

The Agreement Establishing the Arab Fund for Economic and Social Development

Preliminary Remarks

The proposal of establishing an "Arab Fund for Economic and Social Development" was submitted to the Conference of Arab Ministers of Finance, Economy and Petroleum convened in Bagdad in August 1967. The Conference accepted the proposal and submitted a recommendation on the same, which was adopted by the Summit Conference convened thereafter in Khartoum. The Conference of the Undersecretaries of the Ministries of Economy and Finance, which was convened in Algiers in October 1967, prepared a draft of an agreement establishing the proposed Arab Fund, as a regional financial institution to be formed with a capital amounting to one hundred million Kuwaiti Dinars.

Member States accepted the text of this Agreement as adopted by the Economic Council pursuant to its Resolution No. (345), at the meeting convened on Thursday 18th Safar 1388 H., corresponding to 16th May 1968.

A single original text of the Agreement, in Arabic, was signed in Cairo, and deposited with the Secretariat-General of the League of Arab States. A certified true copy was delivered to each signatory or acceding State.

On Saturday 18th December 1971, the General Secretariat of the League of Arab States declared the effectiveness of the Agreement Establishing the Arab Fund, in accordance with Article 40 of the Agreement, which provides that it shall be effective one month after the deposit of the instruments of ratification by States whose total subscription amounts to not less than 45% of the capital stock of the Fund.

The provisions of the Agreement, incorporating the current names of member States which, in respect of some States, differ from those set out in the original text signed in 1968, are stated herein below. Current official names are:

- The Republic of Yemen. (When the Agreement was signed the name was: the Arab Republic of Yemen and the Democratic Republic of Yemen).
- The Great Socialist People's Libyan Arab Jamahiriya. (When the Agreement was signed the name was: the Kingdom of Libya).

- The Arab Republic of Egypt. (When the Agreement was signed the name was: the United Arab Republic).
- The State of the United Arab Emirates. (The ratification instruments were deposited under this name, whereas the original Agreement was signed by the Emirate of Abu Dhabi).
- The Kingdom of Bahrain. (previously: the Emirate of Bahrain, thereafter: the State of Bahrain).
- The State of Qatar. (When the Agreement was signed the name was: the Emirate of Qatar).

The Agreement

The Governments of :-

The Hashemite Kingdom of Jordan
 The Republic of Tunisia
 The People's Democratic Republic of Algeria
 The Republic of Sudan
 The Republic of Iraq
 The Kingdom of Saudi Arabia
 The Syrian Arab Republic
 The Great Socialist People's Libyan Arab Jamahiriya
 The Arab Republic of Egypt
 The Republic of Yemen
 The State of Kuwait
 The Republic of Lebanon
 The Kingdom of Morocco
 The State of the United Arab Emirates
 The Kingdom of Bahrain
 The State of Qatar
 The Somali Democratic Republic
 The Islamic Republic of Mauritania
 Sultanate of Oman
 The State of Palestine
 The Republic of Djibouti

Desirous of building the Arab Economy on a solid foundation that would help meet the requirements of economic and social development in their

countries for the purposes of attaining the goals enunciated in the Charter of the League of Arabs States;

Have accepted the text of this Agreement as adopted by the Economic Council under the terms of its Resolution Number (345) at its meeting held on Thursday, 18th Safar, 1388 H., corresponding to 16th May, 1968.

Article 1

There is hereby established an Arab regional financial institution, enjoying an autonomous juridical personality, to be known as the "**Arab Fund for Economic and Social Development**", and whose principal office shall be located in the City of Kuwait. The Fund may, by a resolution of its Board of Governors provided for in Article 19, establish branches and agencies in any country.

PART ONE PURPOSES OF THE FUND

Article 2[†]

The Fund shall contribute to the financing of economic and social development projects in the Arab states and countries by means of:-

1. Financing economic projects of an investment character by extending loans on concessionary terms to governments, and to public organizations and institutions, giving preference to economic projects that are vital to Arab world and inter-Arab projects.
2. Financing private sector projects in member states by extending various forms of loans and guarantees to institutions and enterprises possessing juridical personality, and participating in their equity capital, and providing other forms of financing, as well as the necessary financial, technical and advisory services, in accordance with such regulations and subject to such conditions as may be prescribed by the Board of Directors provided for in Article 22.
3. Establishing, or participating in the equity capital of, institutions possessing juridical personality, and which aim at executing and financing private sector projects in the member states, including

[†] As amended pursuant to the Board of Governors' Resolution No. (2) of 1997.

providing and financing the necessary technical, consultancy and financial services.

