

No. 11091

MULTILATERAL

**Agreement establishing the Andean Development Corporation.
Signed at Bogota on 7 February 1968**

Authentic text: Spanish.

Registered by Venezuela on 19 May 1971.

MULTILATÉRAL

**Accord portant création de la Société andine de
développement. Signé à Bogotá le 7 février 1968**

Texte authentique: espagnol.

Enregistré par le Venezuela le 19 mai 1971.

[TRANSLATION — TRADUCTION]

AGREEMENT¹ ESTABLISHING THE ANDEAN DEVELOPMENT CORPORATION

The Governments of the Republics of Ecuador, Bolivia, Chile, Colombia, Peru and Venezuela, motivated by their mutual desire to achieve the economic integration of their countries as soon as possible in order to expedite the economic and social development of their peoples in accordance with the principles set forth in the Treaty of Montevideo,² in the Charter of Punta del Este,³ in the Declaration signed at Bogota by the Presidents of Chile, Colombia and Venezuela and by the personal representatives of the Presidents of Bolivia, Ecuador and Peru, and in the Declaration of the Presidents of America at Punta del Este;

Expressing the need for each of the countries parties to the Declaration of Bogota to aim at creating more favourable economic conditions for participation in the Latin American Common Market;

Declaring that, in order to achieve the aforesaid purposes, it is necessary to overcome the obstacles deriving from the different levels of development, the different economic conditions in general and in particular those related to markets, in order to promote the co-ordinated and balanced growth of the subregion;

Bearing in mind that the Declaration of Bogota established the Joint Commission and other entities as organs for promoting, consulting on and co-ordinating the policies to be adopted by the various countries of the subregion and advocated the establishment of an agency to undertake by specific measures the action agreed upon, particularly with regard to the study and implementation of multinational projects which would serve as a dynamic

¹ Came into force on 30 January 1970, i.e. when three instruments of ratification — including that of Venezuela as the host country — had been deposited with the Government of Venezuela, in accordance with article 57.

Instruments of ratification were deposited as follows:

<i>State</i>	<i>Date of deposit</i>
Bolivia	4 December 1969
Chile	23 July 1970
Colombia	9 December 1969
Ecuador	23 December 1969
Peru	18 November 1969
Venezuela	30 January 1970

² United Nations, *Official Records of the Economic and Social Council, Thirtieth Session, Supplement No. 4*, p. 32.

³ United States of America: Department of State Bulletin, Sept. 11, 1961, p. 463.

element in the operation and improvement of a subregional agreement on integration;

Believing that each country should enact relevant laws, regulations and administrative provisions with a view to achieving more effective implementation of the various activities to be carried out by the aforesaid agency within the subregion pursuant to its purpose;

Considering that the participation of the public and private sectors of the countries within and outside the subregion, as also the participation of international financial organizations, is of crucial importance because of the contributions they can make in the form of technical, scientific, financial and technological assistance;

Declaring that joint action by the countries of the subregion is important for the achievement of balanced and co-ordinated economic development in conjunction with the other Latin American States which, together, will make up the Common Market;

Have resolved to found a development corporation and, to this end, to conclude the Agreement establishing it, designating for this purpose their Plenipotentiaries, who, having presented their full powers, which have been found in good and due form, have agreed to establish the Andean Development Corporation, which shall be governed by the following provisions:

CHAPTER I

NAME, LEGAL STATUS, HEADQUARTERS, PURPOSE AND FUNCTIONS

Article 1

NAME AND LEGAL STATUS

By this Agreement the High Contracting Parties establish the Andean Development Corporation.

The Corporation is a body corporate in international public law and shall be governed by the provisions hereof.

Article 2

HEADQUARTERS

The Corporation shall have its headquarters in the city of Caracas, Republic of Venezuela.

The Corporation may establish such agencies, offices or units as may be necessary for the performance of its functions, in each of the participating countries or outside of them.

Article 3

PURPOSE

The purpose of the Corporation shall be the promotion of subregional integration. To this end and in the context of rational specialization and an equitable distribution of investments within the area, taking into consideration the need for effective action to benefit the relatively less developed countries and maintaining appropriate co-ordination with the organization responsible for subregional integration, the Corporation shall encourage use of the opportunities and resources within its area of operations through the establishment of production or service enterprises and the expansion, modernization or conversion of existing ones.

