



**THE  
ARTICLES OF AGREEMENT  
OF THE  
ARAB MONETARY FUND**

**Dated April 27, 1976**

**Updated April 3, 2013**

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This Agreement was drawn up in the city of Rabat in the Kingdom of Morocco, on Tuesday, the 27th of Rabi' Al thani, 1396 A.H., corresponding to the 27<sup>th</sup> of April, 1976 A.D.

The authorized capital as per Article Twelve has been increased from Arab Accounting Dinars (AAD) 250 million to AAD 600 million by resolutions of the Board of Governors no. (3) of 1983 and no. (3) of 1987. The capital was fully subscribed by the resolution of the Board of Governors no. (3).

The authorized capital has been increased again from AAD 600 million to AAD 1,200 million by the resolution of the Board of Governors no. (3) of 2013. By the same resolution, subscriptions of 50% of the capital increase was effected, and the annexed subscriptions schedule was amended accordingly.

Paragraph (b) of Article Twenty One has been amended in accordance with the Board of Governors resolution no. (4) of 1981, whereby the lending limit to a Member State has been increased to four times the amount of its paid-up subscription.

Paragraph (d) has been added to Article Twenty Two in accordance with the resolution of the Board of Governors no (4) of 1997, establishing a Structural Adjustment Loan facility. By the resolution of the Board of Governors no. (4) 2009, the loan facility was extended to apply equally and separately to the financial and banking sector and the public finance sector.

Paragraph (h) has been added to Article Twenty Two in accordance with the resolution of the Board of Governors no.(4) of 2007, establishing the Commercial Loan facility.

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Paragraph (g) has been added to Article Twenty Two in accordance with the resolution of the Board of Governors no. (4) of 2009, establishing the Short Term Liquidity facility.

In Article Thirty, the word (salaries) has been replaced by the word (remuneration) with respect to the Board of Executive Directors, by the resolution of the Board of Governors no. (8) 1988.

The phrase (eight resident directors) in paragraph (b) of Article Thirty Two has been replaced by (eight non-resident directors), in accordance with the resolution of the Board of Governors no.(4) 1986.

The preamble and Article Fifty Six have been amended, adding the Republic of Djibouti, and the Republic of Comoros to the states acceding to the agreement in accordance with the resolution of the Board of Governors no. (4) of 1996 and no. (5) of 1990 respectively.

Paragraph (f) has been added to Article Forty in relation to the application of weighted ownership rule for income distribution in accordance with the resolution of the Board of Governors no. (3) of 2005.

# THE ARAB MONETARY FUND AGREEMENT

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## THE GOVERNMENTS OF:

THE HASHEMITE KINGDOM OF JORDAN  
THE UNITED ARAB EMIRATES  
THE KINGDOM OF BAHRAIN  
THE REPUBLIC OF TUNISIA  
THE PEOPLE'S DEMOCRATIC REPUBLIC OF ALGERIA  
THE KINGDOM OF SAUDI ARABIA  
THE REPUBLIC OF SUDAN  
THE SYRIAN ARAB REPUBLIC  
THE SOMALI DEMOCRATIC REPUBLIC  
THE REPUBLIC OF IRAQ  
THE SULTANATE OF OMAN  
THE STATE OF PALESTINE  
THE STATE OF QATAR  
THE STATE OF KUWAIT  
THE REPUBLIC OF LEBANON  
THE STATE OF LIBYA  
THE ARAB REPUBLIC OF EGYPT  
THE KINGDOM OF MOROCCO  
THE ISLAMIC REPUBLIC OF MAURITANIA  
THE REPUBLIC OF YEMEN

AND THE GOVERNMENTS OF STATES ACCEDING TO THE AGREEMENT:

THE REPUBLIC OF DJIBOUTI  
THE UNION OF THE COMOROS

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Being desirous for laying the monetary foundations of Arab economic integration and accelerating the process of economic development in all Arab countries, they agreed upon the following:

**Article One:**

Pursuant to this Agreement, there shall be established an Arab organization named “The Arab Monetary Fund”, hereinafter referred to as “The Fund”.

**Article Two:**

The Fund shall have an independent juridical personality and shall have, in particular, the right to own, contract and litigate.

**Article Three:**

The Headquarters of the Fund shall be located in Abu Dhabi city in the United Arab Emirates. The Fund may establish agencies and offices by decision of the Board of Governors.

# PART ONE

## OBJECTIVES

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### **Article Four:**

The Fund aims at contributing to the achievement of the following objectives:

- (a) Correcting disequilibria in the balances of payments of Member States.
- (b) Promoting the stability of exchange rates among Arab currencies, rendering them mutually convertible, and striving for the removal of restrictions on current payments between Member States.
- (c) Establishing such policies and modes of Arab monetary cooperation aiming to achieve the quickest pace of Arab economic integration and speed the process of economic development in Member States.
- (d) Rendering advice, whenever called upon, with regards to policies related to the investment of financial resources of Member States in foreign markets, so as to ensure the preservation of the real value of these resources and to promote their growth.
- (e) Promoting the development of Arab financial markets.
- (f) Studying ways to promote the use of the Arab Accounting Dinar (AAD) and paving the way for the creation of a unified Arab currency;
- (g) Coordinating the position of Member States in addressing international monetary and economic challenges with the aim of realizing their common interests while at the same time, contributing to the resolution of world monetary challenges.
- (h) Settling current payments between Member States in order to promote trade among them.