4. Establishing and managing special funds that aim at achieving specific purposes which are compatible with those of the Fund, and whose resources are provided by the Fund or other sources of finance. The instruments establishing such funds shall specify their purposes, functions and powers, management structure, and shall set out the regulations governing their operations.
5. Encouraging the investment, directly or indirectly, of public and private capital in a manner conducive to the development and growth of Arab economy.
6. Providing expertise and technical assistance in the various fields of economic development.

PAR TWO

MEMBERSHIP AND CAPITAL

Article 3

Members of the Arab Fund shall be:-

1. Member States of the League of Arab States and other Arab countries who shall have subscribed to the capital of the Fund before the 1st of July 1968 who shall be regarded as founding members.
2. Any other Arab state or country whose accession to the Agreement shall have been approved by the Board of Governors.

Article 4

The Board of Governors of the Fund may decide to accept the participation of public and private Arab financial organizations and institutions in the Arab states and countries in the capital of the Fund.

Article 5

1. The capital of the Fund shall be Two Billion and Ten Thousand Kuwaiti Dinars* (One Kuwaiti Dinar being equal to 2.48828 grams of gold) that are convertible into convertible currencies[‡].

* The capital of the Fund has been increased on several occasions. The current position is reflected by the Board of Governors' Resolutions No. (7) of 2008 and No. (3) of 2009.

2. The capital of the Fund shall be divided into two hundred thousand and one shares of a value of ten thousand Kuwaiti Dinars each[§].
3. Upon signing this Agreement, the founding members shall subscribe shares of the capital stock of the Fund in accordance with the following schedule:-

State	Number of Initial Shares	Number of Currently Held Shares
The Hashemite Kingdom of Jordan	200	5,218,388
The Republic of Tunisia	50	1,858,108
The People's Democratic Republic of Algeria	400	19,540,299
The Republic of Sudan	150	3,336,149
The Republic of Iraq	750	9,580,116
The Kingdom of Saudi Arabia		47,982,022
The Syrian Arab Republic	300	7,239,382
The Great Socialist People's Libyan Arab Jamahiriya	1200	18,053,209
The Arab Republic of Egypt	1050	12,216,458
The Yemen Republic	51	1,363,417
The State of Kuwait	3000	51,188,465
The Republic of Lebanon	100	603,282
The Kingdom of Morocco	200	4,826,255
The State of the United Arab Emirates	500	8,445,946
The Kingdom of Bahrain	50	651,544
The State of Qatar	100	2,036,076
The Democratic Republic of Somalia [*]		63,345
The Islamic Republic of Mauritania [*]		247,346

[†] As originally formulated in the signed text.

[§] One share of the capital stock have been allocated for subscription by the Union of Comoros.

^{*} Acceded to the Agreement in accordance with Article 3.

Sultanate of Oman*		5,212,355
The State of Palestine*		331,805
The Republic of Djibouti*		6,023

Article 6

Increase of Capital

The capital of the Fund may be increased on the following conditions:-

1. Approval by an absolute majority of the votes cast, in the case of a capital increase to provide for the issuance of shares for allocation to an Arab country desiring to join the Fund.
2. Approval by a three-quarters majority of the votes cast, in all other cases.
3. In the event of a capital increase approved under the preceding paragraph, each member may subscribe for share thereunder in the proportion which its stock bears to the capital stock of the Fund and under such conditions as the Board of Governors may determine. Such proportion may be increased or decreased, subject to the approval of an absolute majority of the votes cast.
4. Subscription for shares in any capital increase shall be restricted to members of the Fund and the organizations and institutions referred to in Article 4 of this Agreement.

Article 7

Subscription of Shares

1. Each founding member shall subscribe shares in accordance with the schedule set forth in paragraph (3) of Article 5. The Board of Governors shall determine the number of shares to be allocated to other members in the manner provided for in paragraph (1) of Article 6.
 2. Shares shall be issued at their nominal value.
 3. Each member shall pay 10% of the value of the shares for which it has subscribed upon depositing its instruments of ratification of this Agreement. Such amount shall be deposited for the Fund's
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account, with the Ministry of Finance, the State of Kuwait, which shall invest it under government guarantee, and return it, together with the returns accruing thereon, to the body that the Board of Governors of the Fund shall designate at its first meeting.

