

1986

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA
HOUSE OF REPRESENTATIVES

International Financial Institutions (Share Increase) Bill 1986

EXPLANATORY MEMORANDUM

(Circulated by authority of the Treasurer the
Hon Paul Keating, MP)

OUTLINE

This Bill empowers the Treasurer to make the necessary agreements on behalf of Australia to purchase:

- (a) 815 additional shares of the capital stock of the International Bank for Reconstruction and Development; and
- (b) 14,560 additional shares of the capital stock of the International Finance Corporation.

The Bill empowers the Treasurer to make these agreements on such terms and conditions as the Treasurer determines and, where appropriate, to issue securities in payment. The Bill also appropriates the funds necessary to make payments under these agreements.

Clause 1 - Short title

This clause is self-explanatory.

Clause 2 - Commencement

This clause is self-explanatory.

Clause 3 - Interpretation

This clause is self-explanatory.

Clause 4 - Agreements for purchase of additional shares of capital stock of the Bank.

In August and September 1984, the Board of Governors of the International Bank for Reconstruction and Development adopted Resolutions 395 (Special Capital Increase) and 398 (Increase in Certain Subscriptions to the Capital Stock) which increased the Bank's authorised capital by \$US7 billion and allocated 600 shares of capital stock among certain members facing a loss of relative voting power. Copies of the Resolutions are attached.

To subscribe to the capital increase, the Treasurer, as Governor for Australia of the Bank, is required to submit an "Instrument of Subscription" setting out the number of additional shares to which Australia will subscribe on the terms and conditions laid down in the Resolutions. The Treasurer is required to state that all action necessary to authorise the subscription has been taken and to furnish to the Bank such information concerning the subscription as the Bank may request.

Australia is entitled to subscribe to 745 shares under the Special Capital Increase and to 70 shares under the Increase in Certain Subscriptions, a total of 815 shares, valued at \$US98.32 million.*

Under these resolutions, 91.25 per cent of the subscription is to remain on call with the other 8.75 per cent (\$US8.60 million) to be paid-in by Australia at the time of submission of its 'Instrument of Subscription'. Of the paid-in portion, 10 per cent (\$US0.86 million) must be in the form of gold or US dollars and the balance (\$US7.74 million) in Australian dollars. The Australian dollar amount (\$A12.29 million at the current exchange rate) can be paid either in cash in a lump sum or by substituting a promissory note for the amount. The promissory note would be encashed on demand as and when the Bank required the funds or else as otherwise agreed with Australia.

* The Bank's Articles of Agreement express the Bank's capital in terms of 1944 US dollars. Since 1 April 1978, the effective date of the Second Amendment of the IMF Articles of Agreement, currencies no longer have par value in terms of gold and the pre-existing basis for translating the 1944 US dollars into members' currencies has ceased to exist. The implications of this change on the valuation of the Bank's capital stock are still being examined. The Bank in the meantime has continued and will continue to accept capital subscriptions at 1.20635 current US dollars to one 1944 dollar, the value of the 1944 dollar at the last par value of the US dollar, subject to the possibility that adjustment may be required when the standard of value issue is resolved.

The callable portion of Australia's subscription under the Resolutions may be called for payment only if required by the Bank to meet its obligations in respect of borrowings and guarantees. If the Bank continues to operate effectively in future - as we have every reason to expect that it will - this situation is not expected to arise. In practice, the callable capital of the Bank serves as security for its own extensive borrowing operations on world capital markets. No calls have ever been made on this part of the Bank's capital in the past.

Clause 5 - Agreements for purchase of additional shares of capital stock of the Corporation

In December 1985 the Board of Governors of the International Finance Corporation adopted Resolution 149 which increased the authorised capital of the Corporation by \$US650 million and provided for specified maximum increases in individual members' subscriptions. A copy of the Resolution is attached.

To subscribe to the capital increase, the Treasurer, as Governor for Australia of the Corporation, is required to submit an "Instrument of Subscription" setting out the number of additional shares to which Australia will subscribe on the terms and conditions laid down in the Resolution. The Treasurer is required to state that all action necessary to authorise payment of the subscription has been taken and to furnish to the Corporation such information concerning the subscription as the Corporation may request.

Under the Resolution, Australia is entitled to subscribe to a maximum of 14,560 shares. The subscription price per share is \$1,000 in terms of US dollars and must be paid in full in US dollars or their equivalent in any other freely convertible currency or currencies. Australia would be required to pay 40 per cent of the subscription price at the time the shares are subscribed, with the balance to be paid in three annual instalments of 20 per cent by 1 February 1990.