## PART TWO

### MEANS

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#### **Article Five:**

For the realization of its goals, the Fund shall employ the following means:

- (a) Providing short-term and medium-term credit facilities to Member States with a view to assisting in financing their overall balance of payments deficits with the rest of the world, resulting from trade in goods and services, transfers, and capital flows.
- (b) Issuing guarantees in favour of Member States to strengthen their borrowing capabilities from other financial sources for the purpose of financing the overall deficits in their balances of payments.
- (c) Acting as intermediary in the provision of loans in Arab and international financial markets for the account of Member States and under their guarantees.
- (d) Coordinating the monetary policies of Member States and promoting cooperation between their monetary authorities.
- (e) Liberalizing and promoting trade and insuring current payments, and encouraging capital flows between Member States.
- (f) Allocating from its resources, paid in the currencies of the Member States, sufficient funds to provide the necessary credits to settle current payments among them, in accordance with the rules and regulations to be laid down by the Board of Governors, and within the framework of a special account to be opened by the Fund for that purpose.

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- (g) Managing any funds placed at the Fund by a Member State or States for the benefit of other Arab or non-Arab parties in accordance with the goals of the Fund. The Fund, in agreement with the Member State, or States concerned, shall make the necessary arrangements for managing such funds and shall open special accounts for this purpose.
  - (h) Holding periodic consultations with Member States on their economic conditions and the policies they pursue in support of the realization of the goals of the Fund and the States concerned.
  - (i) Conducting required research to achieve the goals of the Fund.
  - (j) Providing technical assistance to banking and monetary institutions in Member States.

**Article Six:**

The Member States shall cooperate among themselves and with the Fund for the realization of the goals of the Fund. Each Member shall in particular:

- (a) Reduce the restrictions on current payments among Member States and the restrictions on the transfer of capital and the transfer of profits therefrom, with a view to the total elimination of the said restrictions.
- (b) Endeavor to achieve the necessary degree of coordination between Arab economic policies particularly financial and monetary, in a manner that will contribute to Arab economic integration and assist in creating the necessary conditions for the establishment of a unified Arab currency.

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**Article Seven:**

The Fund shall cooperate with similar Arab institutions to achieve its objectives; likewise, when necessary, it shall cooperate with similar international organizations.

**Article Eight:**

The Fund shall provide technical assistance and services in the financial and monetary domains to Member States pursuing economic agreements aimed at attaining monetary union between them, being a phase towards the realization of the goals of the Fund.

**Article Nine:**

The Fund shall adopt, by decision of the Board of Governors, any other measures that may assist in the realization of its goals.

## **PART THREE**

### **MEMBERSHIP**

**Article Ten:**

Membership in the Fund shall be open to all Arab States which sign and ratify this Agreement in accordance with the terms of the Final Provisions of this Agreement.

## **PART FOUR**

### **RESOURCES**

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#### **Article Eleven:**

- (a) The resources of the Fund shall consist of the following:
  - 1. Paid-up capital;
  - 2. Reserves;
  - 3. Loans and credits obtained by the Fund;
  - 4. Any other resources decided upon by the Board of Governors.
- (b) The entire resources of the Fund shall consist of convertible currencies acceptable to it, subject to the provisions of clause (f) of Article 5 and clause (c) of Article 14.

### **TITLE I**

#### **Capital**

#### **Chapter One: Definition and Composition**

#### **Article Twelve:**

- (a) The authorized capital of the Fund shall be equivalent to Arab Accounting Dinars 1,200 million.
- (b) For the purposes of this Agreement, one Arab Accounting Dinar shall equal three units of Special Drawing Rights as defined in value by the International Monetary Fund. The value and the method of valuation of the Arab Accounting Dinars may be adjusted by a decision of the Board of Governors upon a three-fourth majority of the voting power.
- (c) The authorized capital shall be divided into 24,000 (twenty four thousand) shares each having the value of Arab Accounting Dinars 50,000 (fifty thousand).

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## **Chapter Two: Subscription and Payment**

### **Article Thirteen:**

- (a) Subscription to the capital shall be made in accordance with the schedule attached to this Agreement.
- (b) The Board of Governors shall determine the subscription of any other Arab country wishing to become a member of the Fund and whose proposed subscription is not covered by the schedule accompanying this Agreement.