4. In addition to the stipulations set forth in paragraph 3, each member shall pay 10% of the value of the shares for which it has subscribed, upon the entry into force of this Agreement, pursuant to Article 40 hereof.
5. The remaining subscription amount shall be paid in ten equal annual installments, the first of which shall fall due one year after the Fund shall have commenced its operations.
6. In case of accession of an Arab state or country to this Agreement after its entry into force, the new member shall pay for the shares allocated to it in the same proportion in which existing members have paid for their respective shares.

Article 8

1. No member shall be deemed liable, by reason of its membership, for the obligations of the Fund beyond the limits set out in this Agreement.
2. Each member shall remain liable for the unpaid portion of the value of its shares.
3. The provisions of paragraph 1 and 2 of this Article shall be applicable to the organizations and institutions referred to in Article 4.

Article 9

Disposal of Shares

Shares of the capital stock of the Fund may not be disposed of in any manner whatsoever, nor may their ownership be transferred, except to the Fund.

Article 10

Resources of the Fund

1. The Resources of the Fund shall consist of the capital subscribed, the reserves and loan funds raised by the Fund through the issuance of bonds or credit facilities obtained from public and

private Arab institutions or from private individuals or international institutions.

2. The Fund shall fix the terms and conditions relating to bond issues.
3. The aggregate amount of bonds issued by the Fund shall not, at any time, exceed twice the amount of the capital stock, except pursuant to a special resolution of the Board of Governors of the Fund, to be adopted by a two-thirds majority of votes.

PART THREE FUNCTIONS OF THE FUND

Article 11

Operations of the Fund

The Fund shall, in particular, carry out the following operations :-

1. Borrow funds from local and foreign markets and determine the guarantee necessary for such borrowing.
2. Guarantee the securities relating to projects in which the Fund has invested its resources, in order to facilitate their sale.
3. Buy and sell the securities it has issued or guaranteed or in which it has invested its resources.
4. Invest its surplus resources and savings and pension funds and similar resources, in high ranking securities.
5. Carry out any other operations connected with the purposes of the Fund as set out in Article 2.

Article 12*

Guarantee

1. All lending operations undertaken by the Fund in favor of a public organization or institution shall be guaranteed by the Government of the State where the project is located.
2. The Fund may, when financing private sector development projects, require the guarantee of the Government of the State where the project is located, in addition to other collateral

* As amended pursuant to the Board of Governors' Resolution No. (2) of 1997.

necessitated by the nature, exigencies of the project to be financed and the risks therewith associated.

Article 13

Limits of Finance

1. The Fund shall not finance a project in the territory of any member without the permission of the Government concerned.
2. The Fund shall require that the proceeds of its financing be used for the purposes for which such financing has been granted.
3. The Fund shall not participate in the management of any project in which it has invested its resources.
4. The Fund shall carry out its financing operations on such conditions as it shall deem appropriate, having regard to the exigencies and risks of the relevant project.
5. The Fund shall, before financing a project, ascertain, through its technical experts, the viability of such project.
6. The Fund shall seek to invest its resources continuously, and on satisfactory terms.
7. The Fund may raise loans in the territory of any member State for financing a project after obtaining the approval of the Government of that member State. If the project is to be carried out in the territory of another member State, the member State within whose territory the loan is raised shall undertake to transfer, at the request of the Fund, the proceeds of the loan to the country where the project is to be carried out.

Article 14

Currencies in which Loans are granted

The Fund shall disburse the amount of the loan to the borrower in the agreed currency and as shall be required for purposes of executing the project.

Article 15

Conversion of Currencies

The Fund shall be entitled to convert the currencies at its disposal into any other currency as it deems best suited for its purposes.

