

**AGREEMENT  
ON THE ESTABLISHMENT OF  
THE INTERNATIONAL INVESTMENT BANK**

With the amendments made at the 51st  
(Extraordinary) Meeting of the  
International Investment Bank Council

The Governments of Republic of Bulgaria, Hungarian Republic, Socialist Republic of Vietnam, Republic of Cuba, Mongolian People's Republic, Republic of Poland, Romania, Union of Soviet Socialist Republic, Czech and Slovak Federal Republic\*, in order to promote effective development of economies of Contracting Parties agreed as follows:

**Article I**

To establish the International Investment Bank hereinafter referred to as "the Bank".

The founders of the Bank are the above mentioned Contracting Parties.

Membership in the Bank shall be open to other countries, interstate banking, financial and economic organizations. Participate in the Bank's activities can other banking and financial organizations on the basis of the special status, which is determined for them by the Council of the Bank.

Procedure of becoming a member of the Bank is established by Article XXI of the present Agreement.

The activities of the Bank are performed on the basis of equality of its members and respect of sovereignty of the countries.

The location of the Bank is the city of Moscow.

The Bank is established and shall operate in accordance with the following provisions:

**Article II**

The fundamental task of the Bank shall be to grant credits on the commercial principles for the realization of the joint investment projects and programs of development of a member of interested members of the Bank, for construction of projects for development of national economies of the countries as well as for implementation of measures, connected with participation of the Bank members in the world economic links and other purposes, established by the Council of the Bank and consistent with the aims of the Bank.

In its activities the Bank will proceed from the principle that efficient use must be made of resources, provision must be made to guarantee that all obligations can be met, financial status of the borrowers must be taken into account, and strict responsibility must

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\* The name of the countries here and hereafter in the Agreement and the Statutes of the Bank are given in accordance with the Protocol on amendments to the Agreement and the Statutes of the Bank of December 20, 1990.

The membership of the GDR, one of the founding members which signed this Agreement, ceased to have effect on October 3, 1990 when it ceased to exist as subject of international law.

be accepted for the return of finance granted by the Bank.

Credits will be provided to finance the construction only of such objects as conform to the advanced technological standards, and promise high quality output with minimum wastage, while the prices of goods produced must be competitive on the world market.

The Bank's activities must promote the development of the economies of the member-countries and their mutual foreign economic ties on the market basis, realization of the structural changes in their economies and inclusion of the member-countries in the world economic system.

### **Article III**

1. The authorized capital stock of the Bank is 1,300 million ECU. It is formed in convertible currencies, as well as in national currencies of the member-countries or in gold. Besides the share of the national currencies in the authorized capital shall not exceed 5 per cent.

2. Member's quotas in the authorized capital make for (in million ECU):

Republic of Bulgaria	123,0
Hungarian Republic	121,4
Socialist Republic of Vietnam	4,7
Republic of Cuba	23,4
Mongolian People's Republic	6,2
Republic of Poland	175,5
Romania	76,7
Union of Soviet Socialist Republic	580,7
Czech and Slovak Federal Republic	188,4

The authorized banks of those countries deliver obligations to the Bank for the amount of shares (quotas) member-countries.

3. The authorized capital can be increased on the recommendation of the Bank's Council which determined the method and timing of the corresponding payments.

4. The authorized capital can be also increased on acceptance of a new member of the Bank by the amount of the new participant's quota.

The amount, method and timing of an installment shall be determined by the Council of the Bank upon agreement with the member concerned.

### **Article IV**

1. The Bank shall have reserve capital.

2. The Bank can create its own special funds.

3. Purposes, amounts, terms and conditions of creating and using the reserve capital and own special funds shall be determined by the Council of the Bank.

### **Article V**

Special funds can be created out of resources of interested countries and organizations.

### **Article VI**

The Bank may attract funds in convertible currencies, national currencies of interested countries members of the Bank by obtaining financial and bank credits and loans, issuing bond loans and other securities, by accepting deposits, and also by other

means.

## **Article VII**

1. The Bank shall grant credits for the purposes provided for in Article II of the present Agreement.

2. The objects of crediting are:

– construction, expansion, modernization, reconstruction and technical rearmament of the enterprises;

– conducting of design and prospecting work, directly connected with capital investment and production and also experimental-design work;

– introduction of new technological projects;

– putting into industrial production new products;

– inculcation activities, including purchase of licences and their application;

– performance of leasing operations.