### **Article Fourteen:**

- (a) Each member shall pay the value of the shares subscribed by it in the following manner, (Based on initial called capital of the Fund which was AAD 950 million):
  - 1. 5% (five percent) upon deposit of the instrument of its ratification of this Agreement;
  - 2. another 20% (twenty percent) within the period ending upon the entry into effect of this Agreement pursuant to Article 55;
  - 3. 2% (two percent) in the Member's national currency, regardless of whether it is convertible, for the purpose of clause (f) of Article 5 and within the period ending upon the entry into effect of this Agreement.
  - 4. During the transitional period, all the sums referred to in paragraphs (1) and (2) of this clause shall be deposited with the central bank of the country where the Fund's Headquarters are located, and the sums referred to in paragraph (3) with the Central Banks of the Member States, in the name of the Fund.

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5. The sums mentioned in paragraphs (1) and (2) of this clause shall be invested under guarantee of the country where the Headquarters are located; these sums and the profits therefrom shall be surrendered to the party or parties whom the Fund shall prescribe.
- (b) The remainder of the subscription, or any part thereof, shall be payable at the request of the Fund, depending upon the requirements of its activities, in accordance with terms and conditions to be decided by the Fund's Board of Governors, provided that payment is made within six months from the date of notification to the Member.
- (c) In the case of an Arab State ratifying or acceding to this Agreement after it has been put into effect, the new Member shall pay, within three months of depositing the instruments of ratification, the percentage of its subscription that equals what the members have paid of their subscriptions.

### **Chapter Three: Capital Increase**

#### **Article Fifteen:**

The capital of the Fund may be increased by a decision of the Board of Governors under the following conditions:

- (a) with the consent of an absolute majority of the votes cast, provided it represents not less than 30% (thirty percent) of the voting power of the Member States, if the increase is for the issuance of shares covering the subscription of an Arab State desiring to join the Fund;
- (b) with the consent of a three-fourth majority of the voting power of the Member States, if the apportionment of the increase in capital does not entail a change in relative voting-power among the Members;

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- (c) The consent of all Members shall be required for an apportionment of the capital increase, if such an increase entails a change in relative voting power among Members;
  - (d) In the event of a Member State declining to avail itself of the increase of its share of the capital, and apportionment of the increase among the other Member States in accordance with clause (c) of this Article not being achieved, the capital increase shall be reduced by the amount of the proposed increase in the quota of the Member State which declined to accept it.

## **TITLE II**

### **Reserves**

#### **Article Sixteen:**

- (a) The Fund shall establish a general reserve and it may, when there is a need to do so, establish special reserves the amount and purpose of which shall be defined by the Board of Governors.
- (b) Both the general reserve and the special reserves shall accrue from the annual net income of the Fund as may be determined by the Board of Governors.

## **TITLE III**

### **Loans and Credit Facilities**

#### **Article Seventeen:**

- (a) The Fund may borrow from Member States and from Arab and foreign monetary and financial institutions and markets for the purpose of financing its operations, and it shall have the right to issue securities for this purpose.

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(b) Borrowing shall be effected in conformity with the terms and conditions prescribed by the Board of Executive Directors.

**Article Eighteen:**

The maximum amount of indebtedness of the Fund, including the amounts borrowed and the guarantees issued, shall be 200% (two hundred percent) of the total of the authorized capital and the general reserve.

## **PART FIVE**

### **USE OF RESOURCES (LENDING)**

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#### **Article Nineteen:**

The Fund shall provide short-term and medium-term loans to Members for a period not exceeding seven years. The period of each loan shall be determined separately. All of these loans shall be subject to the terms and conditions provided for in this Agreement.

#### **TITLE I**

#### **Terms of Lending**

#### **Article Twenty:**

- (a) The Fund shall take into consideration the following factors when examining loan applications to be decided upon and determining the terms and conditions of the loans:
1. the financial position of the Fund and the programming of its lending activity.
  2. the extent of the need of the Member for the loan in light of the overall deficit in its balance of payments, its reserves, and its economic and financial conditions.
  3. the ability of the Member to repay the loan on due date in accordance with the lending policies of the Fund and also its ability to borrow from similar financial institutions and the amounts of the loans it must repay to these institutions and to the Fund.
  4. the volume of borrowing by the Member from the Fund in relation to its paid-up subscription.
  5. the term of the requested loan.

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6. the degree of growth in the economic exchanges of the Member with the rest of the Arab countries;
  7. the extent to which the Member has used up its unconditional rights to borrow from similar international and regional lending institutions.
- (c) The Fund resources shall not be provided to counter outflows of capital except in extraordinary circumstances in conformity with criteria as may be prescribed by the Board of Executive Directors.

## **TITLE II**

### **Limits of Lending**

#### **Article Twenty-One :**

- (a) Loans issued to a Member over a period of twelve months, shall not exceed twice the amount of its paid-up subscription.
- (b) Outstanding loans to a Member State shall not at any time exceed four times the amount of its paid-up subscription.

## **TITLE III**

### **Types of Loans**

#### **Article Twenty-Two:**

- (a) Ordinarily, the purpose of a loan shall be to finance deficit in a Member's balance of payments. Such financing shall not exceed 75% (seventy five percent) of its paid-up subscription, and shall be extended to the Member automatically.

