

**ARTICLES OF AGREEMENT OF THE FINANCIAL FUND
FOR THE DEVELOPMENT OF THE RIVER PLATE BASIN¹**

The Governments of the Member Countries of the River Plate Basin Treaty, in compliance with Recommendation No. 4 of the Santa Cruz de la Sierra Minute, paragraph IV, a) iii) of the Brasilia Minute; Resolutions No. 5 (IV) and 44 (V) of the Meetings of Chancellors of the River Plate Basin, and determined to encourage the purposes of harmonious development and physical integration of the River Plate Basin and its direct and ponderable areas of influence, agree to sign this Agreement in accordance with the following terms and conditions:

CHAPTER I

LEGAL STATUS AND HEADQUARTERS

Article 1st The Financial Fund for the Development of the River Plate Basin, hereinafter the Fund, is an international legal entity of unlimited duration.

It shall be governed by the regulations set forth in this Agreement and its Regulations.

Article 2nd The Fund shall have its permanent headquarters in one of the Member Countries.

CHAPTER II

PURPOSE

Article 3rd The purpose of the Fund shall be to finance, within the terms of Article I of the River Plate Basin Treaty, the implementation of studies, projects, programs and works aimed at promoting the harmonious development and physical integration of the

¹ Signed at the VI Ordinary Meeting of Chancellors of the River Plate Basin countries on 12 June 1974 (Buenos Aires, Argentina)

River Plate Basin, using its own resources and those obtained from other sources of funding as provided for in clauses b) and c) of Article 4².

CHAPTER III

FUNCTIONS

Article 4th The functions of the Fund shall be the following:

- a) To grant loans, sureties and guarantees;
- b) To obtain domestic loans and external borrowings with the joint and several liability of the Member Countries;
- c) To manage and obtain resources at the request of one or more Member Countries. Said resources shall not be binding for the Fund, but just for the Recipients of the loans thus obtained.
- d) To financially support pre-investment studies aiming at identifying investment opportunities or projects of interest to the River Plate Basin pursuant to clause f) of this Article;³
- e) To financially support the hiring of technical assistance and advice;
- f) To act as agent and advisory body of the Intergovernmental Coordinating Committee of the River Plate Basin Countries upon its request; and,
- g) To perform all functions deemed conducive to the best fulfillment of its purposes.

² Resolution R.D. 75^a -558/94

“1° To construe, in the first instance, that for the purposes of complying with the purposes set forth in Article 3 of the Articles of Agreement, FONPLATA may manage trust funds, subjecting such intervention, as well as the operations to be carried out, to the provisions of the relevant Trust Agreement.”

“2° To state that, by virtue of the provisions of the above paragraph, no preferences whatsoever shall be applied except those arising from the provisions of the relevant trust agreement”.

³ Resolution A.G. VII-33/84. Construction on: Contingent Recovery Operations. FONPLATA finances contingent recovery technical cooperation loans when there is a reasonable possibility that they will result in a loan operation, either by FONPLATA or by other credit institution. If the loan is approved, the amount of the technical cooperation fund is included in the loan and FONPLATA receives the first reimbursement. Failing this, the operation becomes non-reimbursable, for all purposes.

CHAPTER IV

RESOURCES OF THE FUND

Article 5th The resources of the Fund shall amount to one hundred million US Dollars (US\$ 100,000,000).⁴

Article 6th Twenty million US Dollars (US\$ 20,000,000) shall be initially contributed from the Fund resources. These resources shall be mainly used to finance pre-feasibility, feasibility and final design studies.

CHAPTER V

MEANS OF PAYING IN

Article 7th The paying in of the twenty million US Dollars (US\$ 20,000,000) referred to in the above article shall be made as follows:

Argentina	US\$	6,670,000
Brazil	US\$	6,670,000
Bolivia	US\$	2,220,000
Paraguay	US\$	2,220,000
Uruguay	US\$	2,220,000
		<hr/>
		20,000,000

Article 8th Contributions shall be made as follows: 50 percent in freely convertible US Dollars and 50 percent in the currencies of the corresponding Member Countries, with adjustment clauses taking into account the parities with the US Dollar.

⁴ Resolution A.G. VI-28/83 provided for an increase of FONPLATA capital resources referred to in Article 5 of the Articles of Agreement, to an amount equal to one hundred million US Dollars (US\$ 100,000,000) to be paid by the Member Countries in their own currencies, with stable value clauses of the United States Dollar. Capital contributions shall be paid within 8 years. Argentina and Brazil contributions shall be made as from year 1985, and Bolivia, Paraguay and Uruguay contributions as from year 1986, by means of annual installments to be paid up to 15 June of each year. Countries may make advance payments of their own accord or upon request of FONPLATA. The projected increase in the amount of resources shall be paid in according to the allocation and schedule set forth in said Resolution.