3. Credits shall be granted to:

– banks, economic organizations and enterprises of member-countries of the Bank irrespective of the forms of ownership;

– international organizations and joint ventures with the participation of the Bank member-countries;

– banks and economic organizations of other countries.

4. The Bank may grant credits to the borrowers, endowed according to their national laws with the right to receive currency credits in foreign banks.

5. The Bank may issue guaranties, participate with its funds in consortium credits, connected with the realization of the joint projects, conduct with securities (including their own emission), participate in the capital of the enterprises, banks, financial and other organizations and also carry out the preparation of financial projects and rendering appraisal and consulting services.

## **Article VIII**

The Bank can place surplus funds with other banks, and buy and sell currencies, gold and securities as well as conduct other banking operations appropriate to the aims and purposes of the Bank.

## **Article IX**

The Bank's activities must be economically viable.

## **Article X**

The Bank shall be entitled to get in contact with and establish business on relations on terms of equality with international financial and credit institutions as well as other international institutions, with economic organizations of the member-countries of the Bank, and also with other banks and organizations.

The character and forms of relations are determined by the Board of the Bank.

## **Article XI**

1. The Bank shall possess full juridical personality.

The Bank shall have the legal capacity necessary for the fulfillment of its functions and achievement of the aims and purposes with which it is entrusted by the present Agreement and Statutes.

2. On the territory of each member-country of the Bank itself, representatives of the countries in its Council and officials of the Bank shall enjoy privileges and immunities necessary to carry out their functions and attain the purposes provided for in the present Agreement and Statutes of the Bank.

The above mentioned privileges and immunities are determined in Articles XIII, XIV and XV of the present Agreement.

3. The Bank may open branches and representative offices on the territory of the Bank's domicile as on the territories of other countries.

Legal relations between the Bank and the country of its location, its branches and representative offices are determined by appropriate agreements.

4. The Bank bears responsibility under its obligations within the limits of its property.

The Bank shall not be responsible under obligations of its members and members of the Bank shall not be responsible under obligations of the Bank.

### **Article XII**

The activities of the Bank shall be governed by the present Agreement, the Statutes of the Bank attached hereto as well as by the rules and regulations issued by the Bank within its competence.

Some modifications may be introduced into the Statutes of the Bank with the approval of the members on the recommendation of the Bank in the interests of further development and improvement of Bank's activities.

### **Article XIII**

1. The property of the Bank, assets and documents wherever located as well as operations of the Bank shall be immune from any form administrative or juridical process, except when the Bank waives its immunity. The Bank's premises as well as premises of its branches and representative offices on the territory of any member-country shall be inviolable.

2. On the territories of member-countries the Bank:

a) shall be immune from all direct taxes and charges whether national or local. This provision shall not apply to the charges for public utilities and other services;

b) shall be immune from customs duties and restrictions on the import and export of articles destined for official use;

c) shall enjoy privileges in respect of priorities, tariffs and rates of postal, telegraphic, and telephone communications which are accorded to diplomatic representations in those countries.

### **Article XIV**

1. Representatives of the countries and interstate organizations in the Council of the Bank while in their official capacity are granted the following privileges and immunities in the territory of member-countries:

a) immunity from arrest or detention as well as legal process with respect to acts performed by in their official capacity;

b) inviolability of papers and documents;

c) the same customs exemptions as regards their personal effects which are accorded to officials of comparable rank of diplomatic representations in the given country;

d) release from national service obligations, direct taxation and charges in respect

of sums to the representatives by the country which appointed them.

2. Privileges and immunities provided for in the present Article are granted to the above mentioned person solely in the interests of the Bank. Each member has the right and is obligated to waive the immunity of its representatives in all cases when in its opinion the immunity prevents to administer justice and waiving the immunity shall not prejudice the aims for it was granted.

3. Provisions of paragraph 1 of the present Article shall not refer relations between a representative and bodies of the country of which he is a citizen.

### **Article XV**

1. The Council of the Bank upon presentation by the Chairman decides which categories of the Bank's officials will enjoy the provisions of the present Article.

The names of the above officials shall be periodically communicated by the Chairman to the competent authorities of member-countries.

2. Officials of the Bank while in official capacity in the territory of each member-country:

a) shall be immune from juridical and administrative process for all acts performed by them as officials of the Bank;

b) shall be accorded immunities from national services obligations, taxation and charges on salary received from the Bank. This provision shall not apply to the officials of the Bank who are citizens of the country in which territory the Bank, its branches or representative offices are located;

c) shall be granted the same customs exemptions in respect of their personal effects as are accorded to officials of comparable rank of diplomatic representation in the given country.