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- (b) Should a Member's borrowing need exceeds the limit stipulated in paragraph (a) of this Article, it shall be provided a loan in support of a financial program, to be agreed upon by the Fund with the Member. The program will extend for a period of time, to be determined by the Board of Executive Directors, for the purpose of reducing the deficit in the balance of payments of the Member during the determined period of the loan.
- (c) Where there is a severe deficit in the balance of payments, due to a structural imbalance in the Member's economy, the Fund may support a program agreed upon by the Fund with the Member, and extending for a period to be determined by the Board of Executive Directors for the purpose of supporting appropriate solutions to the challenges the member is facing. Such loan shall be disbursed in accordance with the agreed program execution time plan.
- (d) In case a Member State needs reforms in the financial and banking sector and/or the government financial sector for the purpose of enhancing economic flexibility, improving the supply end and raising growth rates, the Fund may support a structural reform program, to be agreed upon between the Fund and the Member State. The program will aim to support reform in the financial and banking sector and/or the public finance sector. The amount of any of such loans shall not exceed 175% of the paid up subscription by the Member State in convertible currencies.
- (e) In case a Member State needs to adopt policies and procedures for commercial reforms and in order to enhance the capacity of the Member State in adopting the necessary reforms and benefit from the loans provided in international markets, and in order to enhance growth and to create productive job opportunities, the Fund may provide a

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facility to support a structural reform program, agreed upon between the Fund and the Member State. The program will aim to support reforms in the commercial sector with facility not exceeding 175% of the paid up subscription by the Member State in convertible currencies.

- (f) Should the Member State be in need for a short term financing to respond to temporary liquidity requirements due to developments in financial markets, the Fund may provide a short term liquidity facility to the Member State with a maximum limit of 100% of the paid up subscriptions by the Member State in convertible currencies.

**Article Twenty-Three:**

- (a) Notwithstanding the provisions of Articles 21 and 22 and in compliance with the provisions of Article 20, a Member shall have the right to borrow from the Fund, an amount not exceeding 100% (one hundred percent) of its paid-up subscription in order to cope with unexpected situations in its balance of payments resulting from a decrease in its receipts from exports of goods and services, or a large increase in the value of its imports of agricultural products following a poor harvest. Such a loan shall be for a period extending from one year to three years.
- (b) The Fund shall set the appropriate criteria for determining the extent of the drop in export earnings or the increase in the value of import of agricultural products.

**Article Twenty-Four:**

If the facilities provided by the Fund to the Member take the form of a guarantee, the issuance of the guarantee shall be subject to the lending conditions and limits provided for in this Agreement. The Fund shall charge a fee for the issuance of the guarantees.

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**TITLE IV**  
**Interest and Commissions**

**Article Twenty-Five:**

- (a) The Fund shall provide its loans and facilities at concessionary and uniform rates of interest and fees.
- (b) Interest rates shall be concessionary on borrowings by a Member to finance that part of the overall deficit in its balance of payments resulting from its trade with Arab States. Petroleum related trades shall be exempt from this preferential treatment.
- (c) The Board of Executive Directors shall set the rates of interest and fees to be applied by the Fund from time to time on its lending operations, taking into account the term of the loan, its type, its size, the cost of resources, and any other relevant factors.
- (d) The Board of Executive Directors shall set the interest rates to be charged on arrears in the repayment of loans.

**TITLE V**  
**General Rules for the Use of Fund Resources**

**Article Twenty-Six:**

- (a) In situations where this Agreement stipulates such a program, the Fund and the Member requesting the loan shall agree on a program of specific measures to reduce and remedy the deficit in its balance of payments. In such a case, the Fund, in cooperation with the Member, shall follow up on the execution of the program agreed upon.

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(b) In all cases, the Fund shall conduct periodic consultations with the borrowing Member.

**Article Twenty-Seven:**

When the Fund is of the opinion that a Member is using the resources of the Fund in violation of the purposes for which it was established, it shall present to the Member, a report setting forth the views of the Fund and prescribing a suitable period of time for reply. If no reply to the report is received from the Member within the prescribed time, or if the reply received is unsatisfactory, the Board of Governors may limit the Member's use of the Fund's resources or may, after giving reasonable notice to the Member, declare its ineligibility to use the resources of the Fund.

**Article Twenty-Eight:**

If the Board of Governors declares a Member ineligible to use the Fund's resources, this ban shall remain in effect until the Board of Governors repeals its decision on the grounds that the causes which led to it have been resolved. The Member shall, in such a case, compensate the Fund for all damages caused as a result of the violation committed by the Member.

**PART SIX**  
**ORGANIZATION AND ADMINISTRATION**

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**TITLE I**  
**Organizational Structure of the Fund**

**Article Twenty-Nine:**

The Fund shall be composed of the Board of Governors, the Board of Executive Directors, the Director General Chairman of the Board of Executive Directors, the Loans and Investment Committees in addition to the employees and experts required to carry out the work of the Fund.

