracontinental countries and economic groups.

6. In the application of resources under the Alliance for Progress, special attention should be given not only to investments for multinational projects that will contribute to strengthening the integration process in all its aspects, but also to the necessary financing of industrial production, and to the growing expansion of trade in industrial products within Latin America.

7. In order to facilitate the participation of countries at a relatively lower stage of economic development in multinational Latin American economic cooperation programs, and in order to promote the balanced and harmonious development of the Latin American integration process, special attention should be given to the needs of these countries in the administration of financial resources provided under the Alliance for Progress, particularly in connection with infrastructure programs and the promotion of new lines of production.

8. The economic integration process implies a need for additional investment in various fields of economic activity and funds provided under the Alliance for Progress should cover these needs as well as those required for the financing of national development programs.

9. When groups of Latin American countries have their own institutions for financing economic integration, the financing referred to in the preceding paragraph should preferably be channeled through these institutions. With respect to regional financing designed to further the purposes of existing regional integration instruments, the cooperation of the Inter-American Development Bank should be sought in channeling extra-regional contributions which may be granted for these purposes.

10. One of the possible means for making effective a policy for the financing of Latin American integration would be to approach the International Monetary Fund and other financial sources with a view to providing a means for solving temporary balance-of-payments problems that may occur in countries participating in economic integration arrangements.

11. The promotion and coordination of transportation and communications systems is an effective way to accelerate the integration process. In order to counteract abusive practices in relation to freight rates and tariffs, it is advisable to encourage the establishment of multinational transport and communication enterprises in the Latin American countries, or to find other appropriate solutions.

12. In working toward economic integration and complementary economies, efforts should be made to achieve an appropriate coordination of national plans, or to engage in joint planning for various economies through the existing regional integration organizations. Efforts should also be made to promote an investment policy directed to the progressive elimination of unequal growth rates in the different geographic areas, particularly in the case of countries which are relatively less developed.

13. It is necessary to promote the development of national Latin American enterprises, in order that they may compete on an equal footing with foreign enterprises.

14. The active participation of the private sector is essential to economic integration and development, and except in those countries in which free enterprise does not exist, development planning by the pertinent national public agencies, far from hindering such participation, can facilitate and guide it, thus opening new perspectives for the benefit of the community.

15. As the countries of the Hemisphere still under colonial domination achieve their independence, they should be invited to participate in Latin American economic integration programs.

TITLE IV. BASIC EXPORT COMMODITIES

The American Republics recognize that the economic development of Latin America requires expansion of its trade, a simultaneous and corresponding increase in foreign exchange incomes received from exports, a lessening of cyclical or seasonal fluctuations in the incomes of those countries that still depend heavily on the export of raw materials, and the correction of the secular deterioration in their terms of trade.

They therefore agree that the following measures should be taken:

Chapter I. National Measures

National measures affecting commerce in primary products should be directed and applied in order to:

1. Avoid undue obstacles to the expansion of trade in these products;
2. Avoid market instability;
3. Improve the efficiency of international plans and mechanisms for stabilization; and
4. Increase their present markets and expand their area of trade at a rate compatible with rapid development.

Therefore:

- A. Importing member countries should reduce and if possible eliminate, as soon as feasible, all restrictions and discriminatory practices affecting the consumption and importation of primary products, including those with the highest possible degree of

processing in the country of origin, except when these restrictions are imposed temporarily for purposes of economic diversification, to hasten the economic development of less developed nations, or to establish basic national reserves. Importing countries should also be ready to support, by adequate regulations, stabilization programs for primary products that may be agreed upon with producing countries.

B. Industrialized countries should give special attention to the need for hastening economic development of less developed countries. Therefore, they should make maximum efforts to create conditions, compatible with their international obligations, through which they may extend advantages to less developed countries so as to permit the rapid expansion of their markets. In view of the great need for this rapid development, industrialized countries should also study ways in which to modify, wherever possible, international commitments which prevent the achievement of this objective.

C. Producing member countries should formulate their plans for production and export, taking account of their effect on world markets and of the necessity of supporting and improving the effectiveness of international stabilization programs and mechanisms. Similarly they should try to avoid increasing the uneconomic production of goods which can be obtained under better conditions in the less developed countries of the Continent, in which the production of these goods is an important source of employment.

D. Member countries should adopt all necessary measures to direct technological studies toward finding new uses and by-products of those primary commodities that are most important to their economies.

E. Member countries should try to reduce, and, if possible, eliminate within a reasonable time export subsidies and other measures which cause instability in the markets for basic commodities and excessive fluctuations in prices and income.

Chapter II. International Cooperation Measures

1. Member countries should make coordinated, and if possible, joint efforts designed:

a. To eliminate as soon as possible undue protection of the production of basic products;

b. To eliminate taxes and reduce excessive domestic prices which discourage the consumption of imported basic products;

c. To seek to end preferential agreements and other measures which limit world consumption of Latin American basic products and their access to international markets, especially the markets of Western European countries in process of economic integration, and of countries with centrally planned economies; and

d. To adopt the necessary consultation mechanisms so that their marketing policies will not have damaging effects on the stability of the markets for basic commodities.

2. Industrialized countries should give maximum cooperation to less developed countries so that their raw material exports will have the greatest degree of processing that is economic.

3. Through their representation in international financial organizations, member countries should suggest that these organizations, when considering loans for the promotion of production for export, take into account the effect of such loans on products which are in surplus in world markets.

4. Member countries should support the efforts being made by international commodity study groups and by the Commission on International Commodity Trade of the United Nations. In this connection, it should be considered that producing and consuming nations bear a joint responsibility for taking national and international steps to reduce market instability.

5. The Secretary General of the Organization of American States shall convene a group of experts appointed by their respective Governments to meet before November 30, 1961 and to report, not later than March 31, 1962 on measures to provide an adequate and effective means of offsetting the effects of fluctuations in the volume and prices of exports of basic products. The experts shall:

a. Consider the questions regarding compensatory financing raised during the present meeting;

b. Analyze the proposal for establishing an international fund for the stabilization of export receipts contained in the Report of the Group of Experts to the Special Meeting of the Inter-American Economic and Social Council, as well as any other alternative proposals;

c. Prepare a draft plan for the creation of mechanisms for compensatory financing. This draft plan should be circulated among the member Governments and their opinions obtained well in advance of the next meeting of the Commission on International Commodity Trade.

6. Member countries should support the efforts under way to improve and strengthen international commodity agreements and should be prepared to cooperate in the solution of specific commodity problems. Furthermore, they should endeavor to adopt adequate solutions for the short- and long-term problems affecting markets for such commodities so that the economic interests of producers and consumers are equally safeguarded.

7. Member countries should request other producer and consumer countries to cooperate in stabilization programs, bearing in mind that the raw materials of the Western Hemisphere are also produced and consumed in other parts of the world.

8. Member countries recognize that the disposal of accumulated reserves and surpluses can be a means of achieving the goals outlined in the first chapter of this Title, provided that, along with the generation of local resources, the consumption of essential products in the receiving countries is immediately increased. The disposal of surpluses and reserves should be carried out in an orderly manner, in order to:

a. Avoid disturbing existing commercial markets in member countries, and

b. Encourage expansion of the sale of their products to other markets.

However, it is recognized that :

a. The disposal of surpluses should not displace commercial sales of identical products traditionally carried out by other countries; and

b. Such disposal cannot substitute for large scale financial and technical assistance programs.

IN WITNESS WHEREOF this Charter is signed, in Punta del Este, Uruguay, on the seventeenth day of August, nineteen hundred sixty-one.

The original texts shall be deposited in the archives of the Pan American Union, through the Secretary General of the Special Meeting, in order that certified copies may be sent to the Governments of the Member States of the Organization of American States.

The records of the Conference include a statement that the only authoritative text of agreements reached during the Conference is contained in the Charter of Punta del Este and in the specific resolutions passed by the Conference.

Latin American Development Act, as Amended

Text of Public Law 86-735 [H.R. 13021], 74 Stat. 869, approved September 8, 1960, as amended by the Foreign Assistance Act of 1961, Public Law 87-195 [S. 1933], 75 Stat. 424, approved September 4, 1961, and the Foreign Assistance Act of 1963, Public Law 88-205 [H.R. 7885], 77 Stat. 379, approved December 16, 1964

AN ACT To provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Latin American Development Act".¹

STATEMENT OF POLICY

Section 1.² (a) It is the sense of the Congress that—

(1) the historic, economic, political, and geographic relationships among the American Republics are unique and of special significance and, as appropriate, should be so recognized in future legislation;

(2) although governmental forms differ among the American Republics, the peoples of all the Americas are dedicated to the creation and maintenance of governments which will promote individual freedom;

(3) the interests of the American Republics are so interrelated that sound social and economic progress in each is of importance to all and that lack of it in any American Republic may have serious repercussions in others;

(4) for the peoples of Latin America to continue to progress within the framework of our common heritage of democratic ideals, there is a compelling need for the achievement of social and economic advance adequate to meet the legitimate aspirations of the individual citizens of the countries of Latin America for a better way of life;

(5) there is a need for a plan of hemispheric development, open to all American Republics which cooperate in such plan, based upon a strong production effort, the expansion of foreign trade, the creation and maintenance of internal financial stability, the growth of free economic and social institutions, and the development of economic cooperation, including all possible steps to establish and maintain equitable rates of exchange and to bring about the progressive elimination of trade barriers;

(6) mindful of the advantages which the United States has enjoyed through the existence of a large domestic market with no internal trade barriers, and believing that similar advantages can accrue to all countries, it is the hope of the people of the United

¹ Sec. 401(a) of the FAA of 1963 inserted the words "That this Act may be cited as the 'Latin American Development Act'."

² 22 U.S.C. § 1942.

States that all American Republics will jointly exert sustained common efforts which will speedily achieve that economic cooperation in the Western Hemisphere which is essential for lasting peace and prosperity; and

(7) accordingly, it is declared to be the policy of the people of the United States to sustain and strengthen principles of individual liberty, free institutions, private enterprise, and genuine independence in the Western Hemisphere through cooperation with all American Republics which participate in a joint development program based upon self-help and mutual efforts.

(b) In order to carry forward the above policy, the Congress hereby—

(1) urges the President through our constitutional processes to develop cooperative programs on a bilateral or multilateral basis which will set forth specific plans of action designed to foster economic progress and improvements in the welfare and level of living of all the peoples of the American Republics on the basis of joint aid, mutual effort, and common sacrifice;

(2) proposes the development of workable procedures to expand hemispheric trade and to moderate extreme price fluctuations in commodities which are of exceptional importance in the economics of the American Republics, and encourage the development of regional economic cooperation among the American Republics;

(3) supports the development of a more accurate and sympathetic understanding among the peoples of the American Republics through a greater interchange of persons, ideas, techniques, and educational, scientific, and cultural achievements;

(4) supports the strengthening of free democratic trade unions to raise standards of living through improved management-labor relations;

(5) favors the progressive development of common standards with respect to the rights and the responsibilities of private investment which flows across national boundaries within the Western Hemisphere;

(6) supports the consolidation of the public institutions and agencies of inter-American cooperation, insofar as feasible, within the structure of the Organization of American States and the strengthening of the personnel resources and authority of the Organization in order that it may play a role of increasing importance in all aspects of hemispheric cooperation; and

(7) declares that it is prepared to give careful and sympathetic consideration to programs which the President may develop for the purpose of promoting these policies.

AUTHORIZATION

SEC. 2.^a In order to carry out the purposes of section 1 of this Act there is hereby authorized to be appropriated to the President not to exceed \$680,000,000,^b which shall remain available until expended, and

^a 22 U.S.C. § 1943.

^b Sec. 401(b) of the FAAct of 1963, substituted "\$680,000,000" for "\$500,000,000". Public Law 87-41, approved May 27, 1961, appropriated \$500 million for the Inter-American Social and Economic Cooperation Program to remain available until expended. FA Appropriation Act, 1964—\$135,000,000 to remain available until expended.

which the President may use, subject to such further legislative provisions as may be enacted, in addition to other funds available for such purposes, on such terms and conditions as he may specify: *Provided*, That none of the funds made available pursuant to this section shall be used to furnish assistance to any country in Latin America being subjected to economic or diplomatic sanctions by the Organization of American States. The Secretary of State shall keep the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House currently informed about plans and programs for the utilization of such funds.

SPECIAL AUTHORIZATION FOR CHILEAN RECONSTRUCTION

SEC. 3. There is hereby authorized to be appropriated to the President not to exceed \$100,000,000,^a which shall remain available until expended, for use, in addition to other funds available for such purposes, in the reconstruction and rehabilitation of Chile on such terms and conditions as the President may specify.

GENERAL PROVISIONS

SEC. 4. (a) Funds appropriated under sections 2 and 3 of this Act may be used for assistance under this Act pursuant to such provisions applicable to the furnishing of such assistance contained in any successor Act to the Mutual Security Act of 1954, as amended, as the President determines to be necessary to carry out the purposes for which such funds are appropriated.

(b) Of the funds appropriated under section 2 of this Act not more than \$800,000 shall be available only for assisting in transporting to and settling in Latin America selected immigrants from that portion of the Ryukyuan Archipelago under United States administration.

^a 22 U.S.C. § 1944.

^b P.L. 87-41 appropriated "\$100,000,000, to remain available until expended."

^c Section 4 and title "General Provisions" added by Sec. 706 of the FAAct of 1961.

^d 22 U.S.C. § 1945.

Social Progress Trust Fund Agreement

Agreement dated this nineteenth day of June, 1961, between the Inter-American Development Bank (hereinafter sometimes called the Bank) and the Government of the United States of America (United States), to entrust to the Bank the administration of the Social Progress Trust Fund, constituted from part of the Special Inter-American Fund for Social Progress.