Clause 6 - Agreements subject to terms and conditions

This clause enables the Treasurer to make appropriate arrangements with the Bank and the Corporation regarding the terms and conditions of the subscriptions by Australia to these institutions.

Clause 7 - Appropriation and issue of securities

- (1) This part of the clause appropriates the moneys necessary to make payments to cover the purchases of additional shares of the capital stock of the Bank and the Corporation.

- (2) This part of the clause provides the Treasurer with the authority to issue securities to the Bank.

ANNEX A

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

RESOLUTION NO. 395

Increase of \$7 Billion in Authorized Capital Stock
and Special Increases in Subscriptions to Capital Stock

WHEREAS the original capital stock of the Bank amounted to \$10,000 million in terms of United States dollars of the weight and fineness in effect on July 1, 1944 (hereinafter referred to as 1944 dollars);

WHEREAS the Board of Governors, by Resolutions Nos. 128, 131, 194, 222, 264, 315, 346, 347, and 374 increased the authorized capital stock to \$71,650 million in terms of 1944 dollars;

WHEREAS the Board of Governors of the International Monetary Fund has approved on March 31, 1983, a resolution entitled "Increases in Quotas of Members--Eighth General Review" which proposes increases in the quotas of members up to certain amounts (hereinafter called the Fund Resolution);

WHEREAS in accordance with past practice, members accepting increases in their quotas, other than any general increase in quotas, are expected to request corresponding increases (sometimes referred to as special increases) in their capital subscriptions in the Bank;

WHEREAS the Executive Directors, in their Report to the Board of Governors dated May 24, 1984 (hereinafter called the Report of the Executive Directors), have recommended such special increases in members' subscriptions and have recommended an increase of \$7 billion 1944 dollars in the authorized capital stock of the Bank;

WHEREAS the Executive Directors of the Bank believe that in calculating the special increases to be allocated only quota increases under the Fund Resolution in excess of 22.0833 percent of present quotas should be regarded as special increases and that members be authorized to subscribe 50 percent of the shares as so calculated, except that the United Kingdom would be authorized to subscribe 529 shares and China would be authorized to subscribe 1660 shares;

WHEREAS, in order to achieve the purpose of authorizing such special increases in subscriptions, it is necessary that members waive their right under Article II, Section 3(c) of the Articles of Agreement to subscribe their proportionate share of the increase in authorized capital stock pursuant to the present Resolution;

NOW THEREFORE the Board of Governors hereby resolves as follows:

1. The Report of the Executive Directors is approved.

2. The authorized capital stock of the Bank shall be increased by 70,000 shares of capital stock having a par value of \$100,000 each in terms of United States dollars of the weight and fineness in effect on July 1, 1944.

3. In the absence of notice to the contrary from any member on or before June 15, 1984, such member shall be deemed to have waived its right to subscribe its proportionate share of the increase in authorized capital under this Resolution.

4. Each of the members of the Bank listed below may subscribe up to the number of shares of stock of the Bank set forth opposite its name:

<u>Member country</u>	<u>Maximum number of shares</u>	<u>Member country</u>	<u>Maximum number of shares</u>
Afghanistan	18	Finland	411
Algeria	437	France	4687
Antigua and Barbuda	3	Gabon	74
Argentina	624	Gambia, The	2
Australia	745	Germany, Fed. Rep. of	6285
Austria	740	Ghana	44
Bahamas	26	Greece	165
Bahrain	53	Grenada	2
Bangladesh	40	Guatemala	63
Barbados	13	Guinea	12
Belgium	1945	Guinea-Bissau	1
Belize	3	Guyana	15
Benin	8	Haiti	8
Bhutan	2	Honduras	24
Bolivia	36	Hungary	315
Botswana	14	Iceland	26
Brazil	1054	India	602
Burma	14	Indonesia	560
Burundi	2	Iran, Islamic Rep. of	2114
Cameroon	36	Iraq	707
Canada	1976	Ireland	257
Cape Verde	4	Israel	307
Central African Republic	4	Italy	2754
Chad	5	Ivory Coast	100
Chile	187	Jamaica	43
China	1660	Japan	6624
Colombia	177	Jordan	78
Comoros	1	Kenya	66
Congo, People's Rep. of the	24	Korea	649
Costa Rica	39	Kuwait	1002
Cyprus	32	Lebanon	351
Denmark	617	Lesotho	10
Djibouti	4	Liberia	11
Dominica	2	Libya	714
Dominican Republic	49	Luxembourg	102
Ecuador	98	Madagascar	18
Egypt, Arab Republic of	175	Malawi	12
El Salvador	44	Malaysia	377
Ethiopia	10	Maldives	1
Fiji	15	Mali	5