**TITLE II**  
**The Board of Governors**

**Article Thirty:**

- (a) The Board of Governors shall consist of one Governor and one Deputy Governor appointed by each Member of the Fund for a term of five years, unless the Member sees fit to change either one of them during that period; they may also be reappointed. The Board shall elect annually from among its Members, one of the Governors as its Chairman, in alternation.
- (b) The Board of Governors shall be regarded as the General Assembly of the Fund and shall hold all the administrative powers; it may delegate to the Board of Executive Directors, the authority to exercise any of its powers except the following:
  - 1. Admission of new Members;
  - 2. Increasing capital;
  - 3. Determining the distribution of the net income of the Fund;
  - 4. Appointing external auditors and approving the annual financial statements;

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- 5 Settling disputes concerning the interpretation of the provisions of this Agreement.
  6. Suspension of a Member.
  7. Permanent suspension of the operations of the Fund and the liquidation of its assets.
  8. Amendment of this Agreement.
- (c) The Board of Governors shall convene at least once a year and shall also be convened upon request, by one half of its Members, or by Members holding one half of the total voting power, or upon the request of the Board of Executive Directors.
  - (d) Attendance by a majority, representing at least two thirds of the voting power, shall be required for a quorum for the meeting of the Board.
  - (e) The Board of Governors may establish the necessary rules empowering the Board of Executive Directors to obtain the approval of the Members of the Board of Governors on a specific subject, without calling into session.
  - (f) The Board of Governors shall take decisions relating to such regulations, instructions and bylaws which are necessary for the management of the affairs of the Fund.
  - (g) The Governors and their Deputies shall perform their duties on the Board of Governors without compensation; however, the Fund shall reimburse them for relevant expenses incurred to attend the meetings.
  - (h) The Board of Governors shall determine the remuneration to be paid to the Executive Directors and their Deputies and also the salary and terms of the contract of service of the Director General.

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- (i) In formulating its policies on Arab economic integration and the liberalization and development of trade among Member States, the Board of Governors shall cooperate with the Economic Council, the Council of Arab Economic Unity, and the Arab Fund for Economic and Social Development.

### **TITLE III**

#### **Voting**

#### **Thirty-One:**

- (a) For the purpose of voting at the Board of Governors meetings, each Member shall have 75 votes, regardless of the number of shares it holds, plus one vote for each share held by the Member.
- (b) Except as otherwise provided, all matters before the Board of Governors shall be decided upon by an absolute majority of the voting power.

### **TITLE IV**

#### **The Board of Executive Directors**

#### **Article Thirty-Two:**

- (a) The Board of Executive Directors shall exercise the powers vested in it by the Board of Governors and may delegate therefrom to the Director General, such powers as it deems fit.
- (b) The Board of Executive Directors shall be composed of the Director General as Chairman, and eight non-resident Members of the Board with recognized experience and competence, elected by the Board of Governors from among the citizens of Member States. The term of office of the Board Members shall be for a period of three years renewable.

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- (c) The election of Members of the Board of Executive Directors shall be conducted in the following manner, with due regard for such rules and procedures as may be prescribed by the Board of Governors:
1. Each Governor may nominate one candidate for membership of the Board of Executive Directors;
  2. Each Governor shall cast for one candidate, the votes of the Member State according to the provisions of Article 31;
  3. The eight candidates receiving the highest number of votes shall be elected;
  4. Each Governor who did not nominate a candidate or whose candidate was not elected to the Board of Executive Directors, shall confer upon one of the elected Directors, for the duration of the election term, the votes of the Member State at the Board of Governors pursuant to Article 31.
- (d) The Executive Directors shall nominate Deputies who will attend meetings of the Board of Executive Directors in their absence. In such cases, the Deputies shall have the right to vote.
- (e) Members of the Board of Executive Directors shall continue in office until their successors are elected. If the office of an Executive Director becomes vacant more than 90 days before the end of the term, another Director shall be elected for the remainder of the term by the Governors who voted for, or conferred their votes upon the former Director.
- (f) A two-thirds majority of the total voting power shall be required for a quorum at meetings of the Board of Executive Directors.

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- (g) Except as otherwise specifically provided, decisions of the Board of Executive Directors shall be taken by the absolute majority of the voting power of those voting.

**TITLE V**  
**The Director General and Staff**

**Article Thirty-Three:**

- (a) The Board of Governors shall appoint a Director General of the Fund from among individuals other than the Governors or Executive Directors or their Deputies. The Director General shall be appointed for a renewable term of five years, and shall serve ex-officio as Chairman of the Board of Executive Directors.
- (b) The Director General shall attend the meetings of the Board of Governors and participate in the deliberations but shall not have the right to vote.
- (c) The Director General shall vote in the Board of Executive Directors in the event of a tie.
- (d) The Director General shall submit an annual report on the work of the Fund to the Board of Governors at its regular Annual Meeting. The Director General shall also submit to the Economic Council a report on the activities of the Fund.
- (e) The Director General is the head of staff of the Fund and is responsible to the Board of Executive Directors for all the work of the Fund. The Director General shall be in charge of applying or executing the technical and administrative organization of the Fund and will have the right to appoint and dismiss staff and experts in accordance with the regulations of the Fund.