Article 4

FUNCTIONS

In order to attain the purpose indicated in the preceding article, the Corporation shall have the following functions:

- (a) To carry out studies aimed at identifying investment opportunities and to direct and prepare the corresponding projects;
- (b) To disseminate among the countries in the area the results of its research and studies, in order to channel efficiently the investment of available resources;
- (c) To provide, directly or indirectly, the technical and financial assistance necessary for preparing and implementing multinational projects or projects designed to make the economies of the countries in the subregion more complementary;
- (d) To obtain domestic or foreign credit;
- (e) To issue bonds, debentures and the like for allocation within or outside the subregion;
- (f) To promote the acquisition and mobilization of resources;

In performing the functions referred to in this and the preceding subparagraph, the Corporation shall be subject to the legal requirements of the countries in which the said functions are performed or in whose national currency the said bonds and debentures are issued;

- (g) To encourage capital and technological contributions on the most favourable terms;
- (h) To grant loans and provide guaranties, suretyship and other forms of guarantee;
- (i) To encourage underwriting of the subscription of shares and to underwrite them whenever the relevant requirements are met;

- (j) To promote the organization of enterprises, their expansion, modernization or conversion, for which purpose the Corporation may subscribe to stocks or shares;

The Corporation may transfer the stocks, shares, rights and bonds and debentures it acquires by offering them, in the first instance, to public or private entities of the subregion and, if they are not interested, to third parties interested in the economic and social development of the area;

- (k) To carry out, in whatever manner it may determine, any specific tasks or negotiations related with its purpose which it may be asked to undertake by its shareholders or by third parties;
- (l) To co-ordinate its action in developing the subregion with that of other national and international bodies;
- (m) To recommend the necessary co-ordination machinery for the entities or organizations in the area that provide investment resources;
- (n) To acquire and dispose of personal and real property, to institute or contest judicial and administrative actions and, generally, to carry out whatever kinds of operations, acts, contracts and agreements may be necessary to fulfil its objectives.

CHAPTER II

CAPITAL SHARES AND SHAREHOLDERS

Article 5

CAPITAL

The authorized capital of the Corporation shall be one hundred million United States dollars (US \$ 100,000,000), distributed in series "A" and "B" shares, in addition to series "C" shares, the issuance of which shall be authorized by the Board of Directors.

The subscribed capital shall be twenty-five million dollars (US \$ 25,000,000), allotted in the following series:

- (a) The "A" series, comprising six (6) registered shares, each in the amount of one million dollars (US \$ 1,000,000). In each country of the subregion, one of these shares shall be subscribed by the Government or by whatever public, semipublic or private institution pursuing a social and public purpose may be designated by the Government, and
- (b) The "B" series, comprising three thousand eight hundred (3,800) registered shares, each in the amount of five thousand dollars (\$ 5,000), the subscription of which shall be guaranteed by the respective Government, as indicated in the following schedule:

		<i>US dollars</i>
Bolivia	100 shares at US\$ 5,000 each	500,000
Chile	900 shares at US\$ 5,000 each	4,500,000
Colombia	900 shares at US\$ 5,000 each	4,500,000
Ecuador	100 shares at US\$ 5,000 each	500,000
Peru	900 shares at US\$ 5,000 each	4,500,000
Venezuela	900 shares at US\$ 5,000 each	4,500,000
	3,800 shares at US\$ 5,000 each	19,000,000

These shares may be subscribed in each country by its Government or by whatever public, semipublic or private institution pursuing a social and public purpose may be designated by the Government, or by natural or juridical persons in private law, in the last-mentioned case up to forty (40) per cent of the total number of shares of this series corresponding to each country.

Both "A" and "B" series shares shall bear the name of the country to which they are issued.