<u>Member country</u>	<u>Maximum number of shares</u>	<u>Member country</u>	<u>Maximum number of shares</u>
Malta	37	Somalia	9
Mauritania	11	South Africa	601
Mauritius	18	Spain	1159
Mexico	806	Sri Lanka	22
Morocco	137	Sudan	36
Nepal	10	Suriname	15
Netherlands	2264	Swaziland	12
New Zealand	158	Sweden	1037
Nicaragua	26	Syrian Arab Republic	101
Niger	17	Tanzania	27
Nigeria	822	Thailand	238
Norway	686	Togo	18
Oman	134	Trinidad and Tobago	86
Pakistan	114	Tunisia	90
Panama	86	Turkey	271
Papua New Guinea	47	Uganda	34
Paraguay	27	United Arab Emirates	598
Peru	133	United Kingdom	529
Philippines	243	United States	12453
Portugal	251	Upper Volta	9
Qatar	147	Uruguay	43
Romania	323	Vanuatu	2
Rwanda	7	Venezuela	706
Saint Lucia	4	Viet Nam	53
Saint Vincent	3	Western Samoa	2
Sao Tome and Principe	1	Yemen Arab Republic	84
Saudi Arabia	2757	Yemen, People's Dem. Rep. of	9
Senegal	46	Yugoslavia	457
Seychelles	2	Zaire	54
Sierra Leone	3	Zambia	52
Singapore	374	Zimbabwe	34
Solomon Islands	5		

5. Each subscription authorized pursuant to paragraph 4 above shall be on the following terms and conditions:

- (a) the subscription price per share shall be par;
- (b) a member may subscribe from time to time prior to January 1, 1987, or such later date as the Executive Directors may determine; provided, however, that the Bank shall not accept any such subscription prior to October 1, 1984;
- (c) the subscribing member shall pay to the Bank (i) gold or United States dollars equal to 0.875 percent of the subscription price of the shares subscribed and (ii) an amount in its own currency equal to 7.875 percent of such subscription price;

- (d) the Bank shall call the amounts of the 2 percent and 18 percent portions of subscriptions which are not required to be paid under paragraph 5(c) above only when required to meet obligations of the Bank for funds borrowed or on loans guaranteed by it, and not for use by the Bank in its lending activities or for administrative expenses;
- (e) before any subscription shall be accepted by the Bank, the following action shall have been taken:
 - (i) the member shall have taken all action necessary to authorize such subscription and shall furnish to the Bank such information thereon as the Bank may request; and
 - (ii) the member shall have made the payments provided for in paragraph 5(c) above.

6. This Resolution shall not become effective unless all members have waived their right to subscribe their proportionate share of the increase in the authorized capital stock of the Bank authorized under this Resolution.

(Adopted on August 30, 1984)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

RESOLUTION NO. 398

Increases in Certain Subscriptions to Capital Stock

WHEREAS in their Report, dated May 24, 1984, entitled "Increase of \$7 Billion in Authorized Capital Stock and Special Increases in Subscriptions to Capital Stock," the Executive Directors have recommended that the Board of Governors adopt a resolution (herein called the Special Capital Increase Resolution) approving an increase of 70,000 shares in the authorized capital stock of the Bank and an increase in the subscriptions of certain members of the Bank to the capital stock corresponding to increases in such members' quotas in the International Monetary Fund under the Eighth General Review of Quotas;

WHEREAS, under the terms of the Special Capital Increase Resolution, the said Resolution will become effective only if all members waive their right to subscribe their proportionate share of the increase in the authorized capital stock, and all members have waived such right;

WHEREAS the Executive Directors in their Report to the Board of Governors dated July 31, 1984 have recommended that members facing a loss of relative voting power as a result of such Special Capital Increase be given an opportunity to maintain their relative voting power to the extent shares authorized and not allocated for subscription are available for this purpose, up to a total of 2,128 shares;

WHEREAS the Executive Directors have recommended that, as a first step in the allocation process, 600 shares of capital stock be used for this purpose upon the effectiveness of the Special Capital Increase Resolution;