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- (f) The Director General and staff owe their allegiance to the Fund. In the conduct of their work, they shall refrain from exerting any influence except in the interests of the Fund, and shall remain impartial.
- (g) In appointing staff, the Director General shall, insofar as it is possible, observe the principle of the distribution of positions among the citizens of the Member States of the Fund, provided that such will not infringe upon the principle of securing the necessary competence and expertise.

**TITLE VI**  
**Committees on Loans and Investment**

**Article Thirty-Four:**

The Director General shall set up committees on loans and investment to provide recommendations with respect to lending and investment policies, and shall examine these recommendations to submit proposals therefrom to the Board of Executive Directors.

**PART SEVEN**  
**WITHDRAWAL, SUSPENSION AND TERMINATION**  
**OF MEMBERSHIP AND LIQUIDATION**

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**TITLE I**  
**Withdrawal from the Fund**

**Article Thirty-Five:**

- (a) Any Member may withdraw from the Fund after five years of membership, by submitting a notice in writing to the Fund at its Headquarters.
- (b) The withdrawal shall become effective from the date of receipt of the notice, or on a date specified in the notice within a period of six months from the date of its receipt.
- (c) If the Fund terminates its operations within six months from the effective date of withdrawal of a Member, that Member shall be deemed to be a Member for the purposes of the liquidation provided for in Article 40 of this Agreement.

**Article Thirty-Six:**

- (a) Except as provided for in this Article and in Article 52, a Member who has withdrawn shall not have any rights under this Agreement.
- (b) Unless otherwise specifically provided, a Member who has withdrawn from membership shall remain liable for all financial obligations to the Fund in its capacity as a Member, borrower, or guarantor, etc.
- (c) Upon the date on which the withdrawal becomes effective, the liability of the Member who has withdrawn with respect to any part of its subscription not paid or not called, shall be suspended. This provision shall be without effect in the existence of conditions in which Article 38 apply.

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- (d) The Fund and the Member who has withdrawn shall agree on the settlement of their accounts. The shares of the Member shall be returned at par value, less capital loss or plus its share of the amount of surplus and general reserve available for distribution as net income.
  - (e) The Member who has withdrawn and the Fund shall agree upon settlement of the accounts, on a date for the payment of the balances of these accounts and on the currency of payment.
  - (f) Should the Fund and the Member who has withdrawn fail to reach an agreement on the settlement of their accounts, the matter shall be referred to arbitration as provided for in Article 52 of this Agreement.

## **TITLE II**

### **Suspension of Membership**

#### **Article Thirty-Seven:**

- (a) The Board of Governors shall suspend, under a decision taken by it, membership of a State which fails to fulfill its obligations to the Fund.
- (b) A Member whose membership is to be suspended, shall be given an appropriate opportunity to explain its position prior to taking any decision in this matter.

#### **Article Thirty-Eight:**

Suspension of membership shall void the Member's right to borrow and to vote but the member shall remain liable for all its obligations under this Agreement.

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**TITLE III**  
**Termination of Membership**

**Article Thirty-Nine:**

A Member shall be definitively divested of membership by decision of the Board of Governors, should it continue to fail to fulfill its obligations to the Fund for a period of two years from the date of temporary suspension of its membership.

**TITLE IV**  
**Liquidation of the Fund**

**Article Forty:**

- (a) The Fund may terminate its operations by a decision taken by a three-fourths majority of total voting power.
- (b) Withdrawal of all Members in accordance with Article 35 of this Agreement shall be construed as termination of the operations of the Fund.
- (c) Upon taking a decision to terminate its operations, as provided for in paragraph (a) and (b) of this Article, the Fund shall forthwith cease all its activities save those connected with the safe recovery of its assets, their conservation and maintenance and the settlement of its obligations. The Fund shall remain in existence pending the final settlement of its liabilities and the distribution of its assets.
- (d) The mutual rights and liabilities of the Fund and of the Members under this Agreement shall remain intact, no Member may withdraw, nor may its membership be suspended or terminated, nor may any assets of the Fund be distributed among Members except within the limits permitted by this Agreement, in such an eventuality.

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- (e) Distribution of the net assets of the Fund shall be made in proportion to each Member's shareholding. Such distribution shall be made in cash or in other assets.
  - (f) To protect the rights of Member States in case where time variation in payment of capital installments occurs, the ownership rights shall be time-weighted and applied in calculating the shares of Member States in annual net income, retained earnings and reserves.