Article 6

ISSUANCE OF SHARES AGAINST NON-SUBSCRIBED AUTHORIZED CAPITAL

The non-subscribed authorized capital of seventy-five million dollars (US \$ 75,000,000) may be issued by the Board of Directors for subscription with the affirmative vote of at least seven (7) Directors, in the following cases:

- (a) for the issuance of new "B" series shares, which shall be offered in the first instance to the shareholders, in the ratio of the shares held by them to the total capital;
- (b) for the issuance of shares in the event of accession by a new country, on which occasion the country concerned may subscribe, either directly or through an organization designated by it, to one "A" series share and a number of "B" series shares on the terms laid down in article 5 (b) and on such terms as may be determined by the Board of Directors;
- (c) for the issuance of "C" series shares, the characteristics of which shall be determined in each case by the Board of Directors, for subscription by juridical or natural persons outside the subregion.

Article 7

SPECIAL SUBSCRIPTION RIGHT

Notwithstanding subparagraph (a) of the preceding article, any country holding fewer "B" series shares than other countries may at any time subscribe to shares against the authorized capital up to an amount equal to that of the largest shareholder.

Article 8

PAYMENT OF CAPITAL

"A" and "B" series shares shall be paid in five (5) consecutive annual instalments, the first one being due ninety (90) calendar days from the date of entry into force of this Agreement, or, where applicable, thirty (30) calendar days from the date of deposit of the instrument of ratification.

At least fifty (50) per cent of each instalment shall be paid in United States dollars, with the exception of the first, all of which shall be paid in that currency.

The remaining fifty (50) per cent of the other instalments may be paid in national currency by the subscribers in each country, provided that full convertibility and maintenance of the value of the said currency in terms of United States dollars of the weight and fineness in effect on the date of entry into force of this Agreement are guaranteed to the satisfaction of the Corporation as attested to by a prior decision of the Board of Directors.

Article 9

INCREASE OR REDUCTION OF CAPITAL

The capital may be increased or reduced by a decision adopted at the Shareholders Meeting.

Article 10

TRANSFERABILITY OF STOCK

"A" series shares may be transferred within each country, with the prior consent of the respective Government, to whatever public, semipublic or private entity pursuing a social and public purpose may be designated by the Government. "B" series shares may be transferred only to juridical or natural persons of the respective country of the subregion in the percentage referred to in article 5 (b).

CHAPTER III
SHAREHOLDERS' MEETINGS

Article 11

SHAREHOLDERS' MEETINGS

Shareholders' meetings may be regular or special. They shall be composed of the shareholders or their representatives or proxies, who shall meet subject to the quorum and in the manner prescribed in this Agreement.

Article 12

REGULAR AND SPECIAL MEETINGS

Regular Meetings shall be held once a year within ninety (90) days from the end of the fiscal year after being convened by the Executive President of the Corporation. Special Meetings shall be convened by the Executive President of the Corporation, on his own initiative, or at the request of the Board of Directors, of two (2) "A" series shareholders or of shareholders representing at least twenty-five (25) per cent of the paid-up capital. The notice of Special Meetings shall be given at least thirty (30) calendar days before the date of the Meeting and shall indicate the reason for convening it.

Article 13

TERMS OF REFERENCE OF REGULAR MEETINGS

Regular Meetings shall have the following terms of reference:

- (a) To consider the annual report of the Board of Directors, the general balance sheet and the statement of profits and losses, after external auditors have made their report, and to determine the allocation of profits;
- (b) To elect the members of the Board of Directors in accordance with the rules set forth in this Agreement;
- (c) To appoint the external auditors;
- (d) To determine the remuneration of the members of the Board of Directors and of the external auditors;
- (e) To deal with any other matter expressly submitted to it which does not fall within the competence of another organ of the Corporation.

Article 14

TERMS OF REFERENCE OF SPECIAL MEETINGS

Special Meetings shall have the following terms of reference:

- (a) To increase, reduce or reconstitute the share capital;

- (b) To dissolve the Corporation;
- (c) To change the headquarters of the Corporation, on the proposal of the Board of Directors;
- (d) To deal with any other matter expressly submitted to it which does not fall within the competence of another organ of the Corporation.

Special Meetings shall deal only with the matters specifically mentioned in the notice of convocation.

