

FINANCIAL FUND FOR THE DEVELOPMENT OF THE RIVER PLATE BASIN

ARTICLES OF AGREEMENT¹

CHAPTER I

LEGAL STATUS AND HEADQUARTERS

Article 1 The Financial Fund for the Development of the River Plate Basin (hereinafter FONPLATA) is a multilateral development bank with international legal status and unlimited duration.

It shall be governed by the regulations set forth in this Agreement and other supplementary rules.

Article 2 FONPLATA shall have its headquarters in one of the founding member countries.

FONPLATA may establish agencies, offices, or representations in order to perform its activities in the member countries and third countries.

CHAPTER II

PURPOSE

Article 3 The purpose of FONPLATA shall be to support the integration and harmonious and inclusive development of the member countries for their better integration within the region and the global market by funding studies, projects, programs, assistance, and technical advice.

CHAPTER III

FUNCTIONS

Article 4 To fulfill its purpose, FONPLATA shall perform the following functions:

- a) To grant loans, sureties, and other guarantees;

¹ The original Articles of Agreement were signed at the VI Ordinary Meeting of Ministers of Foreign Affairs of the River Plate Basin countries on June 12, 1974 (Buenos Aires, Argentina).

- b) To carry out or fund studies to identify investment opportunities of interest to the member countries and prepare the relevant projects;
- c) To provide funding, directly or indirectly, for technical assistance and advice;
- d) To act as an agent and advisory body for the Intergovernmental Coordinating Committee of the River Plate Basin Countries upon request;
- e) To obtain loans and guarantees;
- f) To issue bonds and other debentures to be placed in member or non-member countries;
- g) To act as financial agent, financial advisor or broker for borrowings and loans for its members;
- h) To act as trustee, perform all the commissions, and take the necessary steps related to the purpose of FONPLATA requested by its members or third parties; and
- i) To perform all functions conducive to best fulfill its purpose.

CHAPTER IV

MEMBERS

Article 5 FONPLATA's members are its founding member countries and non-founding countries and agencies that fall in line with its purpose.

FONPLATA's founding member countries are the Argentine Republic, the Plurinational State of Bolivia, the Federative Republic of Brazil, the Republic of Paraguay, and the Eastern Republic of Uruguay, which have all ratified the Articles of Agreement signed on June 12, 1974 and entered into force on October 14, 1976.

Non-founding countries and agencies may be accepted as members under the conditions established by the Board of Governors and upon its approval.

Article 6 The Board of Governors shall issue the general regulations for the accession of new members without prejudice to the way each application for membership is treated.

CHAPTER V

CAPITAL

Article 7 The authorized capital of FONPLATA – cash paid-in capital and callable capital – amounts to three billion, fourteen million, two hundred thousand dollars (\$ 3,014,200,000.00).

FONPLATA's capital is made up of common stocks, with a face value of ten thousand dollars (\$ 10,000.00) each. Each share carries the right to one (1) vote. Class A shares are held by founding members, and class B shares are held by non-founding members.

Class A stocks include (a) up to one hundred thirty-four thousand, nine hundred twenty (134,920) stocks amounting to one billion, three hundred forty-nine million, two hundred thousand dollars (\$ 1,349,200,000.00) – cash paid-in capital – and (b) one hundred sixty-six thousand, five hundred (166,500) stocks amounting to one billion, six hundred sixty-five million dollars (\$ 1,665,000,000.00) – callable capital.

As many class B shares as necessary shall be issued upon an increase of the authorized capital after the accession of new members.

In addition, five (5) class C shares shall be issued as follows: one (1) for each holder of class A stocks with a face value of zero and carrying the right to one (1) vote per share. The purpose of these stocks is to grant the founding countries special rights to make decisions on the issues set forth in article 20.

The founding members interest in FONPLATA's capital shall not be lower than fifty-one percent (51%) of the authorized capital.

Classes A and B stocks shall at all times account for the total authorized capital of FONPLATA.

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Article 8 FONPLATA's authorized capital shall be increased by the Board of Governors where (a) an increase in the lending capital is required, or (b) the accession of new members takes place, or (c) any founding country having less stocks than the other class A shareholders requests to subscribe as many stocks as needed to equal the number of shares of the major shareholder of that class.

Article 9 In each case, the Board of Governors shall approve the amount, the manner, and the term for the paying in of the new authorized capital, in each series, and shall determine the amount to be paid-in in cash and the portion corresponding to committed callable capital.

Article 10 The cash payment of the callable capital shall be made upon requirement and following the consideration of the Executive Board of Directors, where FONPLATA's financial obligations need to be met and the Fund is not able to do it using its own resources.