## **PART EIGHT**

### **PRIVILEGES AND IMMUNITIES**

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#### **TITLE I**

#### **The Fund**

#### **Chapter One: Legal Immunity of the Assets**

##### **Article Forty-One:**

- (a) All properties and assets of the Fund, whosoever located and by whomsoever held in the Member States, shall enjoy immunity against all types of precautionary measures pending issue of a final legal judgment against the Fund by a body of competent jurisdiction under the provisions of Article 53.
- (b) The properties and assets of the Fund, whosoever located and by whomsoever held in the Member States, shall enjoy immunity against search, requisition, confiscation, expropriation, or similar coercive measures by executive or legislative authority.
- (c) The papers, records and documents of the Fund, whosoever located and by whomsoever held, shall enjoy immunity in Member States.

#### **Chapter Two: Exemption from Restrictions and Regulations**

##### **Article Forty-Two:**

To the extent necessary to carry out the work provided for in this Agreement and subject to the provisions therein, all property and assets of the Fund shall be exempt from all restrictions, regulations, control and moratoria of any nature.

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**Article Forty-Three:**

Members shall accord to the correspondence of the Fund, the same treatment accorded to official correspondence of other Members.

**Chapter Three: Exemption from Taxes****Article Forty-Four :**

- (a) The Fund, its assets, properties, income, transactions and operations provided for in this Agreement shall be exempt from all taxes and customs duties. The Fund shall also be exempt from any liability for payment of any other duties or taxes.
- (b) Shares of the Fund shall, upon issue, be exempt from all taxes and duties.
- (c) Securities which the Fund may issue shall be exempt from all taxes and duties as shall all interest, commissions, and revenues accruing from loans of the Fund, and deposits, credits, and guarantees of whatever nature.

**TITLE II****Personnel of the Fund: Privileges and Immunities****Article Forty-Five :**

- (a) Governors and their Deputies, the Director General, the Members of the Board of Executive Directors and their Deputies, and the officers, experts and employees shall enjoy the following:

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1. immunity from legal process with respect to acts performed by them in their official capacity;
  2. exemption from migration restrictions, registration measures pertaining to aliens, and exchange control;
  2. facilities relating to travel;
  4. exemption from tax on their salaries or remuneration payable to them by the Fund.
- (b) The State in whose territory the Head Office of the Fund is located, shall undertake to accord these privileges and immunities; in addition, the other Member States shall undertake to accord them as the need may arise.

# PART NINE

## GENERAL PROVISIONS

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### TITLE I

#### Dealings of the Fund with a Member

#### **Article Forty-Six:**

Dealings of the Fund with a Member shall be conducted through the Member's Treasury, Central Bank or any similar agency the Member may designate.

### TITLE II

#### Statements and Reports

#### **Article Forty-Seven:**

- (a) The Fund may call upon Members to furnish it with the reports it requires for the fullest performance of its functions. The Fund shall take into consideration, differences in the capacity of Members to prepare such reports. A Member shall not be under an obligation to furnish statements tending to disclose the operations of financial organizations in its territory for which the Fund has no need, or to divulge the activities of individuals or companies.
- (b) The Fund shall act as a centre for the collection and exchange of economic data, especially with respect to monetary and financial matters.
- (c) Members shall permit the Fund to obtain, on a regular basis, any periodic reports and statements concerning their economic and financial situation that may be prepared by any Arab or international organization, the nature of whose work entails the preparation of such reports and statements. The Fund shall consult with the Members on how to obtain any studies related to the work of the Fund.

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**TITLE III**  
**Responsibility of Members for Liabilities of the Fund**

**Article Forty-Eight:**

- (a) A Member shall not be responsible, by virtue of its membership, for liabilities of the Fund which are not within the limits prescribed in this Agreement.
- (b) A Member shall remain liable for the unpaid portion of its subscription.

**TITLE IV**  
**Evaluation of the Assets, Liabilities and Transactions**

**Article Forty-Nine:**

- (a) The assets, liabilities, and transactions of the Fund shall be valued in the Arab Accounting Dinar.
- (b) Transactions of the Fund shall be contracted in terms of the Arab Accounting Dinar or in any other unit of account or any convertible currency acceptable to the Fund.
- (c) Fund transactions connected with the special account referred to in Article 5(f) shall be contracted in terms of currencies of Member States on the basis of the representative exchange rates determined by the International Monetary Fund.

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**TITLE V**  
**Amendment of the Agreement**

**Article Fifty:**

- (a) Any Governor shall have the right to propose amendments to this Agreement by communicating the proposed amendment to the Chairman of the Board of Governors, who shall submit the proposal to the Board of Governors at the earliest opportunity.
- (b) If the proposal is approved by the Board of Governors by a majority of three-fourths of the voting power, the Director General shall put the amendment on record by an official communication addressed to all Members. The amendment shall be registered with the General Secretariat of the League of Arab States.
- (c) Notwithstanding paragraph (b) of this article, approval by all Members shall be required in the event of an amendment modifying:
  - 1. the right to withdraw from the Fund in accordance with Article 35 of this Agreement;
  - 2. the limitation on the liability of the Members with regard to the unpaid portion of their subscription in accordance with Article 48(b) of this Agreement;
  - 3. Agreement on an increase in the capital as authorized by Article 15(b) of this Agreement. The exception embodied in this paragraph may be amended only with the consent of all Members.