Article 15

AMENDMENT OF THE AGREEMENT

Special Meetings may amend the provisions governing the Corporation in respect of all administrative and procedural matters, as required for the more effective fulfilment of its purposes.

Special Meetings may likewise, with the favourable vote of the six (6) "A" series shareholders plus one half plus one of the other shares represented at the Meetings, change the composition of the Board of Directors and amend such provisions as it may deem pertinent, adhering at all times to the basic criteria of this Agreement.

As regards other provisions relating to the actual structure of the Corporation, Special Meetings may recommend such amendments as, in its opinion, should be submitted for the approval of the Contracting Parties.

Article 16

QUORUM

The quorum for Regular and Special Shareholder's Meetings shall be constituted when a number of persons is present representing at least four (4) "A" series shares and fifty (50) per cent of the remaining shares.

When a Regular or Special Meeting cannot be held because there is no quorum, another Meeting shall be convened with at least thirty (30) calendar days' advance notice, it being indicated in the notice that the Meeting shall be held regardless of the number of participants.

Article 17

DECISIONS

At Regular Meetings decisions shall be taken by a majority representing at least three (3) "A" series shares, plus one half plus one of the remaining shares represented at the Meeting.

At Special Meetings the required majority shall be four (4) "A" series shares, plus one half plus one of the remaining shares represented at the Meeting.

When a Regular or Special Meeting is held following a second convocation, decisions shall be adopted with the affirmative vote of at least two (2) "A" series shareholders, plus the absolute majority of the other shares represented at the Meeting.

Article 18

RIGHT TO VOTE

Shareholders who are in arrears in the payment of their capital contributions shall not have the right to vote.

Article 19

DISTRIBUTION OF REPORTS AND BALANCE SHEETS

Every shareholder shall have the right, during the fifteen (15) calendar days prior to the Shareholders' Meeting, to examine at the headquarters of the Corporation the inventory and list of shareholders, and may request a copy of the general balance sheet and the auditors' report. At least fifteen (15) calendar days before each Meeting, the reports and balance sheets shall be sent to every shareholder at the address registered with the Corporation.

Article 20

MINUTES

The discussions and decisions of the Meetings shall be recorded in a special book of Minutes.

Article 21

VOTES OF THE MEMBERS OF THE BOARD OF DIRECTORS

Members of the Board of Directors and the Executive President shall not vote on the approval of the balance sheet or on matters which may involve their responsibility, nor shall they act as proxies for other shareholders at the Meetings.

Article 22

FORCE OF THE DECISIONS

The decisions of the Meetings, within the limits of their terms of reference as laid down in this Agreement, shall be binding on all shareholders, including those not present at the Meetings.

CHAPTER IV

THE BOARD OF DIRECTORS

Article 23

MEMBERSHIP

The Board of Directors shall be composed of eleven (11) Directors, elected for a term of three (3) years, who may be re-elected. Each Director shall have a personal alternate who shall be elected for the same term and in the same manner as the regular member.

Article 24

APPOINTMENT AND ELECTION

Directors shall be elected in the following manner:

- (a) Six (6) Directors and their alternates shall be appointed, one (1) per share by each "A" series shareholder;
- (b) The five (5) remaining Directors and their alternates shall be elected by the "B" series shareholders. For this election, each shareholder shall have a number of votes equal to the number of shares he owns or represents, multiplied by the number of Directors to be elected. Each shareholder may cast the total amount of his votes for one candidate or may distribute them among several candidates. Candidates receiving the highest number of votes shall be considered elected;
- (c) In any event, the five (5) Directors elected shall be of different nationalities;
- (d) When a new Board of Directors is elected, a Director of the nationality excluded in the previous election shall be included;
- (e) If one of the countries holding a lesser number of shares should reach the percentage of sixteen and six-tenths (16.6) of the initial subscribed capital, the arrangement provided for in subparagraph (d) shall cease to have effect as from the next election;
- (f) When the countries' participation is equal to at least sixteen and six-tenths (16.6) per cent of the initial subscribed capital, the number of Directors shall be increased to twelve (12);
- (g) Where subparagraph (f) applies, the Board of Directors shall convene a Special Shareholders' Meeting for the purpose of considering and deciding, as appropriate, on the relevant amendments to the provisions relating to the quorum and decisions of the Board of Directors.