Article 16

Repayment of Loans

Contracts relating to loans granted by the Fund shall prescribe the methods of repayment of such loans as hereinafter provided :-

1. The Fund shall determine the cost to borrowers of the loans granted by it, the commissions, the methods of discharging the debt, the applicable maturity and payment dates, and the conditions relating thereto.
2. The loan contracts shall specify the currency in which payments shall be made. The Fund shall, to the extent practicable, seek to recover its loans in the currency in which they were granted. The borrower may, subject to the approval of the Fund, repay the loan in another currency, subject to the approval of the Fund.
3. The Fund may, at the request of the borrower and without prejudice to the Fund's interest or that of another member, amend the terms and conditions set forth in the loan contract, provided that it shall have obtained the approval of the government that has guaranteed the relevant loan.
4. The Fund may modify the terms and conditions of repayment of any loan.

Article 17

The Fund and the officers in charge of its management shall not interfere in political affairs. Only economic and social considerations shall be the basis for decision making.

PART FOUR ORGANIZATION AND MANAGEMENT

Article 18

Organs of the Fund

The Fund's administration shall consist of: the Board of Governors, the Director-General Chairman of the Board of Directors, the Board of Directors, the Loan Committees, and the staff necessary to perform the duties prescribed by the management of the Fund.

Article 19

Board of Governors

1. The Board of Governors shall be composed of a Governor and an Alternate Governor, appointed by each Member of the Fund for a term of office of five years, unless the appointing Member decides to replace either of them during the said five-year period. They may be reappointed. The Board shall elect every year one of the Governors as its Chairman.
2. The Board of Governors shall be regarded as the Fund's general assembly. All powers relating to the management of the Fund shall be vested in the Board of Governors, which may delegate to the Board of Directors any of its powers, except the power to :-
 - (a) admit new members.
 - (b) increase the capital.
 - (c) suspend a member.
 - (d) settle disputes over the interpretation of the provisions of this Agreement.
 - (e) conclude agreements for the purpose of cooperating with other international organizations.
 - (f) suspend the operations of the Fund definitively and dispose of its assets.
 - (g) determine the distribution of the net income of the Fund.
3. The Board of Governors shall meet at least once a year. It shall also meet whenever requested by three of its members holding one quarter of the total voting power, or by the Board of Directors.
4. A meeting of the Board of Governors shall be valid provided that a quorum representing not less than two-thirds of the total voting power is present.
5. The Board of Governors may lay down the necessary procedure whereby the Board of Directors may obtain the approval of members of the Board of Governors on a specific issue without calling the latter to meet.
6. The Board of Governors and the Board of Directors, each within its province of competence, may lay down such rules, instructions and regulations as may be necessary to conduct the business of the Fund.
7. Governors and their Alternates shall carry out their duties as members of the Board of Governors without remuneration, but the

Fund shall pay them reasonable expenses incurred in attending meetings.

8. The Board of Governors shall determine the remuneration to be paid to the members of the Board of Directors and their Alternates, as well as the salary and the terms and conditions of service of the Director-General Chairman of the Board of Directors.

Article 20

Voting

1. In voting at meetings of the Board of Governors, each member shall have two hundred votes, notwithstanding the number of shares he holds, and in addition one vote for each share of the capital stock held by that member.
2. Except as otherwise provided, all matters before the Board of Governors shall be decided by an absolute majority of votes.

Article 21

Director-General Chairman of the Board of Directors and staff

1. The Board of Governors shall appoint a Director-General for the Fund who shall not be a Governor or his Alternate, nor a Director or his Alternate. In the event of the temporary absence of the Director-General, the Board of Governors shall appoint an interim deputy to act on his behalf during such absence.
2. The Director-General shall preside at the meetings of the Board of Directors. He shall have no vote, save in the event of an equal division, in which case he shall have a casting vote. He may be called to attend the meetings of the Board of Governors and take part in its discussions, but shall not be entitled to vote at such meetings.
3. The Director-General shall be the head of the staff of the Fund and shall be responsible for conducting all its business under the supervision of the Board of Directors. He shall carry out the technical and administrative organization of services within the Fund, and have the right to appoint and release experts and staff in accordance with the regulations of the Fund.
4. The Director-General and the staff owe their duty to the Fund. In the conduct of the business of the Fund, they shall not allow themselves to be influenced by any considerations other than the

interest of the Fund, and they shall remain impartial in the discharge of their duties.

5. In appointing the staff, the Director-General shall pay due regard to the need to distribute the positions, to the extent possible, amongst nationals of the Arab states and countries members of the Fund, without, however, compromising the principle of having to secure the requisite standards of efficiency and expertise.