Article 11 The payment of the callable capital shall be made in proportion to the shareholding of each member. The callable capital shall be paid in US dollars.

The members obligation to meet the callable capital payment shall continue until full payment is made.

CHAPTER VI

FUNDING

Article 12 FONPLATA shall fund technically and economically feasible, and environmentally sustainable studies, programs and projects for the harmonious development and integration of the member countries. Funding shall also be provided for technical advice and support.

Article 13 For the approval of funding, particular attention shall be given to studies, programs, and projects with a high impact on the economic and social development and integration of the member countries and that help reduce socio-economic asymmetries and supplement and generate synergies with the efforts of other national and international development agencies and entities.

Article 14 The financing of operations shall be based on best practices within the framework of the prudential policies established by the Executive Board of Directors.

Article 15 With regard to the studies, programs, and projects referred to in Article 12 herein, priority shall be given to the contracting of services and purchase of goods from the member countries.

CHAPTER VII

ORGANIZATION AND ADMINISTRATION

Article 16 The Fund shall have a Board of Governors, an Executive Board of Directors, and an Executive President, as well as other staff and resources as deemed necessary to fulfill its purposes.

Article 17 Governors, Executive Directors and Alternate Directors shall be remunerated by the member countries or agencies which they represent.

Article 18 The Executive President and the other staff members shall be remunerated by FONPLATA.

TITLE I

BOARD OF GOVERNORS

Article 19 The Board of Governors is the highest body of FONPLATA and is composed of one (1) Head Governor and one (1) Alternate Governor, who will replace the Head Governor in his/her functions. They shall be appointed by the member countries or agencies they represent.

Article 20 All the powers of FONPLATA shall be vested in the Board of Governors, which may delegate such powers on the Executive Board of Directors or, where appropriate, on the Executive President with the following exceptions:

- a) Approval of amendments to these Articles of Agreement and the Fund's Regulations and its amendments;

- b) Approval of FONPLATA's annual budget;
- c) Interpretation of FONPLATA's Articles of Agreement and Regulations.
- d) Capital increase or reduction;
- e) Appointment of external auditors and fixing of their remuneration;
- f) Consideration of FONPLATA's audit report, Annual Report, and audited Financial Statements;
- g) Decision on the accession of other countries or agencies as non-founding members of FONPLATA;
- h) Relocation of FONPLATA's headquarters;
- i) Appointment, evaluation of performance, and dismissal of the Executive President, and fixing of his/her remuneration;
- j) Suspension of any member due to commission of a serious offense at the discretion of the Board of Governors; and
- k) Decision on FONPLATA's dissolution and determination of the form of dissolution.

Article 21 Quorum for the meetings of the Board of Governors shall be attained when the governors representing at least two-thirds (2/3) of the classes A and B shares are present. Likewise, quorum shall be attained when the governors representing at least five-fifths (3/5) of the class C shares are present.

Article 22 The decisions of the Board of Governors shall be adopted by the absolute majority of votes of classes A and B shareholders who, at the same time, represent the absolute majority of the countries present.

For the approval of any of the issues included in subsections a), c), d), g), h), i), j) and k) of Article 20, a special majority of four-fifths (4/5) of the class C stocks shall be required.

Article 23 The Board of Governors shall hold ordinary meetings once a year convened by its Chairman, on the date and location agreed.

Article 24 Once established, the Board shall appoint a Chairman from among the Head Governors of the member countries, who shall act as such until the next ordinary meeting. The change of Chairman shall be on a rotating basis, following the alphabetical order of the member countries.

If the Chairman in office is prevented from attending, he/she shall be temporarily replaced by the Head Governor of the member country which follows in alphabetical order.

Article 25 The Board of Governors may hold extraordinary meetings to discuss any matter submitted to its consideration. These meetings may be called by the Chairman, the Executive Board of Directors, or the Executive President, and are to be held in the date and location determined for that purpose.

TITLE II

EXECUTIVE BOARD OF DIRECTORS

Article 26 The Executive Board of Directors shall be composed of one (1) Director appointed by each of the five founding member countries, and by up to four (4) Directors to be elected by class B shareholders. Each Head Director shall have an Alternate Director who may substitute the Head Director with identical powers.

Article 27 The Presidency of the Executive Board of Directors shall rotate on an annual basis as of July 1st among the Head Directors of the member countries, in alphabetical order.

Article 28 If the President in office is prevented from attending, he/she shall be temporarily replaced by the Head Director of the member country which follows in alphabetical order

Article 29 The Board of Directors shall be responsible for the approval of FONPLATA's operations and shall exercise its own powers as well as those delegated by the Board of Governors.