NOW THEREFORE the Board of Governors hereby resolves:

THAT, pursuant to Article II, Section 3(b) of the Articles of Agreement of the Bank, the Bank is hereby authorized to accept additional subscriptions to shares of its capital stock upon the following conditions:

1. Each member of the Bank listed below may subscribe up to the maximum number of shares of stock of the Bank set forth opposite its name, provided, however, that such member shall have notified the Bank in writing on or before October 29, 1984, of its intention to subscribe such shares:

Afghanistan	2	Liberia	1
Algeria	4	Malaysia	5
Australia	70	Maldives	3
Bangladesh	11	Mali	2
Barbados	5	Mauritius	1
Botswana	3	Morocco	17
Burma	6	Nepal	6
Burundi	2	New Zealand	19
Central African Republic	1	Pakistan	19
Chad	1	Paraguay	2
Cyprus	6	Philippines	15
Dominican Republic	1	Rwanda	1
Egypt, Arab Republic of	23	Sierra Leone	2
Equatorial Guinea	1	Somalia	1
Ethiopia	6	Sri Lanka	10
Fiji	4	Sudan	3
Ghana	6	Swaziland	4
Guinea	1	Syrian Arab Republic	3
Guyana	6	Tanzania	1
Haiti	1	Thailand	9
Iceland	6	Turkey	9
India	231	Vanuatu	4
Indonesia	28	Venezuela	5
Ireland	1	Yemen, People's Democratic Republic	3
Kampuchea, Democratic	3	Zaire	6
Lao, People's Democratic Republic of	1	Zambia	9
Lesotho	4	Zimbabwe	6

2. Each subscription authorized pursuant to paragraph 1 above shall be on the following terms and conditions:

(a) the subscription price per share shall be par;

- (b) a member may subscribe from time to time prior to January 1, 1987, provided, however, that the Bank shall not accept any such subscription prior to October 1, 1984;
 - (c) the subscribing member shall pay to the Bank (i) gold or United States dollars equal to 0.875 percent of the subscription price of the shares subscribed and (ii) an amount in its own currency equal to 7.875 percent of such subscription price;
 - (d) the Bank shall call the amounts of the 2 percent and 18 percent portions of subscriptions which are not required to be paid under paragraph 2(c) above only when required to meet obligations of the Bank for funds borrowed or on loans guaranteed by it, and not for use by the Bank in its lending activities or for administrative expenses;
 - (e) before any subscription shall be accepted by the Bank, the following action shall have been taken:
 - (i) the member shall have taken all action necessary to authorize such subscription and shall furnish to the Bank such information thereon as the Bank may request; and
 - (ii) the member shall have made the payments provided for in paragraph 2(c) above.
3. Shares with respect to which the Bank shall not have received the notification referred to in paragraph 1 above, on or before the date therein set forth, and shares which shall not have been subscribed prior to January 1, 1987, shall remain part of the Bank's authorized capital stock and members may be authorized to subscribe them at a later date.
4. This Resolution shall not become effective unless and until the Special Capital Increase Resolution shall have become effective.

(Adopted on September 12, 1984)

INTERNATIONAL FINANCE CORPORATION

(DRAFT)

RESOLUTION NO. _____

Increase of Capital

WHEREAS the authorized capital of the International Finance Corporation (the Corporation) is \$650,000,000, in terms of United States dollars, divided into 650,000 shares having a par value of one thousand United States dollars each, of which 544,238 such shares are issued; and

WHEREAS the Directors of the Corporation have concluded that it is desirable that the capital of the Corporation be increased and subscriptions to the increased capital be authorized and have submitted proposals therefor to the Board of Governors on the basis set forth below;

NOW THEREFORE THE BOARD OF GOVERNORS RESOLVES THAT:

A. The authorized capital stock of the Corporation is hereby increased to \$1,300,000,000, in terms of United States dollars, by the creation of 650,000 additional shares having a par value of one thousand United States dollars each, the issuance of such shares being authorized as set forth herein;

B. Each member of the Corporation may at any time, or from time to time, on or before February 1, 1986 (or such later date as the Directors may determine), subscribe up to the number of shares of capital stock of the Corporation set opposite the name of such member in Table I attached to this Resolution;

C. The provisions of this Resolution shall become effective when Governors exercising not less than three-fourths majority of the total voting power shall have voted in favor of this Resolution on or before December 31, 1984, or such later date as the Directors may determine;

D. Each subscription authorized hereunder shall be on the following terms and conditions:

1. The subscription price per share shall be \$1,000 in terms of United States dollars or other freely convertible currency or currencies; provided that, if payment is made in such currency or currencies other than United States dollars, the Corporation shall exercise its best efforts to cause such currency or currencies to be promptly converted into United States dollars and the same shall constitute payment of, or towards, the subscription price only to the extent that the Corporation shall have received effective payment of United States dollars.