PREAMBLE

WHEREAS the President and the Congress of the United States have endorsed the establishment of a cooperative program for the social progress of the American Republics, complementing measures directed toward accelerated economic growth, and based on the determination of the respective countries to contribute their own efforts and resources in a manner conducive to achieving the purposes of the program;

WHEREAS the representatives of the American Republics, considering it advisable to adopt measures for social improvement and economic development within the framework of Operation Pan America, recognized in the Act of Bogotá of September 12, 1960, that the preservation and strengthening of free and democratic institutions in the American Republics require the acceleration of social and economic progress in Latin America adequate to meet the legitimate aspirations of the peoples of the Americas for a better life and to provide them the fullest opportunity to improve their status and recognize further that the magnitude of the problems involved will require maximum self-help efforts on the part of the American Republics and, in many cases, the improvement of existing institutions and practices, particularly in the fields of ownership and use of land, education and training, health and housing, and taxation and other aspects of the mobilization of domestic resources;

WHEREAS in the Act of Bogotá the representatives of the American Republics welcomed the decision of the Government of the United States to establish a Special Inter-American Fund for Social Progress with the Inter-American Development Bank to become the primary mechanism for the administration of such a fund;

WHEREAS the United States has now established the aforesaid Fund to assist in carrying out its declared aims for social improvements in the Latin American Republics and thereby contribute towards fulfilling the purposes of the Act of Bogotá; and

WHEREAS the Inter-American Development Bank has determined that the administration of a trust fund for these purposes by the Bank would be consistent with the provisions of the Agreement Establishing the Bank and would strengthen the efforts of the Bank to foster greater social progress and balanced economic growth.

Now THEREFORE, the Parties hereto agree as follows:

ARTICLE I. ESTABLISHMENT AND PURPOSES OF THE SOCIAL PROGRESS TRUST FUND

SECTION 1.01. There is hereby established the Social Progress Trust Fund (hereinafter called the Fund), constituted by monies transferred to the Fund from time to time by the United States and by any other accruals thereto, pursuant to Article III of this Agreement, to be held in trust and administered by the Bank in accordance with the terms of this Agreement.

SEC. 1.02. The Bank is hereby designated Administrator of the Fund. The term Administrator will hereinafter be used to refer to the Bank acting in that capacity.

SEC. 1.03. The purpose of the Fund shall be to provide capital resources and technical assistance on flexible terms and conditions, including repayment in local currency and the relending of repaid funds and interest, in accordance with appropriate and selective criteria in the light of the resources available, to support the efforts of the Latin American countries that are prepared to initiate or expand effective institutional improvements and to adopt measures to employ efficiently their own resources with a view to achieving greater social progress and more balanced economic growth.

SEC. 1.04. Consistent with the foregoing purpose, the Administrator shall utilize the resources of the Fund to make loans for projects or programs designed to achieve improved conditions in the countries concerned in the fields of:

(a) land settlement and improved land use, including access and feeder roads, assistance to agricultural credit institutions, assistance to supervised credit and agricultural extension, and development of storage and marketing facilities, provided that the resources of the Fund shall not be used for the purchase of agricultural land;

(b) housing for low income groups, through assistance to self-help housing and to institutions providing long-term housing finance and engaged in mobilizing domestic resources for this purpose;

(c) community water supply and sanitation facilities;

(d) such supplementary financing of facilities for advanced education and training related to economic and social development as may be agreed upon from time to time between the United States and the Administrator.

SEC. 1.05. In addition, the Administrator shall utilize the resources of the Fund to provide technical assistance related to projects in the fields set forth in Section 1.04, and technical assistance related to the mobilizing of domestic financial resources and the strengthening of financial institutions.

SEC. 1.06. The Fund and its assets and accounts shall be kept separate and apart from all other assets and accounts of the Bank.

ARTICLE II. CRITERIA FOR THE ADMINISTRATION OF THE FUND

SEC. 201. In considering applications for loans and for technical assistance, the Administrator shall be guided by the following criteria:

(a) Consideration shall continuously be given to the institutional improvements which a country is initiating or expanding consistent

with Article I, Section 1.03, of this Agreement. Accordingly, assistance shall be made available to those projects or programs which are related to effective self-help measures in countries which demonstrate their determination to achieve the purposes there set forth, and a willingness to employ their own resources efficiently to the end of meeting social needs and strengthening economic development. Special consideration shall be given to proposals which are part of a soundly conceived national development program, taking into account the review and analysis of social and economic progress and problems in each country undertaken at the annual consultative meetings of the Inter-American Economic and Social Council.

(b) Before acting favorably on a loan request, the Administrator shall be satisfied that measures necessary and appropriate for the success of the particular project or program have been or will be undertaken.

(c) Loan requests shall be granted only for projects or programs in which the applicant bears an appropriate share of the total costs. Loans may be granted to cover the total cost of a specific project, provided such project is an integral part of an expanding program in the same field financed to an appropriate extent by the applicant. The Administrator shall also be satisfied that the borrower or another appropriate entity is prepared to assume the costs of the continued support of the project or program, including the costs of maintenance and operation of any structure, installation and equipment connected therewith.

(d) Before committing resources of the Fund to any project or program, the Administrator shall take into account whether the financial and/or technical assistance required can be obtained from national or international agencies or from private sources on terms which, in the opinion of the Administrator, are reasonable for the recipient, considering all pertinent factors.

ARTICLE III. RESOURCES OF THE FUND

SECTION 3.01. The United States undertakes to contribute to the Fund out of monies appropriated by the United States Congress which may be available for this purpose.

SEC. 3.02. The Administrator shall be entitled to make commitments on behalf of the Fund in an amount of \$394,000,000, which may be increased by mutual agreement.¹

SEC. 3.03. The United States contributions will be made available to the Administrator from time to time as needed to meet disbursement from the Fund.

SEC. 3.04. All monies received in repayment of loans made out of the Fund or by way of interest or by way of other accruals thereto shall be held by the Administrator as part of the resources of the Fund and be available for use in accordance with this Agreement.

¹ Under a protocol signed February 17, 1964, between the United States Government and the Bank, the amount available for this purpose was increased by \$131,000,000.

ARTICLE IV. OPERATIONS OF THE FUND

SECTION 4.01. Whenever assistance from the Fund is requested, the applicant shall be required to furnish the Administrator such information as may be necessary or desirable to enable the Administrator to determine whether favorable consideration of the application would further the purposes specified in Article I, Section 1.04, of this Agreement. The borrower shall also be required to supply the Administrator such additional information as the Administrator may reasonably request at any time during the course of the operation.

SEC. 4.02. Capital resources of the Fund shall be provided by the Administrator under such flexible terms and conditions of repayments as it is determined are best suited to carry out the purposes set forth in Article I, Sections 1.03 and 1.04, of this Agreement. The resources of the Fund shall not be loaned or reloaned at interest rates which the Administrator considers to be excessive or which are higher than the legal rate of interest of the country in which the loan is made.

SEC. 4.03. Upon request, technical assistance may be provided by the Administrator on a loan, grant or reimbursable basis, for the preparation, financing, and execution of plans and projects for carrying out the purposes set forth in Article I, Sections 1.04 and 1.05, of this Agreement.

SEC. 4.04. Loans may be made to national governments, government institutions and agencies, to local and municipal governments and to private borrowers within an eligible country, including cooperatives and organizations affiliated with or sponsored by labor unions. The provisions of Article III, Section 7(b), of the Agreement Establishing the Bank shall be followed in applying this Agreement.

SEC. 4.05. Except as may be otherwise agreed between the United States and the Administrator, no financing or technical assistance shall be extended from the Fund to the government or any government agency of, or to any individual, partnership, association, corporation or other entity in, any country which was not a member of the Bank as of September 12, 1960, or which is being subjected to economic or diplomatic sanctions by the Organization of American States. Moreover, no part of the Fund shall be used for the purchase of goods or services originating in any such country.

SEC. 4.06. United States dollar funds made available under this Agreement shall be used for the purchase of goods or services from the United States or for the acquisition of goods or services of local origin in the country where the assistance is received. However, subject to the provisions of Section 4.05 of this Agreement, the Administrator may authorize the use of such funds for the acquisition of goods or services produced in other countries which are members of the Bank if such transaction would be advantageous to the borrower.

SEC. 4.07. Loans made from the Fund may be made repayable in whole or in part, as to both principal and interest, in the currency of the borrower. All loans of dollars shall be denominated in dollars and, to the extent that servicing is called for in a non-dollar currency, the loan contract shall oblige the borrower to make payments of inter-

est and payments of principal in such amount in the case of each payment as is required by provisions in the contract decided by the Administrator to be appropriate to insure that the payment is equivalent in value to the dollar denominated amount due.

SEC. 4.08. Whenever any part of a loan is made repayable in the currency of the borrower, the Administrator shall require that the country of the borrower agree that its currency received by the Fund may be used by the Fund or by any recipient from the Fund, without restriction by the country, to make payments for goods and services produced in the territory of the country for use in furtherance of the purposes of the Fund in any country eligible for assistance from the Fund.

SEC. 4.09. Currencies held by the Administrator in the resources of the Fund shall not be used to purchase other currencies for making loans.

SEC. 4.10. Decisions relating to the Fund shall be reached by the Administrator in accordance with the provisions of Article IV, Section 9, of the Agreement Establishing the Bank.

ARTICLE V. THE ADMINISTRATOR

SECTION 5.01. In the administration of the Fund, cooperation shall be maintained with national and international organizations, both public and private, operating in the field of social development, and particularly with agencies of the United States administering other portions of the Special Inter-American Fund for Social Development.

SEC. 5.02. The Bank shall exercise the same care in the discharge of its functions under this Agreement as it exercises with respect to the administration and management of its own affairs.

SEC. 5.03. The Administrator shall receive no compensation other than reimbursement for expenses incurred because of services rendered under this Agreement, which will be computed in accordance with the plan set forth in Annex A hereto.

SEC. 5.04. The Bank shall include in its annual and quarterly reports a separate section containing appropriate information with respect to the receipts and disbursements of, and balances in, the Fund. In addition, within sixty days after the close of each annual accounting period the Administrator shall issue a detailed report containing appropriate information with respect to operations of the Fund, the progress of the projects for which disbursements were made and other matters relating to the Fund, including a factual presentation of the measures being taken in the borrowing countries to accomplish the objectives stated in Section 1 of the Act of Bogota. Observations which the United States may desire to make to the Administrator upon any such annual report shall be presented as promptly as possible and ordinarily within the annual accounting period in which the report is received.

ARTICLE VI. REVISION AND TERMINATION

SECTION 6.01. Following each annual report made by the Administrator under Article V, Section 5.04, hereof, either Party may propose revision of the terms of this Agreement.

SEC. 6.02. If at any time it appears to the Administrator or to the United States that the Fund is no longer necessary or that the purposes

of the Fund can no longer be appropriately or effectively carried out, the Parties hereto shall forthwith consult with one another concerning the measures to be taken. If a decision to terminate the Agreement is reached, or if no decision is reached within thirty days, or if pursuant to Article X of the Agreement Establishing the Bank, the Bank suspends or terminates its operations, then the operations of the Fund shall cease and its liquidation shall be commenced upon the election of either Party unless both Parties agree on another course of action.

SEC. 6.03. Any assets remaining in the Fund at the time of termination, including outstanding loans, shall revert to the United States upon the settlement of all accounts due and payable from the Fund.

ARTICLE VII. ENTRY INTO FORCE

SECTION 7.01. This Agreement shall enter into force on the date hereof.

ARTICLE VIII. TITLE

SECTION 8.01. This Agreement may be cited as "Social Progress Trust Fund Agreement."

DONE at the city of Washington in the District of Columbia, this nineteenth day of June, 1961, in two equally authentic originals.

FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA:
John F. Kennedy

FOR THE INTER-AMERICAN DEVELOPMENT BANK:
Felipe Herrera

ANNEX A

1. The Fund shall be charged for the salary costs of time which is spent on work for the Fund by the professional staff of the Office of Special Operations of the Administrator and by the professional staff, exclusive of division heads and assistant division heads, of the Loan, Technical Assistance, Economics, and Legal Divisions of the Administrator.

2. The Fund shall be charged for all other expenses clearly identifiable as having been incurred by the Administrator in the Fund's behalf, *e.g.*, staff travel and consultants' costs.

3. For each dollar of the professional salary costs charged to the Fund pursuant to paragraph 1 above, the Fund shall be charged an additional \$1.80, representing the Fund's share of indirect and overhead expenses other than those specified in paragraph 4 hereof. The amount specified herein shall, at the request of either Party, be subject to adjustment at the end of each annual accounting period of the Administrator.

4. No charge shall be made to the Fund for costs of the Annual Meeting of the Board of Governors; for the Offices of the Executive Directors; for services of persons in the Offices of the President and the Executive Vice President; for the salaries of the heads and assistant heads of the Divisions referred to in paragraph 1 hereof; or for any part of the expenses incurred by the Bank primarily for its own benefit, such as travel, printing, library, books and periodicals, and for various fees and compensation costs (*e.g.*, fees for actuarial services and for handling the retirement fund).

*The Secretary of State to the President of the Inter-American
Development Bank*

THE SECRETARY OF STATE
WASHINGTON
June 19, 1961

DEAR DR. HERRERA:

I have the honor to refer to the Agreement on the Social Progress Trust Fund between the Government of the United States of America and the Inter-American Development Bank signed today.

It is the view of my government that in accordance with applicable United States statutes at least 50 percentum of the gross tonnage of any equipment, materials and commodities which are financed with funds derived from a disbursement authorized under this Agreement and which are to be transported on ocean vessels, shall be transported on privately owned United States flag commercial vessels to the extent such vessels are available at fair and reasonable rates for United States-flag vessels.

I should be grateful if you could confirm on behalf of the Inter-American Development Bank that the foregoing will be applied in the administration of the Trust Fund.

For the Government of the United States

DEAN RUSK

DR. FELIPE HERRERA,
President,
Inter-American Development Bank,
Washington 25, D.C.

*The President of the Inter-American Development Bank to the
Secretary of State*

INTER-AMERICAN DEVELOPMENT BANK
WASHINGTON 25, D.C.

PRESIDENT

CABLE ADDRESS
INTAMBANO

JUNE 19, 1961

The Honorable
DEAN RUSK
Secretary of State
Department of State
Washington, D.C.

SIR:

I have the honor to acknowledge the receipt of your note of today's date which reads as follows:

"I have the honor to refer to the Agreement on the Social Progress Trust Fund between the Government of the United States of America and the Inter-American Development Bank signed today.

"It is the view of my government that in accordance with applicable United States statutes at least 50 percentum of the gross tonnage of any equipment, materials and commodities which are financed with funds derived from a disbursement authorized under

this Agreement and which are to be transported on ocean vessels, shall be transported on privately owned United States flag commercial vessels to the extent such vessels are available at fair and reasonable rates for United States flag vessels.