Article 25

QUORUM

The Board of Directors may hold valid meetings when at least six (6) members are present.

Article 26

RESOLUTIONS

Each Director shall have one vote at the meetings of the Board of Directors. Resolutions shall be adopted by a majority of not less than one half plus one of the Directors present. In the cases referred to in article 6 and in article 27 (a), (c), (d), (i), (j), (n) and (p), the favourable vote of at least seven (7) Directors shall be required.

Article 27

TERMS OF REFERENCE OF THE BOARD OF DIRECTORS

The Board of Directors shall have the following terms of reference:

- (a) To establish and direct the financial, credit and economic policy of the Corporation;
- (b) To elect each year one Director to preside over the meetings of the Board of Directors and the Shareholders' Meetings;
- (c) To appoint and remove the Executive President;
- (d) To appoint and remove the Vice-Presidents of the Corporation, at the request of the Executive President;
- (e) To determine the remuneration of the Executive President and of the the Vice-Presidents;
- (f) To approve the annual budget of expenditures proposed by the Executive President;
- (g) To approve credit operations in respect of assets and liabilities, investments or any other operation pertinent to the purposes of the Corporation as proposed by the Executive President;
- (h) To decide on the issuance of bonds, debentures and the like, and to lay down the terms thereof; to underwrite the subscription of shares and securities in general; to deal in share certificates; to authorize trust operations;
- (i) To delegate to an executive committee of any other subsidiary organs which the Board of Directors itself may deem it advisable to establish, or to the Executive President or other officials recommended by him, the functions referred to in subparagraphs (g) and

- (h) when the amount involved in the operations does not exceed the ceiling to be fixed by the Board of Directors itself;
- (j) To decide, at the request of the Executive President, on matters not covered in this Agreement, as well as on their precise interpretation, reporting in the latter case to the next Shareholders' Meeting;
- (k) To submit to the Shareholders' Meeting the annual report and balance sheet;
- (l) To propose to the Shareholders' Meeting the distribution of profits;
- (m) To propose to the Shareholders' Meetings the creation of reserve funds;
- (n) To adopt and amend the by-laws of the Corporation;
- (o) To authorize the convening of Regular Shareholders' Meetings as prescribed in the Agreement and Special Shareholders' Meetings when the corporate interest so requires, or when deemed necessary by the Board of Directors itself, or when requested by shareholders of the Corporation in conformity with article 12 of this Agreement, and
- (p) To propose to the Meeting a change of headquarters should it consider this advisable for compelling reasons.

Article 28

REPLACEMENT

The following rules shall apply for the replacement of a Director who is incapacitated or deceased or who has resigned;

- (a) In the case of a Director representing the " A " series, the replacement shall be appointed directly by the holder of the share he represented, and
- (b) In the case of a Director representing the " B " series, the Board of Directors shall appoint the outgoing Director's alternate in his stead; where there is no alternate, it shall appoint the successor, who shall hold office until the next Regular Shareholders' Meeting, at which the final election shall be held. The Director thus appointed by the Meeting shall remain in office only for the remainder of the term of his predecessor.

Article 29

MEETINGS

The Board of Directors shall meet when it so decides, when convened by its Chairman, at the request of three (3) Directors, or at the request

of the Executive President. The meetings shall be held at the headquarters of the Corporation except when the Board of Directors itself decides otherwise or on other occasions determined by the Board.

Article 30

MINUTES

The discussions and decisions of the Board of Directors shall be recorded in a special book of Minutes.

CHAPTER V

THE EXECUTIVE PRESIDENT AND OTHER OFFICERS

Article 31

DUTIES OF THE EXECUTIVE PRESIDENT

The Executive President, an international officer, shall be the legal representative of the Corporation and shall have the following terms of reference:

- (a) To manage directly and administer the Corporation;
- (b) To decide on and deal with any matter not expressly reserved for the Shareholders' Meetings, the Board of Directors, the Executive Committee or any other subsidiary organs which may be established by the Board of Directors, and such other matters as may be assigned to him;
- (c) To participate, with the right to speak but not to vote, in the meetings of the Board of Directors.