Article 22**

Board of Directors

1. The Board of Directors shall assume all the general conduct of all the business of the Fund, and shall exercise the powers delegated to it by the Board of Governors.
2. The Board of Directors shall be composed of eight part-time Directors elected by the Board of Governors from among Arab citizens of recognized experience and efficiency. They shall be elected for a term of two years, renewable.
3. Members of the Board of Directors shall be elected as follows :-
 - (a) Each Governor shall nominate one Director and one Alternate Director.
 - (b) The Board of Governors shall elect from among the nominees eight Directors and eight Alternate Directors, by a majority of votes.
 - (c) Each Governor shall delegate to one of the elected Directors the power to cast, at meetings of the Board of Directors, votes in the same number of votes to which that Governor is entitled at meetings of the Board of Governors.
4. Alternate Directors shall assist Directors in their work and shall attend meetings of the Board of Directors. An Alternate Director shall have the right to vote in the absence of the Director on whose behalf he acts.
5. Directors and their Alternates shall continue in office until their successors are elected. If the office of one of them becomes vacant for a maximum period of ninety days, the Governors whose votes

** As amended pursuant to the Board of Governors' Resolutions No. (6) of 1977, and No. (2) of 1978.

were represented by the former Director shall select a successor for the remaining period, provided that such selection is approved by the Board of Governors. The successor shall be in the same position as his predecessor with respect to the number of votes which he represents.

6. Meetings of the Board of Directors shall be valid provided that a quorum of two-thirds of the total votes is present.
7. Unless otherwise provided, resolutions of the Board of Directors shall be adopted by an absolute majority of the votes cast.

Article 23^{††}

Loan Committees

1. Loan committees shall be formed for the loans granted to the governments of any State, or to public organizations and institutions of that state, or for loans for private sector projects guaranteed by the said government. Such committees shall submit the necessary reports on the relevant projects and the extent to which the financing requested for such projects is appropriate.
2. Each committee shall include an expert selected by the Governor representing the member State in whose territory the project is located, and one or more members of the technical staff of the Fund appointed by the Chairman of the Board of Directors.

Article 24

Reports and Statements

The Fund shall issue an annual general report showing its financial position. It may also issue a report on its activities with respect to various projects, as well as any other reports on activities carried out in implementation of its purposes. Such reports and statements shall be distributed to all members.

Article 25

Allocation of Net Income

10% of the annual net income of the Fund shall be allocated to the general reserve. The Board of Governors may decide to allocate a supplementary amount to form an additional reserve. The remaining balance shall be distributed to members in proportion to the number of shares held by each of them.

^{††} As amended pursuant to the Board of Governors' Resolution No. (2) of 1997.

**PART FIVE
WITHDRAWAL – SUSPENSION OF MEMBERSHIP –
SUSPENSION OF OPERATIONS**

Article 26

Withdrawal of Membership

No member shall have the right to withdraw from the Fund before the lapse of five years of membership. Withdrawal shall be by means of delivering a written notice thereof to the principal office of the Fund, expressing the member's intention to withdraw. Withdrawal shall be effective as of the date such notice is received.

Article 27

Suspension of Membership

1. If a member fails to fulfill any of its obligations to the Fund, its membership may be suspended by a resolution adopted by the majority votes of the Board Governors. The member so suspended shall definitively cease to be a member one year from the date of suspension unless the Board of Governors, by another resolution adopted by a majority of votes, decides to reinstate the suspended member.
2. While under suspension a member shall not be entitled to exercise any rights under this Agreement, except the right to withdraw.

Article 28

Rights and Obligations of Member States Ceasing to be Members

1. Where a government of a member State ceases to be a member under the provisions of Articles 26 and 27, it shall remain liable for all its obligations to the Fund, so long as any part of the loans or guarantees contracted before it ceased to be a member are outstanding; but such former member shall cease to incur any liability with respect to new loans or guarantees entered into by the Fund and shall cease to share either in its income or expenses appertaining to such loans and guarantees.
2. Where a government ceases to be a member, the Fund shall purchase the shares of such government and settle its accounts. The purchase price of the shares shall be the value shown by the books of the Fund or the paid in amount for such shares, whichever is less.