"I should be grateful if you could confirm on behalf of the Inter-American Development Bank that the foregoing will be applied in the administration of the Trust Fund.

"For the Government of the United States
Dean Rusk"

On behalf of the Inter-American Development Bank I herewith give the confirmation requested.

F HERRERA
Felipe Herrera
President

The Peace Corps Act, as Amended

Text of Public Law 87-293 [H.R. 7309], 75 Stat. 612, approved September 22, 1961, as amended by Public Law 87-412 [H.R. 10700], 76 Stat. 62, approved April 27, 1962; Public Law 87-793 [H.R. 7927], 76 Stat. 832, 865, approved October 11, 1962; Public Law 88-200 [H.R. 9009], 77 Stat. 359, approved December 13, 1963; Public Law 88-285 [S. 2155], 78 Stat. 166, approved March 17, 1964; Public Law 88-426 [H.R. 11019], 78 Stat. 400, 421, approved August 14, 1964; Public Law 88-448 [H.R. 7381], 78 Stat. 484, 490, approved August 19, 1964; Public Law 89-134 [S. 2054], 79 Stat. 519, approved August 21, 1965; and Public Law 89-572 [S. 3418], 80 Stat. 764, approved September 13, 1966.

AN ACT To provide for a Peace Corps to help the peoples of interested countries and areas in meeting their needs for skilled manpower.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—THE PEACE CORPS

SHORT TITLE

SECTION 1.¹ This Act may be cited as the "Peace Corps Act".

DECLARATION OF PURPOSE

SEC. 2.² The Congress of the United States declares that it is the policy of the United States and the purpose of this Act to promote world peace and friendship through a Peace Corps, which shall make available to interested countries and areas men and women of the United States qualified for service abroad and willing to serve, under conditions of hardship if necessary, to help the peoples of such countries and areas in meeting their needs for trained manpower, and to help promote a better understanding of the American people on the part of the peoples served and a better understanding of other peoples on the part of the American people.

AUTHORIZATION

SEC. 3.³ (a) The President is authorized to carry out programs in furtherance of the purposes of this Act, on such terms and conditions as he may determine.

(b) There is hereby authorized to be appropriated to the President for the fiscal year 1967⁴ not to exceed \$110,000,000 to carry out the

¹ 22 U.S.C. § 2501 note.

² 22 U.S.C. § 2501.

³ 22 U.S.C. § 2502.

⁴ Sec. 1 of P.L. 89-572 substituted "1967" for "1966", "\$110,000,000" for "\$115,000,000", and the proviso for the words "of which not to exceed \$500,000 shall be available for carrying out research". It also added the second sentence.

FA Appropriation Act, 1967 (P.L. 86-691), Title II, provides: "For expenses necessary to enable the President to carry out the provisions of the Peace Corps Act (75 Stat. 612), as amended, including purchase of not to exceed five passenger motor vehicles for use outside the United States, \$110,000,000, of which not to exceed \$24,500,000 shall be available for administrative expenses."

purposes of this Act: *Provided, however*, That not to exceed \$500,000 of funds made available hereunder for fiscal year 1967 shall be obligated under contracts or agreements to carry out research: *Provided further*, That no such contracts or agreements shall be executed unless the research in question relates to the basic responsibilities of the Peace Corps. Unobligated balances of funds made available hereunder are hereby authorized to be continued available for the general purposes for which appropriated and may at any time be consolidated with appropriations hereunder.⁴

DIRECTOR OF THE PEACE CORPS AND DELEGATION OF FUNCTIONS

SEC. 4.⁵ (a) The President may appoint, by and with the advice and consent of the Senate, a Director of the Peace Corps⁶ and a Deputy Director of the Peace Corps.⁶

(b) The President may exercise any functions vested in him by this Act through such agency or officer of the United States Government as he shall direct.⁷ The head of any such agency or any such officer may promulgate such rules and regulations as he may deem necessary or appropriate to carry out such functions, and may delegate to any of his subordinates authority to perform any of such functions.

(c) (1) Nothing contained in this Act shall be construed to infringe upon the powers or functions of the Secretary of State.

(2) The President shall prescribe appropriate procedures to assure coordination of Peace Corps activities with other activities of the United States Government in each country, under the leadership of the chief of the United States diplomatic mission.

(3) Under the direction of the President, the Secretary of State shall be responsible for the continuous supervision and general direction of the programs authorized by this Act, to the end that such programs are effectively integrated both at home and abroad and the foreign policy of the United States is best served thereby.

(d) Except with the approval of the Secretary of State, the Peace Corps shall not be assigned to perform services which could more usefully be performed by other available agencies of the United States Government in the country concerned.

PEACE CORPS VOLUNTEERS

SEC. 5.⁸ (a) The President may enroll in the Peace Corps for service abroad qualified citizens and nationals of the United States (referred to in this Act as "volunteers"). The terms and conditions of the enrollment, training, compensation, hours of work, benefits, leave, ter-

⁴ 22 U.S.C. § 2503.

⁵ The words "whose compensation shall be fixed by the President at a rate not in excess of \$20,000 per annum" and "whose compensation shall be fixed by the President at a rate not in excess of \$19,500 per annum", which appeared at these points, respectively, were repealed by Sec. 305(27) of the Government Employees Salary Reform Act of 1964 (P.L. 88-428).

Sec. 303(c)(38), (d)(34) and (e)(71) and (72) of the Government Employees Salary Reform Act of 1964 established the annual basic compensation of: \$23,500 for the Director of the Peace Corps; \$27,000 for the Deputy Director of the Peace Corps; and \$26,000 for the Associate Director of the Peace Corps for Volunteers and the Associate Director of the Peace Corps for Program Development and Operations, respectively.

⁷ See Executive Order No. 11041.

and Department of State Delegation of Au-

⁸ 22 U.S.C. § 2504.

mination, and all other terms and conditions of the service of volunteers shall be exclusively those set forth in this Act and those consistent therewith which the President may prescribe; and, except as provided in this Act, volunteers shall not be deemed officers or employees or otherwise in the service or employment of, or holding office under, the United States for any purpose. In carrying out this subsection no political test shall be required or taken into consideration, nor shall there be any discrimination against any person on account of race, creed, or color.

(b) Volunteers shall be provided with such living, travel, and leave allowances, and such housing, transportation, supplies, equipment, subsistence, and clothing as the President may determine to be necessary for their maintenance and to insure their health and their capacity to serve effectively. Supplies or equipment provided volunteers to insure their capacity to serve effectively may be transferred to the government or to other entities of the country or area with which they have been serving, when no longer necessary for such purpose, and when such transfers would further the purposes of this Act.⁹ Transportation and travel allowances may also be provided, in such circumstances as the President may determine, for applicants for enrollment to or from places of training and places of enrollment, and for former volunteers from places of termination to their homes in the United States.

(c)¹⁰ Volunteers shall be entitled to receive a readjustment allowance at a rate not to exceed \$75 for each month of satisfactory service as determined by the President. The readjustment allowance of each volunteer shall be payable on his return to the United States: *Provided, however*, That, under such circumstances as the President may determine, the accrued readjustment allowance, or any part thereof, may be paid to the volunteer, members of his family or others, during the period of his service, or prior to his return to the United States. In the event of the volunteer's death during the period of his service, the amount of any unpaid readjustment allowance shall be paid in accordance with the provisions of the Act of August 3, 1950, chapter 518, section 1 (5 U.S.C. 61f). For purposes of the Internal Revenue Code of 1954 (26 U.S.C.), a volunteer shall be deemed to be paid and to receive each amount of a readjustment allowance to which he is entitled after December 31, 1964, when such amount is transferred from funds made available under this Act to the fund from which such readjustment allowance is payable.

(d) Volunteers shall be deemed to be employees of the United States Government for the purposes of the Federal Employees' Compensation Act (39 Stat. 742),¹¹ as amended: *Provided, however*, That entitlement to disability compensation payments under that Act shall

⁹ This sentence was added by Sec. 2(a) of P.L. 88-200.

¹⁰ Sec. 2(b) of P.L. 88-200 substituted this language, except for the final sentence, for former subsection (c), which read as follows:

"(c) Volunteers shall be entitled to receive termination payments at a rate not to exceed \$75 for each month of satisfactory service as determined by the President. The termination payment of each volunteer shall be payable at the termination of his service, or may be paid during the course of his service to the volunteer, to members of his family or to others, under such circumstances as the President may determine. In the event of the volunteer's death during the period of his service, the amount of any unpaid termination payment shall be paid in accordance with the provisions of section 61f of title 5 of the United States Code."

The final sentence was added by Sec. 2(a) of P.L. 89-134.

¹¹ 5 U.S.C. § 751 note.

commence on the day after the date of termination of service. For the purposes of that Act—

(1) volunteers shall be deemed to be receiving monthly pay at the lowest rate provided for grade 7 of the general schedule established by the Classification Act of 1949, as amended,¹² and volunteer leaders (referred to in section 6 of this Act) shall be deemed to be receiving monthly pay at the lowest rate provided for grade 11 of such general schedule; and

(2) any injury suffered by a volunteer during any time when he is located abroad shall be deemed to have been sustained while in the performance of his duty and any disease contracted during such time shall be deemed to have been proximately caused by his employment, unless such injury or disease is caused by willful misconduct of the volunteer or by the volunteer's intention to bring about the injury or death of himself or of another, or unless intoxication of the injured volunteer is the proximate cause of the injury or death.

(e)¹³ Volunteers shall receive such health care during their service, applicants for enrollment shall receive such health examinations preparatory to their service, applicants for enrollment who have accepted an invitation to begin a period of training under section 8(a) of this Act shall receive such immunization and dental care preparatory to their service, and former volunteers shall receive such health examinations within six months after termination of their service, as the President may deem necessary or appropriate. Subject to such conditions as the President may prescribe, such health care may be provided in any facility of any agency of the United States Government, and in such cases the appropriation for maintaining and operating such facility shall be reimbursed from appropriations available under this Act.

(f) (1) Any period of satisfactory service of a volunteer under this Act shall be credited in connection with subsequent employment in the same manner as a like period of civilian employment by the United States Government—

(A) for the purposes of the Civil Service Retirement Act, as amended (5 U.S.C. 2251 et seq.), section 852(a) (1) of the Foreign Service Act of 1946, as amended (22 U.S.C. 1092(a) (1)), and every other Act establishing a retirement system for civilian employees of any United States Government agency; and

(B) except as otherwise determined by the President, for the purposes of determining seniority, reduction in force, and layoff rights, leave entitlement, and other rights and privileges based upon length of service under the laws administered by the Civil Service Commission, the Foreign Service Act of 1946, and every other Act establishing or governing terms and conditions of service of civilian employees of the United States Government: *Provided*.

¹² 5 U.S.C. § 1071 note.

¹³ Sec. 2(b) of P.L. 89-134 substantially amended this subsection which previously read as follows:

"(e) Volunteers shall receive such health care during their service, and such health examinations and immunization preparatory to their service, as the President may deem necessary or appropriate. Subject to such conditions as the President may prescribe, such health care, examinations, and immunization may be provided for volunteers in any facility of any agency of the United States Government, and in such cases the appropriation for maintaining and operating such facility shall be reimbursed from appropriations available under this Act."

That service of a volunteer shall not be credited toward completion of any probationary or trial period or completion of any service requirement for career appointment.

(2) For the purposes of paragraph (1)(A) of this subsection, volunteers and volunteer leaders shall be deemed to be receiving compensation during their service at the respective rates of readjustment allowances¹⁵ payable under sections 5(c) and 6(1) of this Act.

(g) The President may detail or assign volunteers or otherwise make them available to any entity referred to in paragraph (1) of section 10(a) on such terms and conditions as he may determine: *Provided*, That not to exceed two hundred volunteers may be assigned to carry out secretarial or clerical duties on the staffs of the Peace Corps representatives abroad: *Provided, however*, That any volunteer so detailed or assigned shall continue to be entitled to the allowances, benefits and privileges of volunteers authorized under or pursuant to this Act.

(h) Volunteers shall be deemed employees of the United States Government for the purposes of the Federal Tort Claims Act¹⁷ and any other Federal tort liability statute, the Federal Voting Assistance Act of 1955 (5 U.S.C. 2171 et seq.), the Act of June 4, 1954, chapter 264, section 4 (5 U.S.C. 73b-5),¹⁸ the Act of December 23, 1944, chapter 716, section 1, as amended (31 U.S.C. 492a),¹⁹ and section 1 of the Act of June 4, 1920 (41 Stat. 750), as amended (22 U.S.C. 214).

(i) The service of a volunteer may be terminated at any time at the pleasure of the President.

(j) Upon enrollment in the Peace Corps, every volunteer shall take the oath prescribed for persons appointed to any office of honor or profit by section 1757 of the Revised Statutes of the United States, as amended (5 U.S.C. 16), and shall swear (or affirm) that he does not advocate the overthrow of our constitutional form of government in the United States, and that he is not a member of an organization that advocates the overthrow of our constitutional form of government in the United States, knowing that such organization so advocates.

(k)²⁰ In order to assure that the skills and experience which former volunteers have derived from their training and their service abroad are best utilized in the national interest, the President may, in cooperation with agencies of the United States, private employers, educational institutions and other entities of the United States, undertake programs under which volunteers would be counseled with respect to opportunities for further education and employment.

(l)²¹ Notwithstanding any other provision of law, counsel may be employed and counsel fees, court costs, bail, and other expenses incident to the defense of volunteers may be paid in foreign judicial or administrative proceedings to which volunteers have been made parties.

¹⁵ Sec. 2(c) of P.L. 88-200 substituted the words "readjustment allowances" for the words "termination payments".

¹⁶ The first proviso was added by Sec. 2(d) of P.L. 88-200. Sec. 2(c) of P.L. 89-134 substituted "two" for "one" and struck out "in the aggregate" which had followed "volunteers". In this proviso as originally enacted.

¹⁷ 28 U.S.C. §§ 2671-2680 and notes.

¹⁸ The words to this point, beginning with "the Federal Voting" were substituted for the words "and for the purposes of" by Sec. 2(e) of P.L. 88-200.

¹⁹ The reference to the Act of December 23, 1944 was added by Sec. 2(d) of P.L. 89-134.