Article 32

TERM OF OFFICE

The Executive President shall hold office for five (5) years and may be re-elected. He shall remain in office until relieved by his successor.

Article 33

TEMPORARY ABSENCES

The Executive President may be replaced *pro tempore* by the ranking Vice-President or, in his absence, by an officer appointed by the Board of Directors.

Article 34

VACANCY

If the office of the Executive President becomes vacant, the Board of Directors shall appoint his successor.

Article 35

POWERS

The Executive President may confer powers of attorney for representation of the Corporation in court or outside, with such authority as he may deem necessary. He may also confer special powers of attorney for purposes of concern to the Corporation.

Article 36

VICE-PRESIDENTS

The Board of Directors, on the recommendation of the Executive President, may appoint one or more Vice-Presidents as may be necessary for the operation of the institution, stipulating in each case their terms of reference, duties and remuneration. The officers thus appointed should be of different nationalities within the subregion.

Article 37

STAFF APPOINTMENTS

Staff appointments shall be the responsibility of the Executive President, who shall report to the next meeting of the Board of Directors on any appointments he has made and on the terms of reference, duties and remunerations established in accordance with the budget.

Article 38

SELECTION OF STAFF

In recruiting the staff of the Corporation, primary consideration shall be given to efficiency, competence and honesty, but due regard shall also be given to the need for selecting the staff on as wide a geographical basis as possible, preferably within the subregion.

Article 39

INTERNATIONAL CHARACTER OF THE STAFF

In the performance of their duties, staff members shall not seek or receive instructions from any Government or from any authority external to the Corporation. They shall refrain from any action which might reflect on their position as international officials responsible only to the Corporation.

CHAPTER VI

ACCOUNTING PERIOD, BALANCE SHEET AND PROFITS

Article 40

ACCOUNTING PERIOD

The Corporation's accounting periods shall be of one year's duration; the starting date shall be established by the Board of Directors.

Article 41

BALANCE SHEET AND STATEMENT OF PROFITS AND LOSS

On the last day of the accounting period, the accounts must be closed in order to draw up the annual balance sheet and the statement of profit and loss for the period in question.

Article 42

RESERVE FUNDS

A quota of at least ten (10) per cent of the net profits shall be set aside annually to form a reserve fund until it reaches an amount not less than fifty (50) per cent of the subscribed capital. The Shareholders' Meeting may also decide to establish other reserve funds and to distribute the remainder to shareholders in the form of dividends.

Article 43

AUDITORS

The Corporation shall engage an auditing firm of recognized international standing to certify the annual balance sheet for submission to the Regular Shareholders' Meeting.

CHAPTER VII

DISSOLUTION AND ARBITRATION

Article 44

DISSOLUTION

When the dissolution of the Corporation has been agreed upon, it shall be wound up by a trustee or a board of trustees, as decided by the Shareholders' Meeting. The trustee or board of trustees shall represent the Corporation during the winding-up, pay its outstanding debts, collect

its outstanding accounts, distribute the residue among the shareholders in proportion to the paid-up capital represented by each share; and, in general, perform all functions relating to the winding-up.

The Shareholders' Meeting which appoints the trustee or board of trustee shall determine his or its period of duty and lay down the basic rules governing the winding-up. Upon completion of their duties, or of the periods determined by the Shareholders' Meeting, the trustees shall submit a detailed report on their activities and, on concluding their work, shall present a detailed report on the entire winding-up.

Article 45

ARBITRATION

In the case of a dispute between the Corporation and its shareholders, the dispute shall be submitted to arbitration by a tribunal of three arbitrators.

One of the arbitrators shall be appointed by the Board of Directors of the Corporation, another by the party concerned and the third by agreement between the arbitrators. If they cannot agree, the Corporation or the party concerned may request the Joint Commission or any organ which may replace it, to appoint the third arbitrator.

None of the arbitrators may be of the same nationality as the party in the dispute.

If all efforts to reach unanimous agreement fail, decisions shall be taken by majority vote.

