

Multilateral Investment Guarantee Agency

By-Laws

(Adopted by the Board of Directors June 8, 1988)



Washington, D.C.

**MULTILATERAL INVESTMENT
GUARANTEE AGENCY**

BY-LAWS

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These By-Laws are adopted under the authority of, and are intended to be complementary to, the Convention Establishing the Multilateral Investment Guarantee Agency (the Convention) and they shall be construed accordingly. In the event of a conflict between anything in these By-Laws and any provision or requirement of the Convention, the Convention shall prevail.

Section 1. Meetings of the Council of Governors

(a) The annual meeting of the Council of Governors shall be held at such time and place as the Council of Governors shall determine; provided, however, that, if the Board of Directors shall, because of special circumstances, deem it necessary to do so, the Board of Directors may change the time and place of such annual meeting.

(b) Special meetings of the Council of Governors may be called at any time by the Council of Governors or the Board of Directors and shall be called by the Board of Directors upon the request of five members of the Agency or of members of the Agency having in the aggregate one-fourth of the total voting power. Whenever any member of the Agency shall request the Board of Directors to call a special meeting of the Council of Governors, the Chairman of the Board of Directors shall notify all members of the Agency of such request and of the reasons which shall have been given therefor.

(c) A quorum for any meeting of the Council of Governors shall be a majority of the Governors, exercising not less than two-thirds of the total voting power. Any meeting of the Council of Governors at which a quorum shall not be present may be adjourned from time to time by a majority of the Governors present, and notice of the adjourned meeting need not be given.

(d) Except as otherwise specifically directed by the Council of Governors, the Chairman of the Council of Governors jointly with the Chairman of the Board of Directors shall have charge of all arrangements for the holding of meetings of the Council of Governors.

Section 2. Notice of Meetings of the Council of Governors

The Chairman of the Board of Directors shall cause notice of the time and place of each meeting of the Council of Governors to be given to each member of the Agency by any rapid means of communication which shall be dispatched not less than forty-two days prior to the date set for such meeting, except that in urgent cases such notice shall be sufficient if dispatched by any rapid means of communication not less than ten days prior to the date set for such meeting.

Section 3. Attendance at Meetings of the Council of Governors

(a) The Directors and their Alternates may attend all meetings of the Council of Governors and may participate in such meetings, but a Director or an Alternate of a Director shall not be entitled to vote at any such meeting unless entitled to vote as a Governor or as an Alternate or a temporary Alternate of a Governor.

(b) The Chairman of the Council of Governors, in consultation with the Board of Directors, may invite observers to attend any meeting of the Council of Governors.

Section 4. Agenda of Meetings of the Council of Governors

(a) Under the direction of the Board of Directors, the Chairman of the Board of Directors shall prepare an agenda for each meeting of the Council of Governors and shall cause the agenda to be transmitted to each member of the Agency with the notice of the meeting.

(b) Additional subjects may be placed on the agenda for any meeting of the Council of Governors by any Governor provided that he shall give notice thereof to the Chairman of the Board of Directors not less than seven days prior to the date set for such meeting. In special circumstances, the Chairman of the Board of Directors, by direction of the Board of Directors, may place additional subjects on the agenda for any meeting of the Council of Governors. The Chairman of the Board of Directors shall cause notice of the addition of any subjects to the agenda for any meeting of the Council of Governors to be given as promptly as possible to each member of the Agency.

(c) The Council of Governors may at any time place any subject on the agenda for any meeting of the Council of Governors even though the notice required by this Section shall not have been given.

Section 5. Selection of Chairman and Vice-Chairmen

(a) At each annual meeting the Council of Governors shall select a Governor to act as Chairman and at least two other Governors to act as Vice-Chairmen until the end of the next annual meeting.

(b) In the absence of the Chairman, the Vice-Chairman designated by the Chairman shall act in his place.

Section 6. Secretary and Minutes

The Secretary of the Agency shall serve as Secretary of the Council of Governors and, under the direction of the Chairman of the Council of Governors, the Secretary shall be responsible for the preparation of a summary record of proceedings of the Council of Governors which shall be available to all members and which shall be filed with the Board of Directors for its guidance.

Section 7. Annual Report

The Board of Directors shall have the annual report of the Agency prepared for presentation at the annual meeting of the Council of Governors. Such report shall discuss the operations and policies of the Agency and shall make recommendations to the Council of Governors on outstanding issues.

Section 8. Voting

(a) At any meeting the Chairman of the Council of Governors may ascertain the sense of the meeting in lieu of a formal vote but he shall require a formal vote upon the request of any Governor. Whenever a formal vote is required, the written text of the motion shall be distributed to the members present.

(b) No Governor or Alternate may vote at any meeting by proxy or by any other method than in person, but a member may make provision for the designation of a temporary Alternate to vote for the Governor at any meeting of the Council of Governors at which the regularly designated Alternate is unable to be present.

Section 9. Voting Without Meeting

(a) Whenever, in the judgment of the Board of Directors, any action by the Agency must be taken by the Council of Governors which should not be postponed until the next annual meeting of the Council of Governors and does not warrant the calling of a special meeting of the Council of Governors, the Board of Directors shall request the Governors to vote without meeting.

(b) The Board of Directors shall present to each member by any rapid means of communication a motion embodying the proposed action.

(c) Votes shall be cast during such period as the Board of Directors may prescribe.

(d) At the expiration of the period prescribed for voting, the Board of Directors shall record the results and the Chairman of the Board of Directors shall notify all members. If the replies received do not include a majority of the Governors exercising two-thirds of the total voting power, which is required for a quorum of the Council of Governors, the motion shall be considered lost.