²⁰ Subsection (k) was added by Sec. 2(f) of P.L. 88-200.

²¹ Subsection (l) was added by Sec. 2(a) of P.L. 89-372.

PEACE CORPS VOLUNTEER LEADERS

SEC. 6.²² The President may enroll in the Peace Corps qualified citizens or nationals of the United States whose services are required for supervisory or other special duties or responsibilities in connection with programs under this Act (referred to in this Act as "volunteer leaders"). The ratio of the total number of volunteer leaders to the total number of volunteers in service at any one time shall not exceed one to twenty-five. Except as otherwise provided in this Act, all of the provisions of this Act applicable to volunteers shall be applicable to volunteer leaders, and the term "volunteers" shall include "volunteer leaders": *Provided, however, That—*

(1) volunteer leaders shall be entitled to receive a readjustment allowance²³ at a rate not to exceed \$125 for each month of satisfactory service as determined by the President;

(2) spouses and minor children of volunteer leaders may receive such living, travel, and leave allowances, and such housing, transportation, subsistence, and essential special items of clothing, as the President may determine, but the authority contained in this paragraph shall be exercised only under exceptional circumstances;

(3) spouses and minor children of volunteer leaders accompanying them, and a married volunteer's child if born during the volunteer's service,²⁴ may receive such health care as the President may determine and upon such terms as he may determine, including health care in any facility referred to in section 5(e) of this Act, subject to such conditions as the President may prescribe and subject to reimbursement of appropriations as provided in section 5(e); and

(4) spouses and minor children of volunteer leaders accompanying them may receive such orientation, language, and other training necessary to accomplish the purposes of this Act as the President may determine.

PEACE CORPS EMPLOYEES

Sec. 7.²⁵ (a) (1)²⁶ For the purpose of performing functions under

²² 22 U.S.C. § 2503.

²³ Sec. 3 of P.L. 88-200 substituted the words "a readjustment allowance" for the words "termination payments".

²⁴ The words to this point beginning "and a married" were added by Sec. 3 of P.L. 89-134.

²⁵ 22 U.S.C. § 2506. Sec. 4(a) of P.L. 89-134 struck out the former subsections (a) and (b) of this section which read as follows:

"(a) The President may employ such persons, not to exceed 275 persons permanently employed in the United States at any one time in fiscal year 1962, as the President deems necessary to carry out the provisions and purposes of this Act. Except as otherwise provided in this Act, such persons (hereinafter sometimes referred to as "employees") shall be employed in accordance with and shall be subject to the laws applicable to personnel employed by the United States Government.

"(b) Of the persons employed in the United States in activities authorized by this Act, not to exceed thirty may be compensated without regard to the provisions of the Classification Act of 1949, as amended, of whom not to exceed twenty may be compensated at rates higher than those provided for grade fifteen of the general schedule established by the Classification Act of 1949, as amended, but not in excess of the highest rate of grade 18 of such general schedule. Such positions shall be in addition to those authorized by section 4(a) of this Act to be filled by Presidential appointment, and in addition to the number authorized by section 505 of the Classification Act of 1949, as amended."

Under the terms of Sec. 5 of P.L. 89-134, the independent implementing provisions of that act set forth on page 189, persons holding career or career-conditional appointments

Footnote continues on following page.

this Act outside the United States, the President may employ or assign persons, or authorize the employment or assignment of officers or employees of agencies of the United States Government, who shall receive compensation at any of the rates provided for persons appointed to the Foreign Service Reserve and Staff under the Foreign Service Act of 1946, as amended (22 U.S.C. 801 et seq.), together with allowances and benefits thereunder; and persons so employed or assigned shall be entitled, except to the extent that the President may specify otherwise in cases in which the period of the employment or assignment exceeds thirty months, to the same benefits as are provided by section 528 of that Act for persons appointed to the Foreign Service Reserve, and the provisions of section 1005 of that Act shall apply in the case of such persons, except that policymaking officials shall not be subject to that part of section 1005 which prohibits political tests;

(2) The President may utilize such authority contained in the Foreign Service Act of 1946, as amended, relating to Foreign Service Reserve officers, Foreign Service staff officers and employees, alien clerks and employees, and other United States Government officers and employees apart from Foreign Service officers as he deems necessary to carry out functions under this Act; except that (A) no Foreign Service Reserve or staff appointment or assignment under this paragraph shall be for a period of more than five years unless the Director of the Peace Corps, under special circumstances, personally approves an extension of not more than one year on an individual basis; and (B) no person whose Foreign Service Reserve or staff appointment or assignment under this paragraph has been terminated shall be reappointed or reassigned under this paragraph before the expiration of a period of time equal to his preceding tour of duty.³⁰ Such provisions of that Act³¹ as the President deems appropriate shall apply to persons appointed or assigned under this paragraph, including in all cases, the provisions of section 528 of that Act: *Provided, however*, That the President may by regulation make exceptions to the application of section 528 in cases in which the period of the appointment or³² assignment exceeds thirty months: *Provided further*, That Foreign Service Reserve officers appointed or assigned pursuant to this paragraph shall receive within-class salary increases in accordance with such regulations as the President may prescribe: *Provided further*, That under such regulations as the President may prescribe persons who are to perform duties of a more routine nature than are

under the repealed authorities immediately prior to the effective date of section 4 of P.L. 89-134 (Oct. 10, 1965) may continue employment under such authority for three years. Those whose career or career-conditional appointments were at grade 8 or below of the General Schedule could receive appointments for the duration of operations under the Peace Corps Act.

³⁰ Sec. 4(b) (1) and (2) of P.L. 89-134 reorganized this subsection by changing its designation from "(c)" to "(a) (1)", and striking "(1)" after the words "the President may".

³¹ Sec. 4(b) (3) (A) of P.L. 89-134 substituted this sentence for the first sentence of what was then subsection 7(c) (2) and which read as follows:

"(2) utilize such authority, including authority to appoint and assign persons for the duration of operations under this Act, contained in the Foreign Service Act of 1946, as amended, as the President deems necessary to carry out functions under this Act."

³² Sec. 4(b) (3) (B) of P.L. 89-134 substituted the words "that Act" for the words "the Foreign Service Act of 1946".

³³ Sec. 4(b) (3) (C) of P.L. 89-134 substituted the word "or" for the word "of".

generally performed by Foreign Service staff officers and employees of class 10 may be appointed to an unenumerated class of Foreign Service staff officers and employees ranking below class 10 and be paid basic compensation at rates lower than those of class 10.;³³ and

(3) The President may specify what additional compensation authorized by section 207 of the Independent Offices Appropriation Act, 1949, as amended (5 U.S.C. 118h), and³⁴ which of the allowances and differentials authorized by title II of the Overseas Differentials and Allowances Act (5 U.S.C. 3031 et seq.) may be granted to any person employed, appointed or assigned under this subsection (a)³⁵ and may determine the rates thereof not to exceed those otherwise granted to employees under those Acts.³⁶

(b)³⁷ The President is authorized to prescribe by regulation standards or other criteria for maintaining adequate performance levels for persons appointed or assigned for the purpose of performing functions under this Act outside the United States³⁸ pursuant to subsection (a) (2)³⁹ of this section and section 527(c) (2) of the Mutual Security Act of 1954, as amended,⁴⁰ and may, notwithstanding any other law, separate persons who fail to meet such standards or other criteria, and also may grant such persons severance benefits of one month's salary for each year of service, but not to exceed one year's salary at the then current salary rate of such persons.

(c)⁴¹ In each country or area in which volunteers serve abroad, the President may appoint an employee or a volunteer as a Peace Corps representative to have direction of other employees of the Peace Corps abroad and to oversee the activities carried on under this Act in such country or area. Unless a representative is a volunteer, the compensation, allowances and benefits, and other terms and conditions of service of each such representative, shall be the same as those of a person appointed or assigned pursuant to paragraph (1) or (2) of subsection (a)⁴² of this section, except that any such representative may, notwithstanding any provision of law, be removed by the President in his discretion.

VOLUNTEER TRAINING

SEC. 8.⁴³ (a) The President shall make provision for such training as he deems appropriate for each applicant for enrollment as a volunteer and each enrolled volunteer. All of the provisions of this Act applicable respectively to volunteers and volunteer leaders shall be applicable to applicants for enrollments as such during any period of training occurring prior to enrollment, and the respective terms "volunteers" and "volunteer leaders" shall include such applicants during any such period of training.

(b) The President may also make provision, on the basis of advances of funds or reimbursement to the United States, for training for citizens of the United States, other than those referred to in sub-

³³ The final proviso of this subsection was added by Sec. 4(b) (3) (D) of P.L. 89-134.

³⁴ Sec. 4(b) (4) of P.L. 89-134 amended this subsection by substituting the opening language ending "(5 U.S.C. 118h), and" for the word "specify"; "(a)" for "(c)"; and "those Acts" for "that Act."

³⁵ Sec. 4(c) of P.L. 89-134 amended this subsection by substituting "(b)" for "(d)"; adding the words "for the purpose of performing functions under this Act outside the United States"; and substituting "(a) (2)" for "(c) (2)".

³⁶ Repealed by Sec. 642(a) (2) of the FA Act, 1961.

³⁷ Sec. 4(d) of P.L. 89-134 amended this subsection by substituting "(c)" for "(e)" and "(a)" for "(c)".

³⁸ 22 U.S.C. § 2507.

section (a) of this section, who have been selected for service abroad in programs not carried out under authority of this Act which are similar to those authorized by this Act. The provisions of section 9 of this Act shall apply, on a similar advance of funds or a reimbursement basis, with respect to persons while within the United States for training under authority of this subsection. Advances or reimbursements received under this subsection may be credited to the current applicable appropriation, fund, or account and shall be available for the purposes for which such appropriation, fund, or account is authorized to be used.

(c) Training hereinabove provided for shall include instruction in the philosophy, strategy, tactics, and menace of communism.

PARTICIPATION OF FOREIGN NATIONALS

SEC. 9.³⁹ In order to provide for assistance by foreign nationals in the training of volunteers, and to permit effective implementation of Peace Corps projects with due regard for the desirability of cost-sharing arrangements, where appropriate, the President may make provision for transportation, housing, subsistence, or per diem in lieu thereof, and health care or health and accident insurance for foreign nationals engaged in activities authorized by this Act while they are away from their homes, without regard to the provisions of any other law: *Provided, however,* That per diem in lieu of subsistence furnished to such persons shall not be at rates higher than those prescribed by the Secretary of State pursuant to section 12 of Public Law 84-885⁴⁰ (70 Stat. 890). Such persons, and persons coming to the United States under contract pursuant section 10(a)(4), may be admitted to the United States, if otherwise qualified, as nonimmigrants under section 101(a)(15) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(15)) for such time and under such conditions as may be prescribed by regulations promulgated by the Secretary of State and the Attorney General. A person admitted under this section who fails to maintain the status under which he was admitted or who fails to depart from the United States at the expiration of the time for which he was admitted, or who engages in activities of a political nature detrimental to the interests of the United States, or in activities not consistent with the security of the United States, shall, upon the warrant of the Attorney General, be taken into custody and promptly deported pursuant to sections 241, 242, and 243 of the Immigration and Nationality Act.⁴¹ Deportation proceedings under this section shall be summary and the findings of the Attorney General as to matters of fact shall be conclusive.

GENERAL POWERS AND AUTHORITIES

SEC. 10.⁴² (a) In furtherance of the purposes of this Act, the President may—

- (1) enter into, perform, and modify contracts and agreements and otherwise cooperate with any agency of the United States

³⁹ 22 U.S.C. § 2508.

⁴⁰ 5 U.S.C. § 170a.

⁴¹ 8 U.S.C. §§ 1251, 1252, 1253.

⁴² 22 U.S.C. § 2509.

Government or of any State or any subdivision thereof, other governments and departments and agencies thereof, and educational institutions, voluntary agencies, farm organizations, labor unions, and other organizations, individuals and firms;

(2) assign volunteers in special cases to temporary duty with international organizations and agencies when the Secretary of State determines that such assignment would serve the purposes of this Act: *Provided*, That not more than one hundred and twenty-five Peace Corps volunteers or volunteer leaders shall be assigned to international organizations as described in this section;

(3) accept in the name of the Peace Corps and employ or transfer in furtherance of the purposes of this Act (A) voluntary services notwithstanding the provisions of 31 U.S.C. 665(b), and (B) any money or property (real, personal or mixed, tangible or intangible) received by gift, devise, bequest, or otherwise;⁴³ and

(4) contract with individuals for personal services abroad, and with aliens (abroad or within the United States) for personal services within the United States: *Provided*, That no such person shall be deemed an officer or employee or otherwise in the service or employment of the United States Government for any purpose.

(b) Notwithstanding any other provision of law, whenever the President determines that it will further the purposes of this Act, the President, under such regulations as he may prescribe, may settle and pay, in an amount not exceeding \$10,000, any claim against the United States, for loss of or damage to real or personal property (including loss of occupancy or use thereof) belonging to, or for personal injury or death of, any person not a citizen or resident of the United States, where such claim arises abroad out of the act or omission of any Peace Corps employee or out of the act or omission of any volunteer, but only if such claim is presented in writing within one year after it accrues. Any amount paid in settlement of any claim under this subsection shall be accepted by the claimant in full satisfaction thereof and shall bar any further action or proceeding thereon.

(c) Subject to any future action of the Congress, a contract or agreement which entails commitments for the expenditure of funds available for the purposes of this Act, including commitments for the purpose of paying or providing for allowances and other benefits of volunteers authorized by sections 5 and 6 of this Act, may extend at any time for not more than thirty-six months.

(d) Whenever the President determines it to be in furtherance of the purposes of this Act, functions authorized by this Act may be performed without regard to such provisions of law (other than the Renegotiation Act of 1951, as amended)⁴⁴ regulating the making, performance, amendment, or modification of contracts and the expenditure of Government funds as the President may specify.

(e) The President may allocate or transfer to any agency of the United States Government any funds available for carrying out the

⁴³ Sec. 6 of P.L. 89-572 added the words "or transfer" and struck out the following language which had followed the word "otherwise": ", and transfer such money or property to the government or other entities of the country or area with which the Volunteers are serving, when such transfer would further the general purposes of the Act." Except for the words "money or" the above language was added by Sec. 5 of P.L. 88-200. Sec. 6 of P.L. 89-134 added the words "money or".