Successive resolutions approved by the Board of Governors established the capitalization of annual profits, until the approval through Resolution A.G. 138/2013 of a capital increase of US\$ 1,150,000,000 (US\$ 350,000,000 of in cash paid-in capital and US\$ 800,000,000 of callable capital).

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Article 9th Argentina and Brazil contributions shall be paid within a three-year term. Bolivia, Paraguay and Uruguay contributions shall be paid within a ten-year term. Contributions shall be paid in pro-rata annual payments.

Article 10th The terms set out in the above article shall run from the date of entry into force of this Agreement.

Article 11th The remaining eighty million US Dollars (US\$ 80,000,000) shall be paid in when decided by the Board of Governors of the Fund, upon the favorable vote of all of its members.⁵

The initial contribution of twenty million US Dollars (US\$ 20,000,000) shall be mainly intended to fund prefeasibility, feasibility and final design studies in accordance with the provisions of Article 6.

⁵ Resolution A.G.E. II-14/79

"1°. The paying in of the eighty million US Dollars (US\$ 80,000,000) referred to in Article 11 of the Articles of Agreement shall be made as follows:

COUNTRY	C A P I T A L		
	CALLABLE	PAYABLE IN CASH	TOTAL
Argentina	13,334,000	13,334,000	26,668,000
Bolivia	4,444,000	4,444,000	8,888,000
Brazil	13,334,000	13,334,000	26,668,000
Paraguay	4,444,000	4,444,000	8,888,000
Uruguay	4,444,000	4,444,000	8,888,000
TOTAL	40,000,000	40,000,000	80,000,000

"2°. The contributions of capital payable in cash shall be made as follows: 50 percent in freely convertible US Dollars and 50 percent in the currencies of the corresponding Member Countries, with stable value regarding the US Dollar.

"3°. Contributions of Argentina and Brazil shall be made within a five-year term as from year 1980 by means of equal annual installments up to 15 June of each year. Contributions of Bolivia, Paraguay and Uruguay shall be made in like manner and terms as from year 1982.

"4°. Callable capital shall be subject to the Fund requirements, in the event it may not comply with the obligations undertaken with various funding sources using its own resources for the procurement of resources intended to finance loan operations for the Member Countries.

"5°. Payment requirements of callable capital shall be in proportion to the capital subscriptions of each Member Country in agreement with section 1 above.

"6°. Upon request of any such payment, the Member Country shall use the convertible currency needed by the Fund in order to fulfill its obligations.

"7°. The Executive Board of Directors shall regulate this Resolutions regarding callable capital."

CHAPTER VI

FINANCING OF WORKS AND STUDIES

Article 12th Funding shall be granted to projects which, in addition of being technically and economically feasible, respond to the harmonious development and physical integration of the River Plate Basin, in accordance with Article I of the Treaty.

Article 13th When approving the financing of works and feasibility, prefeasibility and final design studies, a harmonious geographical distribution among the Member Countries shall be taken into account, giving preference to Bolivia, Paraguay and Uruguay⁶.

Article 14th With respect to the works and studies mentioned in Articles 12 and 13, hiring priority shall be given to engineering and consultancy firms, professional and technical firms of the River Plate Basin Countries.

CHAPTER VII

ORGANIZATION AND ADMINISTRATION

Article 15th The Fund shall have a Board of Governors, an Executive Board of Directors and an Executive President, as well as other staff as necessary to fulfill its purposes⁷.

Article 16th Each Member Country shall be entitled to one vote in the Board of Governors, as well as in the Executive Board of Directors.

Article 17th Governors, Executive Directors and Alternate Directors shall be remunerated by their respective Governments.

The Executive President and the other staff members shall be remunerated by the Fund⁸.

⁶ Resolution A.G. 115/2010: 1. In accordance with the provisions of Article 13 of the Articles of Agreement, as of the date of this Resolution the total lending resources shall be equally distributed among the member countries. 2. To establish that the Executive Board of Directors shall submit within a 90-day term the regulation of the provisions of the preceding paragraph, taking into account the issues considered in the submitted proposal...”.

⁷ As amended by Resolution A.G. 137/2013 (ratified by all five member countries)

⁸ As incorporated by Resolution A.G. 137/2013 (ratified by all five member countries)

TITLE I

BOARD OF GOVERNORS

Article 18th The Board of Governors shall be composed of five Governors. Each Country shall appoint a Head Director and an Alternate Director.