3. The payment for the shares purchased by the Fund under the preceding paragraph shall be governed by the following conditions:
 - (a) The Fund shall retain any amount due to the government for its shares insofar as such government or any public or private organization or institution in the country of that government remains liable to the Fund. The Fund shall be entitled to withhold and apply the amount retained in settlement of outstanding loans and obligations. In any event, no amount due to a member shall be paid until the lapse of at least six month after the date on which it ceased to be a member.
 - (b) The Fund may pay to the government for its shares a portion of the amount retained, equal to that recovered by the Fund in respect of outstanding amounts.
 - (c) If any loss is sustained by the Fund as a result of the operations undertaken by it under this Agreement and is still outstanding on the date the Government ceases to be a member, and the amount of the loss exceeds the amount of the reserve provided against such loss on the aforesaid date, then such Government shall be liable to repay, upon demand, the amount by which the purchase price of the said Government's shares would have been reduced, if the loss had been taken into account when the purchase price was determined.

Article 29

Suspension of the Operations of the Fund and disposition of its Assets

1. The Board of Directors may, in emergencies, temporarily suspend the Fund's operations in respect of loans, guarantees and equity participation. It shall call the Board of Governors to an extraordinary meeting to consider the matter and take a decision in this respect.
2. The Fund may terminate permanently its operations by a resolution of the Board of Governors taken by a majority of three-quarters of the votes. The Fund shall, following such a resolution, forthwith cease all activities, except such operations and measures as are necessary to the realization, conservation and preservation of its assets and property.

The Fund shall continue to exist, and all reciprocal rights and obligations between the Fund and its members under this

Agreement shall remain in effect until the final settlement of its obligations and the distribution of its assets. During this period, no member may be suspended, nor may it withdraw, and no assets may be distributed to members except under the provisions of Part Five of this Agreement.

3. No distribution of the assets of the Fund may be made until all creditors' claims have been settled. Such assets shall be distributed pro rata to members in proportion to the shares held by each member. Distribution shall be effected in cash or in the form of other assets at such times and in such currencies as the Fund shall deem appropriate.
4. Any member receiving assets distributed by the Fund pursuant to the provisions of Part Five of this Agreement shall be subrogated to all the rights pertaining to such assets as the Fund enjoyed prior to their distribution.

PART SIX LEGAL STATUS, IMMUNITIES AND PRIVILEGES

Article 30

1. The Fund shall possess juridical personality and, in particular, the capacity :
 - (a) to contract;
 - (b) to acquire immovable and movable property and to dispose of the same;
 - (c) to institute legal proceedings.
2. Actions may be brought against the Fund only before the courts of competent jurisdiction in the place where its principal office is situated, and may be brought against it, as well, in the place where the dispute has arisen if the Fund has a branch office or an agent authorized to accept notice of process.
3. No action may be brought against the Fund by members or persons acting for or, or deriving claims from, members.
4. All property and assets of the Fund, wherever located and by whomsoever held in the member countries, shall be immune from all forms of provisional measures prior to the delivery of final judgment against the Fund.

5. All property and assets of the Fund, wherever located and by whomsoever held in the member countries, shall be immune from search, requisition, confiscation, expropriation, or any similar form of compulsory measures by an executive or legislative authority.
6. All papers, registers and documents of the Fund, wherever located and by whomsoever held, shall be inviolable.

Article 31

Freedom of Assets from Restrictions

All property and assets of the Fund, to the extent necessary to carry out the operations provided for in this Agreement and subject to its provisions, shall be free from all restrictions, regulations, controls, and moratoria of any kind.

Article 32

Communications of the Fund shall be accorded by each member the same treatment that it accords to the official communications of other members.

Article 33

Exemption from Taxation in Member Countries

1. The Fund, its assets, property, income, and its operations and transactions provided for in this Agreement, shall be exempt from all taxation and all custom duties. The Fund shall also be exempt from the obligation of collection or payment of any duty or taxes.
2. Shares of the Fund shall be exempt from all taxes and duties when issued or circulated.
3. Bonds and securities issued by the Fund, as well as dividends, interest and commissions relating thereto and the like, by whomsoever held, shall be free from taxation of any kind.