⁴⁴ 50 U.S.C. app. § 1211 note.

purposes of this Act including any advance received by the United States from any country or international organization under authority of this Act, but not to exceed 10 per centum in the aggregate of such funds may be allocated or transferred to agencies other than the Peace Corps. Such funds shall be available for obligation and expenditure for the purposes of this Act in accordance with authority granted in this Act or under authority governing the activities of the agencies of the United States Government to which such funds are allocated or transferred.

(i) Any officer of the United States Government carrying out functions under this Act may utilize the services and facilities of, or procure commodities from, any agency of the United States Government as the President shall direct, or with the consent of the head of such agency, and funds allocated pursuant to this subsection to any such agency may be established in separate appropriation accounts on the books of the Treasury.

(g) In the case of any commodity, service, or facility procured from any agency of the United States Government under this Act, reimbursement or payment shall be made to such agency from funds available under this Act. Such reimbursement or payment shall be at replacement cost, or, if required by law, at actual cost, or at any other price authorized by law and agreed to by the owning or disposing agency. The amount of any such reimbursement or payment shall be credited to current applicable appropriations, funds, or accounts from which there may be procured replacements of similar commodities, services, or facilities, except that where such appropriations, funds, or accounts are not reimbursable except by reason of this subsection, and when the owning or disposing agency determines that such replacement is not necessary, any funds received in payment therefor shall be covered into the Treasury as miscellaneous receipts.

REPORTS

SEC. 11.⁴⁵ The President shall transmit to the Congress, at least once in each fiscal year, a report on operations under this Act.

PEACE CORPS NATIONAL ADVISORY COUNCIL

SEC. 12.⁴⁶ (a) The President may appoint to membership in a board to be known as the Peace Corps National Advisory Council twenty-five persons who are broadly representative of educational institutions, voluntary agencies, farm organizations, and labor unions, and other public and private organizations and groups as well as individuals interested in the programs and objectives of the Peace Corps, to advise and consult with the President with regard to policies and programs designed to further the purposes of this Act.

(b) Members of the Council shall serve at the pleasure of the President and meet at his call. They shall receive no compensation for their services, but members who are not officers or employees of the United States Government may each receive out of funds made available for the purposes of this Act a per diem allowance of \$50 for each

⁴⁵ 22 U.S.C. § 2510.
⁴⁶ 22 U.S.C. § 2511.

day, not to exceed twenty days in any fiscal year in the case of any such member, spent away from his home or regular place of business for the purpose of attendance at meetings or conferences and in necessary travel, and while so engaged may be paid actual travel expenses and per diem in lieu of subsistence and other expenses, at the applicable rate prescribed by the Standardized Government Travel Regulations, as amended from time to time.

EXPERTS AND CONSULTANTS

SEC. 13.⁴⁷ (a) Experts and consultants or organizations thereof may, as authorized by section 15 of the Act of August 2, 1946, as amended (5 U.S.C. 55a), be employed by the President⁴⁸ for the performance of functions under this Act, and individuals so employed may be compensated at rates not in excess of \$75 per diem, and while away from their homes or regular places of business, they may be paid actual travel expenses and per diem in lieu of subsistence and other expenses at the applicable rate prescribed in the Standardized Government Travel Regulations, as amended from time to time, while so employed: *Provided*, That contracts for such employment may be renewed annually.

(b) Service of an individual as a member of the Council authorized to be established by section 12 of this Act or as an expert or consultant under subsection (a) of this section shall not⁴⁹ be considered as employment or holding of office or position bringing such individual within the provisions of section 13 of the Civil Service Retirement Act, as amended (5 U.S.C. 2263),⁵⁰ section 872 of the Foreign Service Act of 1946, as amended, or any other law limiting the reemployment of retired officers or employees or governing the simultaneous receipt of compensation and retired pay or annuities, subject to section 201 of the Dual Compensation Act.⁵²

DETAIL OF PERSONNEL TO FOREIGN GOVERNMENTS AND INTERNATIONAL ORGANIZATIONS

SEC. 14.⁵³ (a) In furtherance of the purposes of this Act, the head of any agency of the United States Government is authorized to detail, assign, or otherwise make available any officer or employee of his agency (1) to serve with, or as a member of, the international

⁴⁷ 22 U.S.C. § 2512.

⁴⁸ Sec. 6(a) of P.L. 88-200 substituted "President" for "Peace Corps".

⁴⁹ The words which formerly appeared at this point were struck out by Sec. 6(b) of P.L. 88-200. They read as follows: "be considered as service or employment bringing such individual within the provisions of section 281, 283, or 284 of title 18 of the United States Code, or of Section 190 of the Revised Statutes (5 U.S.C. 99), or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of service, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States Government, except insofar as such provisions of law may prohibit any such individual from receiving compensation in respect of any particular matter in which such individual was directly involved in the performance of such service; nor shall such service".

These words were struck out to reflect the general repeal of all special exemptions from the conflict-of-interest statutes for government employees which was effected by Sec. 2 of P.L. 87-849.

⁵⁰ Sec. 401(c)(1) of the Dual Compensation Act (P.L. 88-448) struck out the words "section 212 of the Act of June 30, 1932, as amended (5 U.S.C. 59a)," which appeared at this point.

⁵¹ The words "subject to section 201 of the Dual Compensation Act" were added by Sec. 401(c)(2) of the Dual Compensation Act (P.L. 88-448).

⁵² 22 U.S.C. § 2513.

staff of any international organization, or (2) to any office or position to which no compensation is attached with any foreign government or agency thereof: *Provided*, That such acceptance of such office or position shall in no case involve the taking of an oath of allegiance to another government.

(b) Any such officer or employee, while so detailed or assigned, shall be considered, for the purpose of preserving his allowances, privileges, rights, seniority, and other benefits as such, an officer or employee of the United States Government and of the agency of the United States Government from which detailed or assigned, and he shall continue to receive compensation, allowances, and benefits from funds authorized by this Act. He may also receive, under such regulations as the President may prescribe, representation allowances similar to those allowed under section 901 of the Foreign Service Act of 1946 (22 U.S.C. 1131). The authorization of such allowances and other benefits, and the payment thereof out of any appropriations available therefor, shall be considered as meeting all of the requirements of section 1765 of the Revised Statutes (5 U.S.C. 70).

(c) Details or assignments may be made under this section—

(1) without reimbursement to the United States Government, by the international organization or foreign government;

(2) upon agreement by the international organization or foreign government to reimburse the United States Government for compensation, travel expenses, and allowances, or any part thereof, payable to such officer or employee during the period of assignment or detail in accordance with subsection (b) of this section; and such reimbursement shall be credited to the appropriation, fund, or account utilized for paying such compensation, travel expenses, or allowances, or to the appropriation, fund, or account currently available for such purpose; or

(3) upon an advance of funds, property or services to the United States Government accepted with the approval of the President for specified uses in furtherance of the purposes of this Act; and funds so advanced may be established as a separate fund in the Treasury of the United States Government, to be available for the specified uses, and to be used for reimbursement of appropriations or direct expenditure subject to the provisions of this Act, any unexpended balance of such account to be returned to the foreign government or international organization.

UTILIZATION OF FUNDS

SEC. 15.⁵⁵ (a) Funds made available for the purposes of this Act may be used for compensation, allowances and travel of employees, including Foreign Service personnel whose services are utilized primarily for the purposes of this Act, for printing and binding without regard to the provisions of any other law, and for expenditures outside the United States for the procurement of supplies and services and for other administrative and operating purposes (other than compensation of employees) without regard to such laws and regulations

⁵⁵ 22 U.S.C. § 2514.

governing the obligation and expenditure of Government funds as may be necessary to accomplish the purposes of this Act.

(b) Funds made available for the purposes of this Act may be used to pay expenses in connection with travel abroad of employees and, to the extent otherwise authorized by this Act, of volunteers, including travel expenses of dependents (including expenses during necessary stopovers while engaged in such travel), and transportation of personal effects, household goods, and automobiles when any part of such travel or transportation begins in one fiscal year pursuant to travel orders issued in that fiscal year, notwithstanding the fact that such travel or transportation may not be completed during the same fiscal year, and cost of transporting to and from a place of storage, and the cost of storing automobiles of employees when it is in the public interest or more economical to authorize storage.

(c) Funds available under this Act may be used to pay costs of training employees employed or assigned pursuant to section 7(a)(2)⁵⁶ of this Act (through interchange or otherwise) at any State or local unit of government, public or private nonprofit institution, trade, labor, agricultural, or scientific association or organization, or commercial firm; and the provisions of Public Law 84-918 (7 U.S.C. 1881 et seq.) may be used to carry out the foregoing authority notwithstanding that interchange of personnel may not be involved or that the training may not take place at the institutions specified in that Act. Any⁵⁷ payments or contributions in connection therewith may, as deemed appropriate by the head of the agency of the United States Government authorizing such training, be made by private or public sources and be accepted by any trainee, or may be accepted by and credited to the current applicable appropriation of such agency: *Provided, however,* That any such payments to an employee in the nature of compensation shall be in lieu, or in reduction, of compensation received from the United States Government.

(d) Funds available for the purposes of this Act shall be available for—

(1) rent of buildings and space in buildings in the United States, and for repair, alteration, and improvement of such leased properties;

(2) expenses of attendance at meetings concerned with the purposes of this Act, including (notwithstanding the provisions of section 9 of Public Law 60-328 (31 U.S.C. 673)) expenses in connection with meetings of persons whose employment is authorized by section 13(a) of this Act;

(3) rental and hire of aircraft;

(4) purchase and hire of passenger motor vehicles: *Provided,* That, except as may otherwise be provided in an appropriation or other Act, passenger motor vehicles for administrative purposes abroad may be purchased for replacement only, and such vehicles may be exchanged or sold and replaced by an equal number of such vehicles, and the cost, including exchange allowance, of each such replacement shall not exceed \$2,500 in the case of an automobile for any Peace Corps country representative appointed un-

⁵⁶ Sec. 3(a) of P.L. 89-372 substituted "7(a)(2)" for "7(c)(2)".

⁵⁷ Sec. 7 of P.L. 89-154 substituted the word "Any" for the words "Such training shall not be considered employment or holding of office under section 2 of the Act of July 31, 1894, as amended (5 U.S.C. 62), and any".

der section 7(c)⁵⁸: *Provided further*, That passenger motor vehicles may be purchased for use in the United States only as may be specifically provided in an appropriation or other Act; ⁵⁹

(5) entertainment (not to exceed \$5,000 in any fiscal year except as may otherwise be provided in an appropriation or other Act);

(6) exchange of funds without regard to section 3561 of the Revised Statutes (31 U.S.C. 543) and loss by exchange;

(7) expenditures (not to exceed \$5,000 in any fiscal year except as may be otherwise provided in an appropriation or other Act) not otherwise authorized by law to meet unforeseen emergencies or contingencies arising in the Peace Corps: *Provided*, That a certificate of the amount only of each such expenditure and that such expenditure was necessary to meet an unforeseen emergency or contingency, made by the Director of the Peace Corps or his designee, shall be deemed a sufficient voucher for the amount therein specified;

(8) insurance of official motor vehicles acquired for use abroad;

(9) rent or lease abroad for not to exceed five years of offices, health facilities, buildings, grounds, and living quarters, and payments therefor in advance; maintenance, furnishings, necessary repairs, improvements, and alterations to properties owned or rented by the United States Government or made available for its use abroad; and costs of fuel, water, and utilities for such properties;

(10) expenses of preparing and transporting to their former homes, or, with respect to foreign participants engaged in activities under this Act, to their former homes or places of burial, and of care and disposition of, the remains of persons or members of the families of persons who may die while such persons are away from their homes participating in activities under this Act;

(11) use in accordance with authorities of the Foreign Service Act of 1946, as amended (22 U.S.C. 801 et seq.), not otherwise provided for; and

(12) ice and drinking water for use abroad.

APPOINTMENT OF PERSONS SERVING UNDER PRIOR LAW

SEC. 16.⁶¹ * * * [Repealed—1966]

USE OF FOREIGN CURRENCIES

SEC. 17.⁶² Whenever possible, expenditures incurred in carrying out functions under this Act shall be paid for in such currency of the country or area where the expense is incurred as may be available to the United States.

⁵⁸ Sec. 3(b) of P.L. 89-572 substituted "7(c)" for "7(e)".

⁵⁹ See also Title II, FA Appropriation Act, 1967.

⁶¹ Sec. 5(a) of P.L. 89-572 repealed former section 16 (75 Stat. 622 (1961)), which related to appointments of persons serving under prior law.

⁶² 22 U.S.C. § 2516.

APPLICABILITY OF MUTUAL DEFENSE ASSISTANCE CONTROL ACT

SEC. 18.⁶³ The Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611 et seq.) shall apply with respect to functions carried out under this Act except in cases where the President shall determine that such application would be detrimental to the interests of the United States.

EXCLUSIVE RIGHT TO SEAL AND NAME⁶⁵

SEC. 19.⁶⁶ (a) ⁶⁵ The President may adopt, alter, and use an official seal or emblem of the Peace Corps of such design as he shall determine which shall be judicially noticed.

(b) ⁶⁵ (1) The use of the official seal or emblem and the use of the name "Peace Corps" shall be restricted exclusively to designate programs authorized under this Act.

(2) Whoever, whether an individual, partnership, corporation, or association, uses the seal for which provision is made in this section, or any sign, insignia, or symbol in colorable imitation thereof, or the words "Peace Corps" or any combination of these or other words or characters in colorable imitation thereof, other than to designate programs authorized under this Act, shall be fined not more than \$500 or imprisoned not more than six months, or both. A violation of this subsection may be enjoined at the suit of the Attorney General, United States attorneys, or other persons duly authorized to represent the United States.

MORATORIUM ON STUDENT LOANS

SEC. 20.⁶⁷ * * * [Repealed—1966]

AMENDMENT TO CIVIL SERVICE RETIREMENT ACT

SEC. 21.⁶⁸ * * * [Repealed—1966]

SECURITY INVESTIGATIONS

SEC. 22.⁶⁹ All persons employed or assigned to duties under this Act shall be investigated to insure that the employment or assignment is consistent with the national interest in accordance with standards and procedures established by the President. If an investigation made pursuant to this section develops any data reflecting that the person who is the subject of the investigation is of questionable loyalty or is a

⁶³ 22 U.S.C. § 2517.