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- (d) Approved amendments shall come into force for all Members, three months following the date of the official communication issued by the Fund, unless the Board of Governors specifies a shorter period.

## **TITLE VI**

### **Interpretation of the Agreement**

#### **Article Fifty-One:**

The Board of Executive Directors shall have the power to interpret any of the provisions of this Agreement. Members shall have the right to appeal this interpretation to the Board of Governors, whose decision shall be binding and final. The Fund may act according to the decision of the Board of Executive Directors until such time as the decision of the Board of Governors is issued.

## **TITLE VII**

### **Arbitration**

#### **Article Fifty-Two:**

In the event of a disagreement arising between the Fund and a State which has ceased to be a Member or has withdrawn from it, or between the Fund and one of its Members during the final liquidation of the Fund, any party shall have the right to submit this disagreement to an arbitration tribunal of three arbitrators, one of whom shall be appointed by the Fund and the second by the Member who is the other party, whereupon the two arbitrators shall select a third agreeable to them both. Should the two arbitrators fail to reach an Agreement, the Secretary-General of the League of Arab States would select a third from among Arab jurists. The decision of the arbitration tribunal shall be final and binding.

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**TITLE VIII**  
**Litigation**

**Article Fifty-Three:**

Legal action may be brought against the Fund in a court of competent jurisdiction in the State where its Head Office is located. A suit may be filed in courts at the place of dispute provided that the Fund has in such a place, an agency or branch office.

## PART TEN

### FINAL PROVISIONS

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#### TITLE I

#### Ratification, Deposit and Accession

##### **Article Fifty-Four:**

- (a) The Arab States signing this Agreement shall ratify it as soon as possible, in accordance with their constitutional procedures, and the instruments of ratification shall be deposited with the General Secretariat of the League of Arab States. The Secretariat shall record the deposition of the instruments of ratification, and the Secretary-General shall transmit copies of that record to the Member States.
- (b) Arab States not signing this Agreement may accede to it following approval by the Board of Governors, by depositing their instruments of ratification with the General Secretariat of the League of Arab States. The Secretariat shall prepare a record of the deposition of the instruments of ratification which the Secretary-General shall transmit to the Member States.
- (c) The States signing and ratifying this Agreement undertake to abide by its provisions and shall deposit the instruments of ratification with the General Secretariat of the League of Arab States prior to the coming into force of this Agreement and until such time as the Fund, after it begins operations, prescribes the agency with which these instruments shall be deposited.

#### TITLE II

#### Entry into Force of the Agreement

##### **Article Fifty-Five:**

This Agreement shall come into force one month after the deposit of the instruments of ratification by States whose total subscriptions are not less

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than 55% (fifty five percent) of the authorized capital provided for in Article 12 of this Agreement.

**Article Fifty-Six:**

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

In confirmation of the above, the plenipotentiaries whose names appear hereinafter, have signed this Agreement on behalf of and in the name of their Governments.

This Agreement was drawn up in the city of Rabat in the Kingdom of Morocco, on Tuesday, the 27th of Rabi' Al thani, 1396 A.H., corresponding to "April" 27, 1976 AD. in one original in Arabic, to be kept in the custody of the General Secretariat of the League of Arab States. An authentic copy shall be delivered to each of the States which has signed the Agreement or acceded thereto.

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## Schedule of Contributions of Arab Countries to the Capital of the Arab Monetary Fund

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	Subscriptions in initial capital	Subscriptions in increased capital
<u>(Thousand Arab Accounting Dinars)</u>		
THE HASHEMITE KINGDOM OF JORDAN	4,000	14,850
THE UNITED ARAB EMIRATES	15,000	52,950
THE KINGDOM OF BAHRAIN	4,000	13,800
THE REPUBLIC OF TUNISIA	5,000	19,275
THE PEOPLE'S DEMOCRATIC REPUBLIC OF ALGERIA	38,000	116,850
THE KINGDOM OF SAUDI ARABIA	38,000	133,425
THE REPUBLIC OF SUDAN	10,000	27,600
THE SYRIAN ARAB REPUBLIC	4,000	19,875
THE SOMALI DEMOCRATIC REPUBLIC	4,000	11,025
THE REPUBLIC OF IRAQ	25,000	116,850
THE SULTANATE OF OMAN	4,000	13,800
THE STATE OF PALESTINE	1,700	5,940
THE STATE OF QATAR	10,000	27,600
THE STATE OF KUWAIT	25,000	88,200
THE REPUBLIC OF LEBANON	5,000	13,800
THE STATE OF LIBYA	9,300	37,035
THE ARAB REPUBLIC OF EGYPT	25,000	88,200
THE KINGDOM OF MOROCCO	10,000	41,325
THE ISLAMIC REPUBLIC OF MAURITANIA	4,000	13,800
THE REPUBLIC OF YEMEN	9,000	42,450
THE REPUBLIC OF DJIBOUTI		675
THE UNION OF THE COMOROS		675
	250,000	900,000