Article 30

The specific powers of the Executive Board shall be the following:

- a) To comply with, and to enforce the Articles of Agreement, the Regulations, and the resolutions and decisions of the Board of Governors;
- b) To approve strategic guidelines and policies of FONPLATA;
- c) To deal with and decide on the granting of loans, sureties, other guarantees, technical cooperation by means of reimbursable or non-reimbursable operations, in all cases where such assignment has not been delegated to the Executive President;
- d) To approve FONPLATA's Borrowing Program;
- e) To examine FONPLATA's annual budget presented by the Executive President and recommend, where appropriate, its approval by the Board of Governors;
- f) To submit for consideration of the Board of Governors on an annual basis the Annual Report and the Audited Financial Statements presented by the Executive President;
- g) To deal with and follow up risk exposure based on the information submitted by the Executive President;
- h) To examine and submit to the Board of Governors the documents produced by the Executive President for such purposes;
- i) To convene extraordinary meetings of the Board of Governors upon the vote of the majority of the Directors including, at least, three (3) of its founding members;
- j) To propose to the Board of Governors the amendments to FONPLATA's Articles of Agreement and Regulations;
- k) To approve FONPLATA's operating, financial and human resources policies;
- l) To evaluate the performance of the Executive President in accordance with previously agreed criteria and to submit the evaluation for consideration of the Board of Governors;
- m) To consider and approve amendments to FONPLATA's management structure;

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- n) To request the Board of Governors to construe any provisions of the Articles of Agreement or the Regulations as deemed necessary; and
- o) To delegate to the Executive President the powers conferred by the Articles of Agreement or the Regulations in matters deemed appropriate.

Article 31 The Executive Board of Directors shall meet at least three (3) times a year and may validly convene a session where the majority of its members are present, including, at least, three members from the founding member countries.

Article 32 Each Director shall have one (1) vote and the Executive Board of Directors shall make decisions by a majority of the directors. Said majority shall include at least three (3) Directors from the founding member countries.

TITLE III

EXECUTIVE PRESIDENT

Article 33 The Executive President is the most senior international official and acts as the legal representative of FONPLATA.

Article 34 The Executive President shall have the following powers and duties:

- a) To comply with and enforce the Articles of Agreement, the Regulations, and the decisions and resolutions of the Board of Governors and the Executive Board of Directors, and to report regularly on the compliance thereof;
- b) To sign contracts and agreements, either public or private in nature, as well as to engage in administrative and judicial processes in FONPLATA headquarters or elsewhere;
- c) To manage FONPLATA's assets in accordance with the policies established by the Executive Board of Directors;
- d) To manage FONPLATA in accordance with the policies and strategies approved by the Board of Governors and the Executive Board of Directors;

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- e) To actively promote FONPLATA's Institutional Strategic Plan, institutional policies, and operations;
- f) To grant loans, sureties, other guarantees, technical cooperation loans by means of reimbursable or non-reimbursable operations, in accordance with the amounts, terms and conditions approved by the Executive Board of Directors;
- g) To manage the granting of loans and other borrowings within the framework of the Borrowing Program approved by the Executive Board of Directors;
- h) To measure and manage risk exposure and to inform the Executive Board;
- i) To submit FONPLATA's annual budget and the financial statements for consideration of the Executive Board of Directors, and subsequently refer them to the Board of Governors;
- j) To prepare and submit the annual management report, the annual report, and the audited financial statements to the Executive Board of Directors, and subsequently refer them to the Board of Governors;
- k) To submit for consideration of the Executive Board of Directors those documents that need to be submitted to the Board of Governors;
- l) To propose the agenda for the meetings of the Executive Board of Directors and call said meetings;
- m) To participate in the meetings of the Board of Governors and the Executive Board of Directors with the right to speak, but without the right to vote;
- n) To propose amendments to FONPLATA's management structure to the Executive Board of Directors;
- o) To approve FONPLATA's administrative and operating procedures;
- p) To carry out the necessary steps in order to select and recruit FONPLATA's human resources, in accordance with the policies approved by the Executive Board of Directors;
- q) To conduct, supervise and evaluate the executive, technical and administrative staff;
- r) To delegate powers deemed convenient to the officials of FONPLATA;

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- s) To grant general and special powers leading to a better management of FONPLATA;
- t) To decide and be responsible for all and any issues not expressly bestowed on the Board of Governors or the Executive Board; and
- u) In general, to take all steps and to enter into and subscribe any act and contract deemed necessary for the best fulfillment of his/her duties pursuant to the Articles of Agreement, the Regulations, and the decisions and resolutions of the Board of Governors and the Executive Board of Directors.