⁶⁵ Sec. 7 of P.L. 88-200 substituted the title "EXCLUSIVE RIGHT TO SEAL AND NAME" in lieu of the title "SEAL"; added subsection designation "(a)" and subsection (b).

⁶⁶ 22 U.S.C. § 2518.

⁶⁷ Sec. 5(a) of P.L. 89-572 repealed former section 20 (75 Stat. 623 (1961)), which related to the moratorium on student loans. Such repeal, by virtue of Sec. 5(b) of P.L. 89-572, does not affect the amendment of section 205 of the National Defense Education Act of 1958 (20 U.S.C. § 425) contained in the former section 20.

⁶⁸ Sec. 5(a) of P.L. 89-572 repealed former Section 21 (75 Stat. 623 (1961)), which related to amendment to the Civil Service Retirement Act. Such repeal, by virtue of Sec. 5(b) of P.L. 89-572, does not affect the amendment of subsection (1) of section 3 of the Civil Service Retirement Act, as amended (5 U.S.C. § 2233), contained in the former Section 21.

⁶⁹ 22 U.S.C. § 2519.

questionable security risk, the investigating agency shall refer the matter to the Federal Bureau of Investigation for the conduct of a full field investigation. The results of that full field investigation shall be furnished to the initial investigating agency, and to the agency by which the subject person is employed, for information and appropriate action. Volunteers shall be deemed employees of the United States Government for the purpose of this section.

UNIVERSAL MILITARY TRAINING AND SERVICE ACT

SEC. 23.⁷⁰ Notwithstanding the provisions of any other law or regulation, service in the Peace Corps as a volunteer shall not in any way exempt such volunteer from the performance of any obligations or duties under the provisions of the Universal Military Training and Service Act.⁷¹

FOREIGN LANGUAGE PROFICIENCY

SEC. 24.⁷² No person shall be assigned to duty as a volunteer under this Act in any foreign country or area unless at the time of such assignment he possesses such reasonable proficiency as his assignment requires in speaking the language of the country or area to which he is assigned.

DEFINITIONS

SEC. 25.⁷³ (a) The term "abroad" means any area outside the United States.

(b) The term "United States" means the several States⁷⁴ and the District of Columbia.

(c) The term "function" includes any duty, obligation, right, power, authority, responsibility, privilege, discretion, activity, and program.

(d) The term "health care" includes all appropriate examinations, preventive, curative, and restorative health and medical care, and supplementary services when necessary.

(e) For the purposes of this or any other Act, the period of any individual's service as a volunteer under this Act shall include—

(i) except for the purposes of section 5(f) of this Act, any period of training under section 8(a) prior to enrollment as a volunteer under this Act; and

(ii) the period between enrollment as a volunteer and the termination of service as such volunteer by the President or by death or resignation.

(f) The term "United States Government agency" includes any department, board, wholly or partly owned corporation, or instrumentality, commission, or establishment of the United States Government.

(g) The word "transportation" in sections 5(b) and 6(2) includes transportation of not to exceed three hundred pounds per person of unaccompanied necessary personal and household effects.

⁷⁰ 22 U.S.C. § 2520.

⁷¹ 50 U.S.C. app. § 451 et seq.

⁷² 22 U.S.C. § 2521.

⁷³ 22 U.S.C. § 2522.

⁷⁴ The words "and territories" which appeared at this point were struck out by Sec. 4 of P.L. 89-372.

CONSTRUCTION

SEC. 26.¹⁵ If any provision of this Act or the application of any provision to any circumstances or persons shall be held invalid, the validity of the remainder of this Act and the applicability of such provision to other circumstances or persons shall not be affected thereby.

EFFECTIVE DATE

SEC. 27.¹⁶ This Act shall take effect on the date of its enactment.

TITLE II—AMENDMENT OF INTERNAL REVENUE CODE AND SOCIAL SECURITY ACT

TAXATION OF ALLOWANCES

SEC. 201.¹⁷ * * * [Repealed—1966]

SOCIAL SECURITY COVERAGE

SEC. 202.¹⁸ * * * [Repealed—1966]

TITLE III—ENCOURAGEMENT OF VOLUNTARY SERVICE PROGRAMS¹⁹

SEC. 301.²⁰ (a) The Congress declares that it is the policy of the United States and a further purpose of this Act to encourage countries and areas to establish programs under which their citizens and nationals would volunteer to serve in order to help meet the needs of less developed countries or areas for trained manpower, and to encourage less developed countries or areas to establish programs under which their citizens and nationals would volunteer to serve in order to meet their needs for trained manpower.

(b) Not more than \$300,000 may be used to carry out the purposes of this title in fiscal year 1964. Activities carried out by the President in furtherance of the purposes of this title shall be limited to the furnishing of knowledge and skills relating to the selection, training, and programing of volunteer manpower. None of the funds available to carry out the purposes of this Act which are used in furtherance of the purposes of this title may be contributed to any international organization or to any foreign government or agency thereof; nor may such funds be used to pay the costs of developing or operating volunteer programs of such organization, government, or agency, or to pay any other costs of such organization, government, or agency.

(c) Such activities shall not compromise the national character of the Peace Corps.

¹⁵ 22 U.S.C. § 2523.

¹⁶ 22 U.S.C. § 2501 note.

¹⁷ Sec. 5 (a) of P.L. 89-572 repealed all of former section 201 (75 Stat. 625 (1961)), which related to taxation of allowances, except former subsection (b) which was repealed by Sec. 232 of P.L. 88-272, Revenue Act of 1964. The repeal made by Sec. 5(a) of P.L. 89-572, by virtue of Sec. 5(b) thereof, does not affect the amendments of sections 912 and 3401(a) of the Internal Revenue Code of 1954 contained in the former section 201.

¹⁸ Sec. 5(a) of P.L. 89-572 repealed former section 202 (75 Stat. 626 (1961)), which related to Social Security coverage. Such repeal, by virtue of Sec. 5(b) of P.L. 89-572, does not affect the amendments of sections 3121, 3122 and 6051(a) of the Internal Revenue Code of 1954 and the amendments of sections 210, 209, 203(p)(1) of the Social Security Act (42 U.S.C. § 301) contained in the former section 202.

¹⁹ Title III was added by Sec. 8 of P.L. 88-200.

²⁰ 22 U.S.C. § 2501a.

Executive Order No. 11269

Text of Executive Order No. 11269, February 14, 1966, 31 F.R. 2813

NATIONAL ADVISORY COUNCIL ON INTERNATIONAL MONETARY AND FINANCIAL POLICIES

By virtue of the authority vested in me by Reorganization Plan No. 4 of 1965 (30 F.R. 9853), and as President of the United States, it is ordered as follows:

SECTION 1. *Establishment of Council.* (a) There is hereby established the National Advisory Council on International Monetary and Financial Policies, hereinafter referred to as the Council.

(b) The Council shall be composed of the following members: the Secretary of the Treasury, who shall be the chairman of the Council, the Secretary of State, the Secretary of Commerce, the Chairman of the Board of Governors of the Federal Reserve System, and the President of the Export-Import Bank of Washington.

(c) Whenever matters within the jurisdiction of the Council may be of interest to Federal agencies not represented on the Council under Section 1(b) of this order, the Chairman of the Council may consult with such agencies and may invite them to designate representatives to participate in meetings and deliberations of the Council.

SEC. 2. *Functions of the Council.* (a) Exclusive of the functions delegated by the provisions of Section 3, below, and subject to the limitations contained in subsection (b) of this Section, all of the functions which are now vested in the President in consequence of their transfer to him effected by the provisions of Section 1(b) of Reorganization Plan No. 4 of 1965 are hereby delegated to the Council.

(b) The functions under Sections 4(a) and 4(b)(3) of the Bretton Woods Agreements Act, including those made applicable to the International Finance Corporation, the Inter-American Development Bank, and the International Development Association (22 U.S.C. 286b(a) and (b)(3); 282b; 283b; 284b), to the extent that such functions consist of coordination of policies, are hereby delegated to the Council. The functions so delegated shall be deemed to include the authority to review proposed individual loan, financial, exchange, or monetary transactions to the extent necessary or desirable to effectuate the coordination of policies.

SEC. 3. *Functions of the Secretary of the Treasury.* (a) Functions which are now vested in the President in consequence of their transfer to him effected by the provisions of Section 1(b) of Reorganization Plan No. 4 of 1965 are hereby delegated to the Secretary of the Treasury to the extent of the following:

(1) Authority to instruct representatives of the United States to international financial organizations.

(2) Authority provided for in Section 4(b)(4) of the Bretton Woods Agreements Act (22 U.S.C. 286b(b)(4)).

(b) In carrying out the functions delegated to him by subsection (a) of this Section the Secretary shall consult with the Council.

(c) Nothing in this order shall be deemed to derogate from the responsibilities of the Secretary of State with respect to the foreign policy of the United States.

SEC. 4. Information. (a) All agencies and officers of the Government, including representatives of the United States to international financial organizations, (1) shall keep the Council or the Secretary of the Treasury, as the case may be, fully informed concerning the foreign loan, financial, exchange, and monetary transactions in which they engage or may engage or with respect to which they have other responsibility, and (2) shall provide the Council and the Secretary with such further information or data in their possession as the Council or the Secretary, as the case may, may deem necessary to the appropriate discharge of the responsibilities of the Council and Secretary under Sections 2 and 3 of this order, respectively.

(b) The Council shall from time to time transmit to all appropriate agencies and officers of the Government statements of the policies of the Council under this order and such other information relating to the above-mentioned transactions or to the functions of the Council hereunder as the Council shall deem desirable.

SEC. 5. Executive Order No. 10033. Section 2(a) of Executive Order No. 10033 of February 8, 1949, is hereby amended by substituting for the name "National Advisory Council on International Monetary and Financial Problems" the following: "National Advisory Council on International Monetary and Financial Policies."

SEC. 6. Effective date. The provisions of this order shall be effective as of January 1, 1966.

LYNDON B. JOHNSON.

THE WHITE HOUSE, February 14, 1966.

Executive Order No. 10900, as Amended

Text of Executive Order No. 10900, January 5, 1961, 25 F.R. 143, 3 CFR, 1959-1963 Comp., p. 429, as amended by Executive Order No. 10915, January 24, 1961, 26 F.R. 871, 3 CFR, 1959-1963 Comp., p. 444, Executive Order No. 10972, November 3, 1961, 26 F.R. 10469, 3 CFR, 1959-1963 Comp., p. 492, Executive Order No. 11036, July 11, 1962, 27 F.R. 6653, 3 CFR, 1959-1963 Comp., p. 620, and Executive Order No. 11051, September 27, 1962, 27 F.R. 9683, 3 CFR, 1959-1963 Comp., p. 635

ADMINISTRATION OF THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954, AS AMENDED

By virtue of the authority vested in me by section 301 of title 3 of the United States Code, and as President of the United States, it is ordered as follows:

SECTION 1. DEPARTMENT OF AGRICULTURE.—(a) Except as otherwise provided in this order, the functions conferred upon the President by Titles I and IV of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691-1694; 1731-1736) are hereby delegated to the Secretary of Agriculture.

(b) The administration on behalf of the United States of the credit provisions of agreements entered into pursuant to Title IV of the Act (including the receiving of payments under agreements) shall be performed by such Federal agency or agencies as shall hereafter be designated therefor by the President.

(c) The Department of Agriculture shall transmit to the Senate and House of Representatives of the United States and to the Committees on Agriculture and Appropriations thereof the reports required by the provisions of paragraph (5) of the act of August 13, 1957, 71 Stat. 345 (7 U.S.C. 1704a).

SEC. 2. DEPARTMENT OF STATE.—ADMINISTRATION OF TITLE II.—The functions conferred upon the President by Title II of the Act (7 U.S.C. 1701-1709) are hereby delegated to the Secretary of State.

SEC. 3. DEPARTMENT OF STATE—OTHER FUNCTIONS.—(a) The functions of negotiating and entering into agreements with friendly nations or organizations of friendly nations conferred upon the President by the Act are hereby delegated to the Secretary of State.

(b) All functions under the Act, however vested, delegated or assigned shall be subject to the responsibilities of the Secretary of State with respect to the foreign policy of the United States as such policy relates to such functions.

(c) The provisions of Part II of Executive Order No. 10893 of November 8, 1960, are hereby extended and made applicable to the functions provided for in the Act and to United States agencies and personnel concerned with the administration abroad of such functions.

NOTE.—This Executive order pertains to the Agricultural Trade Development and Assistance Act of 1954, as amended, but does not relate to the amendments made by the Food for Peace Act of 1966.

SEC. 4. FOREIGN CURRENCIES.—(a) (1)⁴ Foreign currencies which accrue under title I of the Act may be used for the purposes set forth in Section 104 of the Act in amounts consonant with applicable provisions of law and of sales agreements and loan agreements. Except as may be inconsistent with such law or agreements, priority shall be accorded to the sale of such currencies to appropriations or to their sale otherwise for dollars. To such extent as he may deem necessary, the Director of the Bureau of the Budget shall fix the amounts of such currencies to be used for the purposes set forth in Section 104. The Director shall notify the Secretary of the Treasury with respect to any amounts so fixed.

(2) The function conferred upon the President by the penultimate proviso of Section 104 of the Act of waiving the applicability of Section 1415 of the Supplemental Appropriation Act, 1953 (31 U.S.C. 724)⁵ is hereby delegated to the Secretary of State in respect of Section 104(e) of the Act and to the Director of the Bureau of the Budget in all other respects.

(b) The Secretary of the Treasury is hereby authorized to prescribe regulations governing the purchase, custody, deposit, transfer, and sale of foreign currencies received under the Act.

(c) The foregoing provisions of this section shall not be deemed to limit section 3 of this order, and the provisions of subsection (b) of this section shall not be deemed to limit subsection (a) thereof.

(d) The purposes described in the lettered paragraphs of section 104 of the Act (7 U.S.C. 1704) shall be carried out, with foreign currencies made available in consonance with law and the provisions of this order, as follows:

(1) Those under section 104(a) of the Act by the Department of Agriculture.