Section 10. The Board of Directors

(a) The Board of Directors shall consist of fourteen Directors. The number of Directors may be increased by the Council of Governors to take into account changes in membership. The initial term of the first Directors to be elected shall run until October 31, 1989; subsequent terms of the Directors shall be determined by the Council.

(b) The Board may appoint such committees as it deems advisable. Membership of such committees need not be limited to Governors or Directors or their Alternates.

(c) In the event that both a Director and his Alternate are unable to attend any meeting of the Board of Directors or a committee thereof, the Director may designate a temporary Alternate Director to attend and act for him at such meeting.

Section 11. Terms of Service

(a) Until such time as the Council decides that there shall be a resident Board of Directors which functions in continuous session, Directors and their Alternates shall receive compensation only for reasonable expenses incurred in attending meetings of the Board of Directors and in performing other official functions on behalf of the Agency.

(b) The salary of the President of the Agency shall be determined by the Council of Governors and shall be included in his contract. The Agency shall also pay any reasonable expenses incurred by the President in the interest of the Agency, including travel and transportation expenses for himself, his family and his personal effects in moving once to the seat of the Agency during or immediately before his term of office and in moving once from the seat during or immediately after his term of office. The initial contract of the President shall be for a term of five years.¹ Any renewal of the contract may be for the same or for a shorter term.

(c) An individual claiming reimbursement pursuant to this Section for any expenses incurred by him shall include in his claim a representation that he has not received and will not claim reimbursement in respect to those expenses from any other source.

Section 12. Delegation of Authority

The Board of Directors is authorized by the Council of Governors to exercise all the powers of the Agency except those reserved to the Council of Governors and the President by the Convention. The Board of Directors shall not take any action pursuant to powers delegated by the Council of Governors which is inconsistent with any action taken by the Council of Governors.

Section 13. Policy Guidelines, Rules and Regulations

The Board of Directors may adopt such policy guidelines, rules and regulations as may be necessary or appropriate to conduct the business of the Agency.

Section 14. Vacant Directorships

(a) Whenever because of a vacancy a new Director must be elected, the Chairman of the Board of Directors shall notify the members who elected the former Director of the existence of the vacancy. The Chairman of the Board of Directors may convene a meeting of the Governors of such countries exclusively for the purpose of electing a new Director; or he may request nominations by any rapid means of communication and conduct ballots by any rapid means of communication. Successive ballots shall be cast until one candidate has a majority; and after each ballot, the candidate with the smallest number of votes shall be dropped from the next ballot.

(b) When a new Director is named, the office of Alternate shall be deemed to be vacant and an Alternate shall be appointed by the newly elected Director.

Section 15. Representation of Members Not Represented by a National in the Board of Directors

Whenever the Board of Directors is to consider a question of the type referred to in Article 56(a) of the Convention which particularly affects a member not otherwise represented by a national in the Board, the member shall be promptly informed by any rapid means of communication of the date set for consideration of the question. No decision on the question shall be taken by the Board of Directors until the member has been offered a reasonable opportunity to present its views and to be heard at a meeting of the Board of Directors of which the member has had reasonable notice. Any member, so electing, may waive this provision.

¹ In case the Board of Directors appoints the President of the International Bank for Reconstruction and Development as the President of the Agency, the term of the initial contract of the President shall coincide with the term of office of the President of the Bank.

Section 16. Budget and Audits

In accordance with financial regulations to be adopted by the Board of Directors:

(a) the annual budget of revenues and expenditures shall be prepared by the President of the Agency, presented to the Board of Directors for approval and incorporated as approved in the Agency's annual report;

(b) a summary statement of the Agency's financial position and a profit and loss statement showing the results of its operations shall be circulated at appropriate intervals to members; and

(c) annual financial statements of the accounts of the Agency and of the Sponsorship Trust Fund shall be audited by independent auditors and incorporated as audited in the Agency's annual report.

Section 17. Application for Membership by Non-Original Members

(a) Original members of the Agency shall be the States which are listed in Schedule A to the Convention and become parties to the Convention on or before April 30, 1988. Such members shall subscribe to the number of shares of capital stock set forth opposite their names in Schedule A to the Convention. Each other member shall subscribe to such number of shares of capital stock as may be determined by the Council of Governors in accordance with Article 6 of the Convention.

(b) Any State eligible for membership in the Agency which does not become an original member of the Agency may apply for membership by filing with the Agency an application setting forth all relevant facts.

(c) After consultations have taken place with the applicant State, the Board of Directors shall report on all such applications to the Council of Governors. When the application is submitted to the Council of Governors with the recommendation that the applicant State be admitted to membership, the Board of Directors shall recommend to the Council of Governors the number of shares of capital stock to be subscribed, the designations for the purposes of Articles 3(c) and 39(a) of the Convention and such other conditions as, in the opinion of the Board of Directors, the Council of Governors may wish to prescribe.

Section 18. Suspension of Membership

Before any member is suspended from membership in the Agency, the matter shall be considered by the Board of Directors which shall inform the member in reasonable time of the complaint against it and allow the member an adequate opportunity to present its case to the Board of Directors. The Board of Directors shall recommend to the Council of Governors the action it deems appropriate. The member shall be informed of the recommendation and the date on which its case will be considered by the Council of Governors and shall be given a reasonable time within which to present its case to the Council of Governors. Any member so electing may waive this provision.

Section 19. Amendment to By-Laws

These By-Laws may be amended by the Council of Governors at any meeting thereof or by vote without a meeting as provided in Section 9.



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