Article 35 The Executive President shall be elected by the Board of Governors in accordance with the criteria and special procedures approved by the Board of Governors, and the term of office shall be of five (5) years. The Executive President shall be eligible for one (1) second consecutive term and shall remain in office until his/her successor takes office.

In the event of temporary absence of the Executive President, he/she shall be temporarily substituted by an executive official that he/she appoints. Where the absence is permanent, the substitute official shall be appointed by the Executive Board, following the same criteria, to temporarily perform the respective functions until the Board of Governors elects the new President.

CHAPTER VIII

FINANCIAL YEAR, FINANCIAL STATEMENTS AND PROFITS

Article 36 FONPLATA's financial year shall be a one-year period, and the starting date of which shall be defined by the Executive Board of Directors.

Article 37 The Annual Report and the Financial Statements to be audited shall be prepared at the end of the financial year.

Article 38 FONPLATA shall hire external auditors, who shall give an opinion on the Financial Statements in accordance with the generally accepted international standards on the matter.

Article 39 Profits obtained from FONPLATA's operations shall be added to the Fund's assets and authorized special funds.

CHAPTER IX

DURATION AND DISSOLUTION

Article 40 FONPLATA shall have unlimited duration.

Article 41 Notwithstanding the previous Article, the Board of Governors may decide on the dissolution of FONPLATA subject to the quorum and majority requirements set forth in Articles 21 and 22 of these Articles of Agreement.

Article 42 Any Member may withdraw from FONPLATA by giving written notice to the Executive President, who shall immediately notify the Board of Governors and the Executive Board of Directors. The withdrawal shall be effective one (1) year after the date of said notice. Even after withdrawing, said member shall remain liable for all obligations to FONPLATA as of the date of delivery of such notice of withdrawal. The refund of contributions shall take place once the debts with FONPLATA have been paid off and within such time limits as determined by the Board of Governors based on FONPLATA's financial position.

Article 43 The withdrawing member shall have no liability whatsoever regarding lending or borrowing operations undertaken after the date of notification of withdrawal.

The rights and obligations of the country or agency which ceases to be a member shall be determined pursuant to the Special Liquidation Balance Sheet as from the date on which the notice stating the intention to withdraw was submitted.

CHAPTER X

EXEMPTIONS, IMMUNITIES AND PRIVILEGES

- Article 44 Property and other assets of FONPLATA, as well as the operations carried out by the Fund in any of the founding member countries, shall enjoy the same immunities, exemptions and privileges under “Agreement on Exemptions, Immunities and Privileges of the Financial Fund for the Development of the River Plate Basin in the Territory of the Member Countries”, approved by Resolution No. 116 (IX) in the IX Meeting of Ministers of Foreign Affairs of the River Plate Basin Countries and ratified by the founding member countries.
- Article 45 Governors and Directors, its Alternates, and technical and administrative officials of FONPLATA who are not citizens of the country in which they perform their duties shall enjoy the same immunities, exemptions, and privileges under Article 44.
- Article 46 The regulations to be provided on the requirements for accession of non-founding countries to FONPLATA shall cover the granting of immunities, exemptions, and privileges in similar terms as the Agreement referred to in Article 44 of these Articles of Agreement

CHAPTER XI

FINAL PROVISIONS

- Article 47 Amendments to FONPLATA Articles of Agreement approved after 2013 shall enter into force thirty (30) days after confirmation notices by the founding member countries and, where appropriate, non-founding member countries and agencies, have been received.
- Confirmations of amendments to the Articles of Agreement may not be issued with reservations.
- Article 48 Confirmation notices shall be submitted to FONPLATA headquarters.

Article 49 FONPLATA headquarters shall be located in one of the founding member countries.

TRANSITIONAL PROVISIONS

1.- Until the accession of new members (a) each founding member country shall have one (1) vote in the Board of Governors and in the Executive Board; (b) in order to hold a legitimate meeting, the Board of Governors and the Executive Board of Directors shall require a quorum of at least four-fifths (4/5) of the Governors and Executive Directors representing the founding member countries, respectively; and (c) the decisions and resolutions made by both bodies shall be adopted by at least four-fifths (4/5) of the votes cast, except for that one referred to in subsection i) of Article 30 of these Articles of Agreement, which may be adopted by at least three-fifths (3/5) of the votes cast.

2.- At every accession of a new member, the Board of Governors shall establish the appropriate mechanisms with regard to the voting and applicable quorum (Article 6 of the Articles of Agreement).