(2)⁷ Those under section 104(b) of the Act by the Office of Emergency Planning.⁸ The function conferred upon the Presi-

⁴Executive Order 11036 substituted new language for Section 4(a), which formerly read as follows:

"SEC. 4. FOREIGN CURRENCIES. (a) (1) The amounts of foreign currencies which accrue under Title I of the Act to be used for the loans described in section 104(g) of the Act, and the amounts of such currencies to be used for loans by the Export-Import Bank pursuant to section 4(d)(5) of this order, shall be the amounts thereof specified, or shall be the amounts thereof corresponding to the dollar amounts specified for such loans in sales agreements entered into pursuant to section 3(a) of this order. The Department of State may allocate or transfer to the Development Loan Fund foreign currencies to be used for loans made by the latter under section 104(g) of the Act in pursuance of section 4(d)(7)(i) hereof.

(2) Except as otherwise provided in section 4(a)(1) hereof and except as otherwise required by law (74 Stat. 233-238; section 104(h) of the Act), and, if applicable, within the amounts purchasable with the several appropriations, the Director of the Bureau of the Budget shall from time to time fix amounts of foreign currencies which accrue under Title I of the Act to be used for the purposes described in the respective lettered paragraph of section 104 of the Act. To the extent necessary, the Director of the Bureau of the Budget shall allocate among the Government agencies concerned the amounts of foreign currencies so fixed.

(3) The function conferred upon the President by the penultimate proviso of section 104 of the Act of waiving the applicability of section 1415 of the Supplemental Appropriation Act 1953 (31 U.S.C. 724), is hereby delegated to the Director of the Bureau of the Budget."

⁷Sec. 402 of E.O. 11031, relating to Supplemental stockpile, provides: "The Director, under authority of the provisions of Sec. 4(d)(2) of Executive Order No. 10900 of January 6, 1961, shall determine from time to time the materials to be contracted for or purchased for a supplemental stockpile with foreign currencies pursuant to the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1704(b))."

⁸Sec. 601 of E.O. 11031 substituted the words "Office of Emergency Planning" and "Director of the Office of Emergency Planning" for "Office of Civil and Defense Mobilization" and "Director of the Office of Civil and Defense Mobilization", respectively.

dent by that section of determining, from time to time, materials to be contracted for or to be purchased for a supplemental stockpile is hereby delegated to the Director of the Office of Emergency Planning.⁸

(3) Those under section 104(c) of the Act by the Department of Defense or the Department of State, as those agencies shall agree, or in the absence of agreements, as the Director of the Bureau of the Budget shall determine.

(4) Those under sections 104(d) and 104(e) of the Act by the Department of State.⁹

(5)¹⁰ Those under Section 104(s) of the Act by the Department of the Treasury in consultation with the Department of State. The function conferred upon the President by section 104(s) of the Act of prescribing terms and conditions is hereby delegated to the Secretary of the Treasury and shall be performed by him in consultation with the Secretary of State.

(6) Those under section 104(f) of the Act by the respective agencies of the Government having authority to pay United States obligations abroad.

(7)¹¹ Those under section 104(g) of the Act by the Department of State. The function conferred upon the President by section 104(g) of the Act of determining the manner in which the loans provided for in that section shall be made is hereby delegated to the Secretary of State.

(8) Those under sections 104(h), 104(o), 104(p), and 104(q) of the Act by the Department of State.

(9) Those under sections 104(i) and 104(m) of the Act by the United States Information Agency.

(10) Those under section 104(j) of the Act by the Department of State and by the United States Information Agency in accordance with the division of responsibilities for the administration of the United States Information and Educational Exchange Act of 1948 (62 Stat. 6) provided by Reorganization Plan No. 8 of 1953 (67 Stat. 642) and Executive Order No. 10477 of August 1, 1953, and by subsequent agreement between the Department of State and the United States Information Agency.

(11) Those under section 104(k) of the Act as follows: (i) Those with respect to collecting, collating, translating, abstracting, and disseminating scientific and technological information by

⁸ The words "except to the extent that section 104(e) pertains to the loans referred to in subsection (d)(5) of this section" which appeared at this point were deleted by E.O. 10972.

⁹ Paragraph (5) was added by E.O. 11036. Former paragraph 5, which was deleted by E.O. 70972, read as follows: "Those under section 104(e) of the Act by the Export-Import Bank of Washington to the extent that section 104(e) pertains to loans governed by that portion of such section added by the Act of August 13, 1957, 71 Stat. 345."

¹⁰ Executive Order 11036 substituted new language for subsection 4(d)(7), which formerly read as follows:

"(7)(i) Those under section 104(g) of the Act by the Department of State and by the Development Loan Fund, as they shall agree. (ii) The function conferred upon the President by section 104(g) of the Act of determining the manner in which the loans provided for in section 104(g) shall be made is hereby delegated to the Secretary of State with respect to loans made by the Department of State pursuant to the assignment of purposes effected under item (i) of this paragraph, and to the Development Loan Fund with respect to loans made by the Development Loan Fund pursuant to such assignment of purposes. (iii) As used herein, the term 'Development Loan Fund' means the Managing Director of the Development Loan Fund, acting subject to the immediate supervision and direction of the board of directors of the Development Loan Fund; but, notwithstanding the foregoing, the Development Loan Fund, with respect to this order, shall be subject to the supervision and direction of the Secretary of State."

the Director of the National Science Foundation and such other agency or agencies as the Director of the Bureau of the Budget, after appropriate consultation may designate. (ii) Those with respect to programs of cultural and educational development, health, nutrition, and sanitation by the Department of State, (iii) All others by such agency or agencies as the Director of the Bureau of the Budget, after appropriate consultation, may designate. As used in this paragraph the term "appropriate consultation" shall include consultation with the Secretary of State, the Director of the National Science Foundation, and any other appropriate Federal agency.

(12) Those under section 104(l) of the Act by the Department of State and by any other agency or agencies designated therefor by the Secretary of State.

(13) Those under section 104(a) of the Act by the Librarian of Congress.

(14) Those under section 104(r) of the Act by the Department of State and by the United States Information Agency, as they shall agree.

(e) In negotiating international agreements in pursuance of the Act, the Secretary of State shall endeavor to avoid restrictions which would limit the application of normal budgetary and appropriation controls to the use of those foreign currencies accruing under Title I of the Act which are to be available for operations of United States Government agencies.

SEC. 5. RESERVATION OF FUNCTIONS TO THE PRESIDENT.—There are hereby reserved to the President the functions conferred upon him by section 108 of the Act (including that section as affected by section 406 of the Act) with respect to making reports to Congress.

SEC. 6.¹² DIRECTOR OF THE FOOD-FOR-PEACE PROGRAM.—Subject to the direction of the President, the Director of the Food-for-Peace Program (provided for in a letter of the President bearing the same date as this order) shall be responsible for the continuous supervision and coordination of the functions hereinabove delegated or otherwise assigned to officers or agencies of the Government. The foregoing provisions of this section shall not be construed as terminating any delegation or other assignment of function made by other sections of this order.

SEC. 7. DEFINITION; REFERENCES.—(a) As used in this order, the term "Act" and the term "Agricultural Trade Development and Assistance Act of 1954" means the Agricultural Trade Development and Assistance Act of 1954 (68 Stat. 474) as amended from time to time, and include, except as may be inappropriate, provisions thereof amending other laws.

(b) References in any prior order not superseded by this order to any provisions of any Executive order superseded by this order shall hereafter be deemed to be references to the corresponding provisions, if any, of this order.

(c) References in this order or in any other Executive order to this order or any provision of this order shall be deemed to include references thereto, respectively, as amended from time to time.

¹² Section 6 added by Sec. 1 of E.O. 10915.

SEC. 8. SUPERSEDING AND SAVING PROVISIONS.—(a) To the extent not heretofore superseded, the following-described orders and parts of orders are hereby superseded :

- (1) Executive Order No. 10560 of September 9, 1954.
- (2) Executive Order No. 10685 of October 27, 1956.
- (3) Executive Order No. 10708 of May 6, 1957.
- (4) Executive Order No. 10746 of December 12, 1957.
- (5) Sections 1 and 2 of Executive Order No. 10799 of January 15, 1959.
- (6) Executive Order No. 10827 of June 25, 1959.
- (7) Executive Order No. 10884 of August 17, 1960.
- (8) Without prejudice to section 3(c) of this order, the text enclosed in parentheses in section 304(a) (2) of Executive Order No. 10893 of November 8, 1960.

(b) Except to the extent that they may be inconsistent with this order, all determinations, authorizations, regulations, rulings, certificates, orders, directives, contracts, agreements, and other actions made, issued, or entered into with respect to any functions affected by this order and not revoked, superseded, or otherwise made inapplicable before the date of this order, shall continue in full force and effect until amended, modified, or terminated by appropriate authority.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, January 5, 1961.

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Appendix D

**SOURCES FROM WHICH ADDITIONAL DATA MAY
BE OBTAINED, WITH ANNOTATIONS**

General	580
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GENERAL

There are many publications on most facets of international economic and US military assistance. However, there is no known publication that contains detailed data on all the programs and agencies described in this paper.

MULTILATERAL AGENCIES

International Banks

Each international bank described in Chap. 2, including the IMF, issues an annual report that is obtainable without charge from the bank (see fact sheets for addresses). These reports usually include an economic analysis of the area concerned, and cumulative data as well as data for the year covered in the report is often included. The report of the CABEL is published in Spanish.

The World Bank Group (IBRD, IFC, and IDA), 1818 H Street N. W., Washington, D. C. 20433, publishes the documents listed below, which are available at no charge:

Summary Proceedings of Annual Meetings

Published following the joint annual meeting of the boards of governors of the World Bank, IFC, and IDA held in September. The summary proceedings of all three agencies are combined in one publication.

Financial Statements

A quarterly statement of the World Bank's financial position, balance sheet, comparative statement of income and expenses, summary statement of loans, and funded debt.

Facts about the World Bank and IDA

Mimeographed sheet summarizing from the beginning of operations: (a) number of bank loans and IDA credits with total amounts and disbursements, by fiscal year; (b) amount, grouped by purpose; (c) total amount, by fiscal year, of outside participation in bank loans with and without guarantee; (d) bank borrowings, by currency of issue, with totals of number, original amount, outstanding amount, and outstanding issues; and (e) number, total original amount, and total net amount of bank loans and IDA credits in each country, grouped by area. Issued quarterly.

Facts about IFC

Mimeographed sheet summarizing operations; issued quarterly.

Statement of Loans (World Bank)
 Statement of Development Credits (IDA,
 Lists of borrowers, dates, purposes, and amounts from the beginning of operations;
 issued quarterly.
 International Finance Corporation (IFC)
 General policies.
 "Loans at Work"
 A 36-page illustrated booklet.
 World Bank Atlas of per Capita Product and Population
 Second edition November 1966; 16 pages.
 "Some Techniques of Development Lending"
 Credit worthiness and the selection, appraisal, and supervision of projects;
 September 1960.
 "Guidelines Relating to Procurement under World Bank Loans and IDA Credits"
 "Uses of Consultants—by the World Bank and Its Borrowers"
 "Private Development Finance Companies"
 IFC staff report; June 1964.
 "Selected Readings and Source Materials on Economic Development"
 A list of books, articles, and reports recommended as reading material for the
 General Development Course of the Economic Development Institute of the World
 Bank.

The IMF issues certain publications at regular intervals as well as various pamphlets and brochures explaining the basic purposes and activities of the fund. These publications provide a continuous source of statistical and other information on world economic developments and are described below.

Subscriptions and requests for IMF publications should be sent to: The Secretary, International Monetary Fund, 19th & H Streets N. W., Washington, D. C. 20431.

"Annual Report on Exchange Restrictions"

A summary of exchange restrictions maintained by member countries. Free.

"Summary Proceedings of Annual Meetings"

A record of statements made and resolutions passed at the annual meetings of the board of governors. Free.

International Financial Statistics

Published monthly. A standard source for a comprehensive range of money and banking data and related statistics. Annual subscription rate (12 issues and accompanying supplements) is \$10. Single copies: \$1.50. The special rate for university libraries, faculty members, and students is \$3 annually or \$1 a single copy.

Direction of Trade

Published monthly. A continuing series of statistics on the distribution of world trade by countries. Published jointly with the World Bank. Monthly issues and an annual issue are published each year. The monthly issues provide the latest available monthly information on each country's direction of trade with comparative data for the preceding year. The annual issue provides full-year data for a number of years and summary tables for various areas of the world. The subscription for 12 monthly issues and 1 annual issue is \$10. Single copies of any monthly issue are \$1 and copies of the annual issue are \$3 each. The special rate for university libraries, faculties, and students is \$3 annually.

Balance of Payments Yearbook

Published by volume in monthly parts. Presents detailed balance-of-payments statistics for more than 75 countries. The yearbooks are published in loose-leaf sections, issued monthly as information becomes available. Price: \$7.50 per volume. The special rate to university libraries, faculty members, and students is \$3 a volume.

Staff Papers

Published by volume, three times a year. Articles and studies on economic subjects prepared by members of the fund's staff. The studies published have dealt with such subjects as balances of payments and exchange rates, monetary systems and analysis, inflation in relation to economic development, national monetary and fiscal policies, and international liquidity. Papers on the fund agreement and bibliographies of publications about the fund have also been published. Summaries in French and Spanish are appended to each article. Each annual volume consists of three numbers, published in March, July, and November. Subscriptions are \$6 per volume, \$2.50 per single copy. The special rate to university libraries, faculty members, and students is \$3 a volume and \$1 a copy.

Finance and Development

Published quarterly. Articles on a wide range of economic and financial topics written by staff members of the IMF and the World Bank. Free.

International Financial News Survey

Published weekly. A digest of economic and financial news extracted from the world's press and other published sources. Free.

The "Annual Report to the President and to the Congress," made by the NAC on International Monetary and Financial Policies contains a comprehensive review of the annual operations of those international banks in which the US participates. Copies may be obtained from the Superintendent of Documents, US Govt Printing Office, Washington, D. C. 20402.

The two documents listed below include data organized by donor agency and recipient country.

"Assistance by Major International Organizations July 1, 1960-June 30, 1966"

Published annually by the ADU. Not available for general distribution. Basic information is covered in "US Overseas Loans and Grants and Assistance from International Organizations" described in a subsequent paragraph.

"Geographical Distribution of Financial Flows to Less Developed Countries (Disbursements) 1960-1964"

This document is described later under "Non-US Bilateral Assistance Programs."