Article 19th All the powers of the Fund 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 exceptions⁹:

- a) Approval of the Regulations of the Fund and its amendments;
- b) Approval of the annual budget of the Fund;
- c) Decision upon the construction of the Fund's Articles of Agreement and its Regulations; the modification of the amount of the Fund's own resources and their integration;
- d) Proposal to the Member Countries Governments to amend the Articles of Agreement of the Fund;
- e) Hiring of external auditors, citizens of the Member Countries;
- f) Consideration of FONPLATA's audit report, Annual Report, General Balance Sheet and Profit and Loss Statement;
- g) Decision on the participation of other countries and organizations in the increase of the Fund's own resources;
- h) Determination of the funds allocation policy;
- i) Determination of the Fund's form of liquidation in the event of dissolution.

Article 20th The resolutions of the Board of Governors shall be adopted by a majority of four-fifths of the votes of the member countries¹⁰.

⁹ As amended by Resolution A.G. 137/2013 (ratified by all five member countries)

¹⁰ Resolution A.G. 136/2013 is set aside: "To establish, pursuant to Article 20 of the Articles of Agreement, that the Board of Governors decisions on the following subjects shall be adopted by a majority of four-fifths of the votes of the member countries:

- a) Approval of the annual budget of the Fund;
- b) Hiring of external auditors, citizens of the Member Countries; and
- c) Consideration of FONPLATA's audit report, Annual Report, General Balance Sheet and Profit and Loss Statement".

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- Article 21st The Board of Governors shall ordinarily meet once a year, on the date and at the place where the annual regular meeting of Chancellors of the River Plate Basin Countries is held
- Article 22nd The Board, when validly set up, shall appoint a Chairman among its head members, 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 countries.
- Article 23rd If the Chairman in office is prevented from attending, it shall be temporarily replaced by the Head Governor of the Country which follows in alphabetical order.
- Article 24th The Board may meet extraordinarily at the place and on the date set by the Executive Board of Directors.

TITLE II

EXECUTIVE BOARD OF DIRECTORS

- Article 25th The Executive Board of Directors shall be composed of five members. Each Country shall appoint a Head Director and may designate an Alternate Director.
- Article 26th The Presidency of the Executive Board of Directors shall be held for periods of one year, following the alphabetical order of the countries¹¹.
- Article 27th If the Chairman in office is prevented from attending, it shall be temporarily replaced by the Head Director of the Country which follows in alphabetical order.
- Article 28th The Board of Directors shall be responsible for the management of the Fund, and for such purposes, it shall exercise its own powers as well as those delegated by the Board of Governors.
- Article 29th The Executive Board of Directors shall be responsible for:

¹¹ Interpretation ruled by Resolution A.G. 149/2015 (beginning of one-year periods on 1 July of each year)

- a) Fulfilling and enforcing the decisions of the Board of Governors;
- b) Knowing and approving the granting of loans, sureties and guarantees within the guidelines of the funding allocation policy set out by the Board of Governors;
- c) Submitting the annual budget of the Fund for the consideration of the Board of Governors;
- d) Annually submitting the Annual Report, the General Balance Sheet, and the Profit and Loss statement for the consideration of the Board of Governors;
- e) Convening extraordinary meetings of the Board of Governors upon the favorable vote of at least three of its members.
- f) Proposing to the Board of Governments amendments to the Fund Regulations;
- g) Approving the operational, financial and staff policies to be followed by the Fund¹².

Article 30th The Executive Board of Directors shall meet and make decisions in accordance with the provisions of FONPLATA Articles of Agreement and Regulations¹³.

TITLE III

EXECUTIVE PRESIDENT¹⁴

Article 31st The Executive President shall represent the Fund and shall be elected by the Board of Governors in accordance with the criteria and procedures laid down in FONPLATA Regulations.

The Executive President shall have the powers necessary to direct and manage FONPLATA, as well as to conduct and manage all funded operations, and shall be the senior-most official of the Fund. The powers of the Executive President shall be set out in the Regulations¹⁵.