Article 34

Immunities and Privileges of Officers and Employees of the Fund

1. Governors and their Alternates, Directors and their Alternates, officers and employees of the Fund shall enjoy the following :-
 - (a) Immunity from legal process with respect to acts performed by them in their official capacity;

- (b) Immunity from immigration restrictions, alien registration requirements and exchange control;
- (c) Travelling facilities;
- (d) Exemption from taxation on salaries or remunerations provided to them by the Fund.

2. In addition to the privileges and immunities accorded to the Fund and its staff under this Agreement, the Board of Governors may determine any further privileges and immunities that it deems necessary for the achievement of the purposes of the Fund.

Article 35^{††}

Amendment of Provisions of the Agreement

1. Any member, Governor, or Director, shall be entitled to propose amendments to this Agreement, by communicating the amendment proposal to the Chairman of the Board of Governors, who shall bring the proposal before the Board at the earliest opportunity. If the proposal is approved by the Board, the Fund shall seek the opinion of all members on the same. If members holding three-quarters of the total voting power accept the proposal, the Fund shall certify the amendment by formal communication addressed to all members. The amendment shall be registered with the Secretariat General.
2. Notwithstanding the provision of paragraph 1 of this Article, acceptance by all members is required in the case of any amendment modifying :-
 - (a) the right to withdraw from the Fund provided in Article 26 hereof;
 - (b) the limitation of the members' liability in respect of the unpaid portion of their shares as provided in Article 8 hereof;
 - (c) an increase of the capital as authorized under paragraph 3 of Article 6 hereof.
3. Amendments shall come into force for all members three months after the date of the formal communication issued by the Fund, unless a shorter period is fixed by the Board of Governors.

^{††} The Board of Governors' Resolution No. (5) of 1977, concerning the amendment of the Agreement, was passed as follows: "The Fund shall register any amendment to the Agreement establishing it – in accordance with Article 35/1 – as soon as members holding three-quarters of the voting power have approved the amendment, without the need to follow the ratification procedure by each State.

PART SEVEN INTERPRETATION AND ARBITRATION

Article 36

1. The Board of Governors shall have the power to examine and settle all differences arising between any member and the Fund, or between the members themselves, regarding the interpretation of the provisions of this Agreement. The decision of the Board shall be final and binding.
2. Any member may appeal against the decisions of the Board of Directors regarding the interpretation of any of the provisions of this Agreement to the Board of Governors who shall pass final and binding decision on the matter in dispute. Pending the decision of the Board of Governors, the Fund may act on the basis of the decision of the Board of Directors.

Article 37

Arbitration

In the event of any disagreement between the Fund and a State or a country which has ceased to be a member, or between the Fund and a member during the final liquidation of the Fund, any party may refer such disagreement to arbitration by a tribunal of three arbitrators, one appointed by the Fund, another by the second party, and the third arbitrator shall be selected by the two arbitrators.

Where the two arbitrators fail to agree on the selection of the third arbitrator, the Secretary General of the League of Arab States shall select one from among Arab jurists. The award of the arbitration tribunal shall be final and binding.

PART EIGHT FINAL PROVISIONS

Article 38

Each Government shall become member of the Fund as of the date on which it shall have deposited with the General Secretariat of the League of Arab States the instruments of ratification or accession.

Article 39

Ratification, Deposit and Accession

1. This Agreement shall be ratified by the signatory Arab states and countries, in accordance with their basic laws as early as possible. The instruments of ratification shall be deposited with the General

Secretariat of the League of Arab States which shall make a record of the deposit of the instruments of ratification and notify the Arab member states and countries thereof.

2. Arab states and countries which have not signed this Agreement may accede thereto, following the approval of the Board of Governors, by addressing a notification to the Secretary General of the League of Arab States who shall notify their accession to the Arab states and countries, members of the Fund.

Article 40

This Agreement shall come into force one month after the deposit of the instruments of ratification by states whose total subscription is not less than 45% of the capital stock provided for in Article 5 hereof.

Article 41

The Secretary General of the League of Arab States shall convene the first meeting of the Board of Governors.

IN WITNESS WHEREOF, the authorized representatives whose names appear below have signed this Agreement on behalf and in the name of their Governments.

Done in Cairo, on Thursday, 18th Safar 1388 H., corresponding to 16th May 1968, in a single original text, in Arabic, to be kept with the General Secretariat of the League of Arab States. A certified copy shall be delivered to each signatory or acceding state.