Other Multilateral Agencies

"United States Contribution to International Organizations," the annual report of the Department of State to Congress, includes material on all non-banking multilateral agencies described in this paper. For each agency the report covers origin and development, purpose, membership, budget, contribution or assessment of each member, and statutory authority for US participation. A series of tables containing data on US contributions to international organizations is included. The latest available issue is House Document No. 455, 89th Congress, 2d Session, June 27, 1966. Copies may be requested from the House Document Room, the Capitol, Washington, D. C. 20515.

"Some Multilateral and Regional Organizations Engaged in International Education and Cultural Activities" contains supplementary material describing the programs of multilateral agencies involved in educational and cultural activities. This publication was issued in 1965 by the Department of State, Bureau of Educational and Cultural Affairs, Washington, D. C. 20520.

The UNDP publishes annually "Projects in the Special Fund Sector." This comprehensive report includes data by individual project, country, and region, and indicates the executing agency. The latest issue, Series B, No. 3, is as of

19 January 1967. Copies are available without charge from the United Nations Development Program, New York, N. Y. 10017.

The UN EPTA has published "15 Years and 150,000 Skills." This publication is a review of the first 15 years of the program and includes quantitative data on the program for the period 1950-1964. The publication (Sales No. 65:I.18) is for sale by United Nations Publications, Room 1059, New York, N. Y. 10017. Price: \$2.

In addition, each multilateral agency described in this paper usually publishes an annual report as well as many specialized reports. Annual reports are generally free. Requests for lists of available publications should be sent to the specific agency. Addresses are in the fact sheets at the end of Chap. 2.

US BILATERAL ECONOMIC ASSISTANCE PROGRAMS

The AID publishes the documents listed below. These documents are obtainable without charge, unless otherwise indicated, from Information Staff, AID, Department of State, Washington, D. C. 20523.

"US Overseas Loans and Grants and Assistances from International Organizations"

An annual summary prepared for the House Foreign Affairs Committee. An outstanding source of data that includes, by country and region, loans and grants since 1946 made under the Foreign Assistance Act and its antecedents, PL 480, EXIMBANK long-term loans, MAPs, and other miscellaneous programs. The summary also includes data on assistance received by countries from the World Bank, IDA, IFC, IDB, EIB, EDF, UNSF, UNICEF; the total from other UN specialized agencies; and US contributions and subscriptions to the World Bank, IDA, IFC, IDB, and ADB.

Operations Report

A quarterly and annual statistical report on the activities of the AID. An outstanding source of data that includes regional and country data by appropriation category, program, and project; commodity destinations and sources of procurement; guarantee programs, technical assistance, foreign currency accounts, and operations of PL 480 (Food for Peace Programs).

"US Economic Assistance Programs Administered by AID"

A statistical summary of loans, grants, and repayments under US economic assistance programs administered by AID and predecessor agencies, by country and by year.

"Annual Report of the Foreign Assistance Program for Fiscal Year 1966"

Annual report by the President to the Congress on the activities, developments, and accomplishments of the foreign assistance program. Report for FY66 is the latest published.

"Selected Economic Data for the Less-Developed Countries"

Basic data on population, gross national product, exports, education, etc.

"Estimates of Gross National Product"

Statistics on gross national product, population, and exchange rate per dollar for non-Communist countries.

"Gross National Product Growth Rates and Trend Data"

Tables analyzing changes in total gross national product, per capita gross national product, and population.

"Economic Growth Trends, Latin America, Far East"

Statistical analyses of growth trends using such indicators as gross national product, electric power production, agriculture, industry and mining, exports and imports, world trade, etc.

"AID Projects Committed in FY66"

This annual publication lists and gives the funds obligated during the fiscal year of the report for authorized Development Loans (including Alliance for Progress loans) for projects only. The listing includes obligations of US-owned local currencies (counterpart funds) in dollar equivalents. This publication is prepared by the AID, Statistics and Reports Division. It is not available for general distribution.

"The AID Story"

A concise description of the history, purposes, and operations of AID and its predecessor agencies; what AID is, how it works, and where.

"Principles of Foreign Economic Assistance"

An explanation of the tools of US foreign assistance and the principles governing their use.

"The Alliance for Progress"

The objectives of the Alliance for Progress and the role of American aid.

"Facts about the Foreign Aid Program for FY67"

General statistics and examples of AID projects for the current fiscal year.

"Proposed Economic Assistance Programs FY68"

An annual comprehensive summary presentation to the Congress covering only proposed economic assistance under the Foreign Assistance Act. Comparisons with previous-year programs are included. For sale by the Superintendent of Documents, US Government Printing Office, Washington, D. C. 20402. Price, 75 cents.

The EXIMBANK publishes an annual report describing current and past operations. The report is available from the Superintendent of Documents, US Government Printing Office, Washington, D. C. 20402. Price, \$1.25. A quarterly report is also published describing loans made during the period and changes in programs. This report is obtainable without charge from the Export-Import Bank of Washington, 811 Vermont Avenue N. W., Washington, D. C. 20571.

Other pertinent publications are described below.

"Food for Peace, Annual Report on PL 480"

This report is a comprehensive review of operations under PL 480, prepared at the direction of the Department of State for presentation to the Congress. Detailed data on previous years are not given. Data for previous years are contained in the first two reports listed above under the AID. For sale by the Superintendent of Documents, US Government Printing Office, Washington, D. C. 20402. Price, \$1.25.

"Foreign Grants and Credits by the US Government"

The document recapitulates the US grants, credits, and other assistance to foreign governments and other foreign entities since 1945. This report gives data on collections and outstanding balances. The report is published at irregular intervals by the US Department of Commerce, Office of Business Economics, Washington, D. C. 20230. It is obtainable without charge.

NON-US BILATERAL ECONOMIC ASSISTANCE PROGRAMS

General

The OECD publication, "Geographical Distribution of Financial Flows to Less Developed Countries (Disbursements) 1960-1964," is an excellent source of quantitative data on loans, grants, and credit guarantees of non-US bilateral economic assistance programs. This publication, which includes listings by

recipient countries, is for sale at \$4 by the OECD Publications Center, Suite 1305, 1750 Pennsylvania Avenue N. W., Washington, D. C. 20006. Annual supplements are planned.

UK

Specific questions on British programs may be addressed to the British Information Services, 845 Third Avenue, New York, N. Y. 10022. This office maintains a reference service and has an extensive library. The British Information Services has published a series of pamphlets under the general title "British and the Developing Countries." The publications listed below are available without charge:

"Economic Aid: A Brief Survey (RFP 5762/66)

A broad description of the British organization for economic assistance. Little quantitative data.

"South and South-East Asia" (RFP 5756/66)

Detailed description of programs in the area with a fair amount of quantitative data.

France

Specific questions on French programs may be addressed to the Information and Press Service of France, 972 Fifth Avenue, New York, N. Y. 10021. The publication listed below is available without charge.

"French Economic and Financial Aid to the Developing Countries."

French Affairs, No. 197

A brief review of French programs with some quantitative data through 1964.

Germany

Specific questions on German programs may be addressed to the German Embassy, 4645 Reservoir Road N. W., Washington, D. C. 20007. The publications listed below are available without charge.

"Economic Activity and Foreign Trade." Germany Reports, IV

About one-third of this publication is devoted to a broad description of assistance programs with some quantitative data through 1964.

"Twelve Years of German Development Assistance"

A broad description oriented toward functional and geographical areas and operations of German financial institutions. Published in 1964.

Japan

Specific questions on Japanese programs may be addressed to the Embassy of Japan, 2514 Massachusetts Avenue N. W., Washington, D. C. 20008, or to any consulate general of Japan. "Japan Report," a semimonthly newsletter distributed by the Japan Information Service, Consulate General of Japan, 235 East 42d Street, New York, N. Y. 10017, frequently contains items on

Japanese economic assistance programs. There is no charge for a subscription to "Japan Report."

Soviet Union, East European Bloc, and Communist China

Detailed descriptions and reliable quantitative data on the economic assistance programs of these countries are not readily available. The Embassy of the USSR, 1125 16th Street, N. W., Washington, D. C. 20036, occasionally issues press releases on the programs of the Soviet Union.

The US Department of State, Office of Director of Intelligence and Research, issues a research memorandum entitled, "Communist Governments and Developing Nations: Aid and Trade," at intervals. The latest one published was RSB-50 dated 17 June 1966, which covered the period 1954-1965.

INTERNATIONAL COORDINATING AGENCIES

The organization and operations of the DAC are described in "The OECD at Work," which is obtainable without charge from the OECD Publications Center, Suite 1305, 1750 Pennsylvania Avenue, NW, Washington, D. C. 20006. The DAC issues an annual review, "Development Assistance Effort and Policies." The latest issued is the 1966 review, which is available from the OECD Publication Center. Price: \$2.50.

Consortia and consultative groups do not issue regular reports. Occasional press releases on their activities are issued by the sponsoring agency. These press releases are available by request (see Chap. 5).

Information on the Indus Basin and Nam Ngum Development Fund is obtainable from the World Bank.

Colombo Plan annual reports are issued by the host country sponsoring the annual meeting. Information on these reports as well as miscellaneous publications on various activities conducted under the plan are obtainable from the Colombo Plan Bureau, P. O. Box 596, 12 Melbourne Avenue, Colombo 4, Ceylon. This office also issues a bimonthly general newsletter, The Colombo Plan.

Publications of the UN regional economic councils are described below. Subscriptions and orders should be addressed to UN Publications, Room 1059, New York, N. Y. 10017.

Economic Bulletin for Asia and the Far East

Current information and statistical data. Annual subscription, including an annual survey, is \$4.

"Economic Bulletin for Africa"

Current information and statistical data. Published annually. Price, \$1.50.

"Economic Bulletin for Latin America"

Current information and statistical data. Published annually. Price varies—\$3 for 1963 and \$1.50 for 1964 and 1965.

US MILITARY ASSISTANCE AND SALES PROGRAMS

Detailed data on US military assistance and sales programs are not readily available in the open literature. The first two listings under the AID in

the paragraph, "US Bilateral Economic Assistance Programs," gives summary data by country, region, and worldwide. The documents listed below also contain amplifying quantitative data:

"Information and Guidance on Military Assistance." Tenth edition, 1966

A rather comprehensive description of the operations of the US military assistance and sales program including the roles of the military departments. This is a DOD publication prepared by the Evaluation Division, Directorate of Military Assistance, Deputy Chief of Staff, Systems and Logistics, HQ, USAF. The publication is available without charge from the DOD, Office of the Assistant Secretary of Defense for Public Affairs, Public Inquiry Branch, Washington, D. C. 20301.

"Military Assistance Facts"

A comprehensive summary of the military assistance and sales program that also contains the most extensive quantitative data on the subject available in the open literature. The publication is available without charge as described immediately above.

"Foreign Military Sales, Past and Potential: A 10-Year Program"

A brief description of the scope and organization of the military sales program with some quantitative data. Available without charge from the DOD, Office of International Security Affairs, International Logistics Negotiations, Washington, D. C. 20301.

PRIVATE VOLUNTARY AGENCIES

The documents listed below describe the operations of US private voluntary agencies.

"Overseas Programs of Private Nonprofit American Organizations"

This comprehensive report, published May 1965, was prepared by a Congressional subcommittee. In addition to factual data on the individual organizations, it also contains the results of a questionnaire on relations between the private organizations and government agencies. The report, House Report No. 368, 89th Congress, 1st Session, can be requested from the House Document Room, the Capitol, Washington, D. C. 20515.

"US Nonprofit Organizations on Technical Assistance Abroad"

An excellent compilation prepared by the Technical Assistance Information Clearing House of the American Council of Voluntary Agencies for Foreign Service, Inc., under contract with the AID. The basic document was prepared in 1964 and annual supplements are issued. The data is classified by organization, country, and program. The basic directory and annual supplements are for sale by the Technical Assistance Information Clearing House, 44 East 23d Street, New York, N. Y. 10010. The clearing house also operates an inquiry service for furnishing specific information on US voluntary agencies.

"Far East: Technical Assistance Programs of US Nonprofit Organizations"

Same as above, but covers the Far East.

The voluntary Foreign Aid Service of the AID of the Department of State, Washington, D. C., 20523, issues at irregular intervals fact sheets on voluntary agencies registered with it and their activities. Inquiries are welcomed.

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UNCLASSIFIED

Security Classification

DOCUMENT CONTROL DATA - R&D		
<small>(Security classification of title, body of abstract and indexing annotation must be entered when the overall report is classified)</small>		
1 ORIGINATING ACTIVITY (Corporate author) Research Analysis Corporation McLean, Virginia 22101		2a REPORT SECURITY CLASSIFICATION Unclassified
		2b GROUP —
3 REPORT TITLE INTERNATIONAL ECONOMIC AND US MILITARY ASSISTANCE PROGRAMS AND AGENCIES		
4 DESCRIPTIVE NOTES (Type of report and inclusive dates) Technical Paper		
5 AUTHOR(S) (First name, middle initial, last name) Irving Heymont		
6 REPORT DATE November 1967	7a TOTAL NO OF PAGES 600	7b NO OF REFS 36
8a CONTRACT OR GRANT NO DA 44-188-ARO-1	9a ORIGINATOR'S REPORT NUMBER(S) RAC-TP-278	
b PROJECT NO 007.105	9b OTHER REPORT NO(S) (Any other numbers that may be assigned this report) —	
c		
d		
10 DISTRIBUTION STATEMENT —		
11 SUPPLEMENTARY NOTES —	12 SPONSORING MILITARY ACTIVITY Deputy Chief of Staff for Military Operations	
13 ABSTRACT <p>This document identifies and briefly describes the major public US and foreign programs and agencies active in international economic assistance and US military assistance. Descriptions include data on the scope and magnitude of programs and memberships in agencies. Major US private voluntary agencies involved in international economic assistance are also identified and briefly described. Selected source documents and information on sources of further detailed data are included. Fact sheets describing principal agencies are also included. The paper does not evaluate the effectiveness of the programs or agencies described.</p>		

DD FORM 1473
1 NOV 65

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Security Classification

14	KEY WORDS	LINK A		LINK B		LINK C	
		ROLE	WT	ROLE	WT	ROLE	WT
Economic assistance Foreign aid Foreign assistance International economic assistance International economics US military assistance							