3. Privileges and immunities provided for in the present Article are granted to the officials of the Bank in the interests of the Bank.

The Chairman of the Board has the right and is obligated to waive the immunity accorded to the officials of the Bank in all cases when in his opinion the immunity prevents to administer justice and waiving the immunity shall not prejudice the aims for which it was given. The right to waive the immunity as regards the Chairman and member of the Board belongs to the Council of the Bank.

### **Article XVI**

The officials of the Bank in their official capacity act as international officials.

They are subject only to the Bank and are independent from any officials or bodies of their own countries. Each member country should respect the international character of those duties.

### **Article XVII**

The highest authority of the Bank is the Council the Bank. It carries out general management of the Bank's activities.

The Council of the Bank consists of the representatives of the member of the Bank. Each member of the Bank irrespective of the amount of its quota, has one vote in the Council of the Bank.

Major decisions must be taken by the Council unanimously, while for other questions a majority of at Least three-quarters is sufficient. The Bank may make decisions provided not less than Three-quarters of members are represented at the meeting.

### **Article XVIII**

The executive body of the Bank is the Board.

The Board is accountable to the Council of the Bank.

The Board consists of the Chairman and Deputies appointed by the Council of the Bank from citizens or members of the Bank for a period of five years.

The basic task of the Board is the supervision over the Bank's activities in accordance with the Agreement, Statutes and decisions of the Council of the Bank.

The Chairman administers the current affairs of the Bank and of Board within his competence and power determined by the Statutes and decisions of the Council of the Bank.

### **Article XIX**

For auditing purposes an Auditing Committee shall be appointed by the Council Bank.

### **Article XX**

Claims against the Bank can be lodged within two years after the date of origin of the right to sue.

### **Article XXI**

Those wishing to join the present Agreement according to Article 1 and become a member of the Bank may file with the Council of the Bank an official application indicating that they share the aims and principles of the Bank's activities and accept all the obligations arising from the present Agreement and Statutes of the Bank.

Acceptance of new members is by decision of the Council of the Bank.

A duly certified copy of the Council's decision on adoption of a new member will be sent to the member concerned and to the depository of the present Agreement.

A new member shall be considered to have joined the Agreement and Become a member of the Bank on the date the above document with the application attached hereto is received by the depository whereof the latter informs other members and the Bank itself.

### **Article XXII**

Any member may withdraw from the Bank and participation in the present Agreement after giving the Council of the Bank at least six month's notice. During the mentioned period all relations between the Bank and the member concerned are to be settled under their mutual obligations.

Termination of the membership in the Bank may not relieve the member of all his obligations to the Bank until their full settlement.

The depository of the present Agreement is officially notified by the Council of the withdrawal of a member from the Bank.

### **Article XXIII**

The present Agreement is to be ratified and shall enter into force from the date when the last of the Contracting Parties transmits its instrument of ratification to the depository of the present Agreement.

The Agreement will provisionally come into action on January 1, 1971 unless it has not come into effect by that date under the terms of paragraph 1 of this Article.

#### **Article XXIV**

The present Agreement may be amended with the consent of the members of the Bank.

The present Agreement shall lapse if not less than two-thirds of members declare their non-participation in the Bank in accordance with Article XXII of the Agreement and denunciation of the Agreement.

In this case the Bank shall suspend permanently its operations in the manner and at time determined by the Council of the Bank.

#### **Article XXV**

The present Agreement shall remain deposited with the Secretariat of the Council for Mutual Economic Assistance which shall act as the depository of the Agreement.

Done at the city of Moscow on July 10, 1970 in a single copy in Russian.

Certified copies of the present Agreement shall be transmitted by the depository to all Contracting Parties.

\* \* \*

The Agreement was being ratified by the countries-founders of the International Investment Bank during the period from August 20, 1970 to January 9, 1971.

The instruments of ratification were deposited by the above countries with the Secretariat of the Council for Mutual Economic Assistance.

Pursuant to Article XXIII of the Agreement of the establishment of the International Investment Bank, the Agreement was provisionally put into effect on January 1, 1971 and came into force on February 5, 1971.

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The Protocol about the changes in the Agreement, signed at the 51st (Extraordinary) Meeting of the Council of the International Investment Bank shall be ratified and shall come into effect on the date when the last Contracting Parties shall sent the instruments of ratification to the depository of this Protocol.

But the Protocol will be temporary put into effect from January 1, 1991.

The Protocol will be deposited with the Secretariat of the Council for Mutual Economic Assistance, who will act as a depository.