The third arbitrator may settle all questions of procedure and competence in any case where the parties are in disagreement with respect thereto.

CHAPTER VIII

IMMUNITIES, EXEMPTIONS AND PRIVILEGES

Article 46

SCOPE OF THIS CHAPTER

In order to fulfil the purposes set forth in this Agreement, the High Contracting Parties agree that the Andean Development Corporation shall enjoy in the territory of each Party the immunities, exemptions and privileges set forth in this chapter.

Article 47

IMMUNITY OF ASSETS

The property and other assets of the Corporation, wherever situated, shall be immune from expropriation, search, requisition, confiscation, seizure,

attachment, distraint, withholding or any other form of forcible takeover which may interfere with the control of the entity over the said property as a result of executive or administrative actions by any of the Contracting States.

The said property and assets shall enjoy the same immunity with respect to legal process unless a final judgement has been pronounced against the Corporation.

Article 48

TRANSFERABILITY AND CONVERTIBILITY

Assets of any kind which belong to the Corporation shall be freely transferable and convertible.

Article 49

INVIOLABILITY OF ARCHIVES

The archives of the Corporation shall be inviolable.

Article 50

FREEDOM OF ASSETS FROM RESTRICTIONS

To the extent necessary for the Corporation to carry out its purpose and functions and to operate in accordance with this Agreement, all property and other assets of the institution shall be free from restrictions, regulations, controls and moratoria of any nature, unless otherwise provided in this Agreement.

Article 51

PRIVILEGE FOR COMMUNICATIONS AND CORRESPONDANCE

Official communications of the Corporation shall be accorded by each Contracting State the same treatment that it accords to the official communications of other Contracting States.

The correspondence of the Corporation, including parcels and printed matter, when bearing its frank, shall be carried free of charge by the postal services of the Contracting States.

Article 52

TAX EXEMPTION

(a) The Corporation shall be exempt from all taxes and, where pertinent, from all customs duties on its income, property and other assets, and on the operations and transactions it may carry out under this Agreement.

The Corporation shall likewise be exempt from any obligation for the payment, withholding or collection of any tax, contribution or duty.

(b) All salaries and emoluments paid by the Corporation to the Directors and their alternates and to its officers or employees who are not citizens or nationals of the country in which the Corporation has its headquarters or office shall be exempt from taxes.

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

1. Which discriminates against such debenture, bond or security solely because it is issued by the Corporation; or
2. If the sole jurisdictional basis for such taxation is the place or currency in which the debenture, bond or security has been issued, made payable or paid, or the site of any office or place of business maintained by the Corporation.

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

1. Which discriminates against such debenture, bond or security solely because it is guaranteed by the Corporation; or
2. If the sole jurisdictional basis for such taxation is the site of any office or place of business maintained by the Corporation.

Article 53

PERSONAL IMMUNITIES AND PRIVILEGES

The Directors, Executive President, Vice-Presidents and executive, technical and professional officers of the Corporation shall enjoy the following privileges and immunities:

- (a) Immunity from legal and administrative process with respect to acts performed by them in their official capacity, except when the Corporation expressly waives the immunity;
- (b) Where they are not local nationals, the same immunities from immigration restrictions, alien registration requirements and military service obligations, and the same facilities as regards exchange regulations, as are accorded by the country to the representatives, officials and employees of comparable rank of other member countries, and

- (c) The same privileges in respect of travelling facilities as are accorded by Contracting States to the representatives, officials and employees of comparable rank of other Contracting States.

Article 54

JUDICIAL PROCEEDINGS

Judicial proceedings against the Corporation may only be brought in a court of competent jurisdiction in the territory of a Contracting State in which the Corporation has an office or has appointed an agent or proxy authorized to accept service or notice of process, or where it has issued or guaranteed securities.

No judicial action shall be brought against the Corporation by the Contracting States parties of this Agreement or by any person acting for them or upon whom their rights may devolve. Nevertheless, shareholders may have recourse to such special procedures for the settlement of disputes between themselves and the Corporation as may be prescribed in this Agreement, in the by-laws of the institution or in contracts entered into with it.