¹² As amended by Resolution A.G. 137/2013 (ratified by all five member countries)

¹³ As amended by Resolution A.G. 137/2013 (ratified by all five member countries)

¹⁴ As incorporated by Resolution A.G. 137/2013 (ratified by all five member countries)

¹⁵ As incorporated by Resolution A.G. 137/2013 (ratified by all five member countries)

CHAPTER VIII

FINANCIAL YEAR, BALANCE SHEET AND PROFITS

- Article 32nd The financial year of the Fund shall be a one-year period, which starting date shall be defined by the Executive Board of Directors.
- Article 33rd The Annual Balance Sheet and the Profit and Loss Statement shall be prepared at the close of the financial year.
- Article 34th The Fund shall hire external auditors from the Member Countries, who shall provide advice on the General Balance Sheet and the Profit and Loss Statement.
- Article 35th Profits obtained from the Fund's operations shall be incorporated to the Fund's resources.

CHAPTER IX

DURATION AND DISSOLUTION

- Article 36th The Fund shall have unlimited duration.
- Article 37th Notwithstanding the previous Article, the Fund may be dissolved by the decision made by four-fifths of the votes of the Member Countries. In the event that two or more Member Countries withdraw from the Fund, the dissolution shall be by force of law¹⁶.
- Article 38th Any Member Country may withdraw from the Fund by giving written notice to the Executive Board of Directors. Withdrawal shall be effective one year after the date of said notice. Even after withdrawing, said country shall remain liable for all obligations undertaken with the Fund as of the date of delivery of such notice of withdrawal. The refund of contributions shall take place once the debts with the Fund have been paid off.

¹⁶ As amended by Resolution A.G. 137/2013 (ratified by all five member countries)

Article 39th In the event a signatory country ceases to be a Member of the Fund, it shall have no liability whatsoever regarding loans, sureties or guarantees made after the deposit of the notice.

The rights and obligations of the country which ceases to be a Member shall be determined pursuant to the Special Liquidation Balance Sheet prepared as from the date on which the notice stating its will to withdraw is submitted.

CHAPTER X

EXEMPTIONS, IMMUNITIES AND PRIVILEGES

Article 40th Property and other assets of the Fund, as well as the operations carried out by the Fund in any of the Member Countries, shall enjoy the same immunities, exemptions and privileges as those agreed upon by the Intergovernmental Coordinating Committee of the River Plate Basin Countries and its Member Countries.

Article 41st Governors and Directors, Alternate Directors and technical and administrative officials of the Fund who are not citizens of the country in which they perform their duties shall enjoy in said country the same immunities, exemptions and privileges, regarding themselves and their property as those granted to the officials of the Intergovernmental Coordinating Committee of the River Plate Basin Countries.

CHAPTER XI

FINAL PROVISIONS

Article 42nd This Agreement shall enter into force thirty days after the instruments of ratification of all the contracting countries have been deposited.

The instruments of ratifications shall be deposited at the Headquarters of the Intergovernmental Coordinating Committee of the River Plate Basin Countries.

Article 43rd The signature and ratification of this Agreement may not be subject to any reservations.

Article 44th Within 30 days after this Agreement comes into force the Member Countries shall communicate to the Secretariat of the Intergovernmental Coordinating Committee of the River Plate Basin Countries the names of the persons appointed as Governors and Executive Directors.

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Article 45th Within 30 days after the accreditation of the Governors and Executive Directors of the Member Countries, the Intergovernmental Coordinating Committee of the River Plate Basin Countries shall convene the first meeting of the Executive Board of Directors with the aim of preparing the Regulations and the Budget of the Fund, having to submit the relevant projects to the Board of Governors within a sixty-day term.

Article 46th The permanent Headquarters of the Fund shall be established by the Intergovernmental Coordinating Committee of the River Plate Basin Countries.

- DEPOSIT OF THE INSTRUMENTS OF RATIFICATION OF THE ARTICLES OF AGREEMENT:

Federative Republic of Brazil	20 December 1974
Republic of Paraguay	3 April 1975
Republic of Bolivia	16 May 1975
Oriental Republic of Uruguay	23 May 1975
Republic of Argentina	14 September 1976

ENTRY INTO FORCE 14 October 1976

- RATIFICATION OF THE AMENDMENTS TO THE ARTICLES OF AGREEMENT (Resolution A.G. 137/2013 of 20 June 2013):

Republic of Argentina	3 October 2014
Plurinational State of Bolivia	18 May 2015
Federative Republic of Brazil	17 December, 2014
Republic of Paraguay	3 November 2014
Oriental Republic of Uruguay	22 May 2014

THE AMENDMENTS TO THE ARTICLES OF AGREEMENT APPROVED IN 2013 ARE IN EFFECT AS OF JUNE 2015 AS ALL INSTRUMENTS OF RATIFICATION HAVE ALREADY BEEN RECEIVED BY FONPLATA.