CHAPTER IX

WITHDRAWAL AND SUSPENSION OF "A" SERIES SHAREHOLDERS

Article 55

THE RIGHT OF WITHDRAWAL

Any "A" series shareholder may withdraw from the Corporation, in which case the Corporation shall acquire the share. Notice of such a decision shall be transmitted to the Board of Directors in writing.

"A" series shares shall be paid according to their book value and the Board of Directors shall determine the payment period, which shall not exceed five (5) years, in the light of the financial situation of the Corporation.

"B" series shares belonging to natural or juridical persons of the country of the "A" series shareholder who has decided to withdraw from the Corporation may be freely transferred within the subregion provided that the proportion assigned to natural or juridical persons in private law, as specified in article 5 (b), is maintained.

In the event of withdrawal of an "A" series shareholder, the next Regular Shareholders' Meeting shall adjust the relevant provisions of this Agreement to the new situation in accordance with the general purpose of the Agreement.

Article 56

SUSPENSION

If an "A" series shareholder is seriously negligent, in the opinion of the Board of Directors, in fulfilling any of his obligations to the Corporation, he may be suspended by decision of the Shareholders' Meeting.

A shareholder so suspended shall automatically cease to be a member of the Corporation fifteen (15) months from the date of suspension unless the Shareholders' Meeting decides otherwise.

While under suspension, a shareholder shall not be entitled to exercise any rights under this Agreement, except the right of withdrawal.

CHAPTER X

FINAL PROVISIONS

Article 57

ENTRY INTO FORCE

This Agreement shall enter into force when the instruments of ratification have been deposited with the Ministry of Foreign Affairs of Venezuela by representatives of three (3) signatory countries, including the host country. If, within one year from the date of deposit of the instruments of ratification by the last of the three countries, the remaining countries have not deposited their instruments of ratification, the Board of Directors shall convene a Special Shareholders' Meeting for the purpose of adjusting the relevant provisions of this Agreement to the number of countries that have ratified it.

A country whose instrument of ratification is deposited before the date on which this Agreement enters into force shall become a member on that date. Any other country shall become a member on the date on which its instrument of ratification is deposited.

Article 58

RESERVATIONS TO THE AGREEMENT

No reservations may be made with respect to the signature or ratification of or accession to this Agreement.

Article 59

ACCESSION

Once this Agreement has entered into force, any State which has subscribed to the Declaration of Bogota of 16 August 1966 and has been

accepted by the Joint Commission or by any organ that may replace it may accede to the Agreement.

The Agreement shall enter into force for acceding States thirty (30) days after the date of deposit of the instrument of accession. In such cases the Shareholders' Meeting shall consider and decide whether the relevant provisions of this Agreement should be adjusted.

Article 60

REINSTATEMENT

The Shareholders' Meeting may determine the procedure for the reinstatement of an "A" series shareholder who has withdrawn.

INTERIM PROVISIONS

First: The host country shall convene the first Shareholders' Meeting within sixty calendar days from the entry into force of this Agreement.

Second: During the interval between the date of entry into force of the Agreement and the holding of the Special Shareholders' Meeting referred to in article 57, the Andean Development Corporation shall be provisionally administered in the manner established by its Shareholders' Meeting in accordance with the general criteria set forth in this Agreement.

Third: If three (3) countries have ratified this Agreement and the host country has not done so three months from the date of deposit of the last instrument of ratification, the ratifying countries may decide on a different site for its headquarters.

DONE in the city of Bogota, on the seventh day of the month of February nineteen-hundred and sixty-eight, in the Spanish language, in six equally authentic copies.

IN WITNESS WHEREOF, the undersigned plenipotentiaries have signed the present Agreement:

For the Government of the Republic of Ecuador:

GONZALO APUNTE

For the Government of the Republic of Bolivia:

TOMÁS GUILLERMO ELIO

For the Government of the Republic of Colombia:

JORGE VALENCIA JARAMILLO

For the Government of the Republic of Chile:

SALVADOR LLUCH

For the Government of the Republic of Peru,

JOSÉ DE LA PUENTE

For the Government of the Republic of Venezuela,

HECTOR HURTADO