2. Payment of the subscription price for shares subscribed shall be made either:

(a) in cash in full, for all such shares at any time or for some such shares from time to time, provided that such payment shall not be made in amounts and at times less favorable to the Corporation than those specified in paragraph D.2(b) of this Resolution; or

(b) in the manner and on the dates following:

(i) payment in respect of 20% of the total number of shares subscribed, in cash in full on August 1, 1985, or, at the election of the subscribing member, within a period of six months after such date;

(ii) payment in respect of 20% of the total number of shares subscribed, in cash in full on August 1, 1986, or, at the election of the subscribing member, within a period of six months after such date;

(iii) payment in respect of 20% of the total number of shares subscribed, in cash in full on August 1, 1987, or, at the election of the subscribing member, within a period of six months after such date;

(iv) payment in respect of 20% of the total number of shares subscribed, in cash in full on August 1, 1988, or, at the election of the subscribing member, within a period of six months after such date;

(v) payment in respect of 20% of the total number of shares subscribed, in cash in full on August 1, 1989, or, at the election of the subscribing member, within a period of six months after such date;

provided that, if any member shall so request, the Directors may, at any time, determine that any one or more of such periods shall be extended by an additional period, not in any case exceeding six months; and provided further that, if any member shall, pursuant to this Resolution, be authorized to subscribe after the expiry of any one or more of such periods, such member shall, upon subscription, pay in cash all amounts theretofore expressed to be payable according to the foregoing schedule (as the same may be extended by the Directors) and the balance in accordance with such schedule (as the same may be so extended); or

- (c) in the case of any member which shall be in circumstances of economic hardship, on such date or dates not, in any case, later than August 1, 1991, as the Directors may determine at the request of such member.
3. Each subscription shall be made by the subscribing member depositing with the Corporation not later than February 1, 1986 (or such later date as the Directors may determine), in a form acceptable to the Corporation, an Instrument of Subscription whereby the member:
- (a) subscribes to the total number of shares specified in such Instrument; and
 - (b) commits itself to pay for such total number of shares in a manner consistent with paragraph D.2 of this Resolution; provided that, in cases where qualification is required by legislative procedures, such commitment shall be unqualified as to payment for not less than the first 20% of the total shares subscribed but may be qualified by a condition that payment for not more than 80% of the total shares subscribed is subject to appropriate legislative action which that member undertakes to seek as soon as practicable, consistent with the schedule set out in paragraph D.2(b); and

- (c) represents to the Corporation that it has taken all action necessary to authorize such subscription; and
- (d) undertakes to furnish to the Corporation such information as to the foregoing matters as the Corporation may request.

4. Shares of capital stock shall be issued to a subscribing member, which has delivered an Instrument of Subscription in accordance with paragraph D.3 of this Resolution, only as full cash payment is made for such shares at any time or from time to time, and such member shall hold such shares upon such issue; provided always, however, that no shares shall be issued before August 1, 1985, or the date on which the provisions of this Resolution become effective in accordance with paragraph C of this Resolution, whichever is later.

E. To the extent that any shares of capital stock, which have been subscribed pursuant to this Resolution, shall not have been paid for in cash in full on or before the last date prescribed for payment for such shares in accordance with this Resolution, the subscription of such shares shall become void.

F. Any shares of capital stock remaining unsubscribed after the date prescribed under paragraph B hereof shall remain authorized and unissued, issuable by the Corporation in accordance with its Articles of Agreement.

INTERNATIONAL FINANCE CORPORATION

(Table I Attached to Resolution No. _____)

Capital Stock Offered for Subscription

<u>Member</u>	<u>Number of Shares Offered</u>	<u>Percentage of Total</u>
Afghanistan	133	0.02
Argentina	11,730	1.80
Australia	14,560	2.24
Austria	6,073	0.93
Bangladesh	2,780	0.43
Barbados	111	0.02
Belgium	16,390	2.52
Belize	31	*
Bolivia	585	0.09
Botswana	35	0.01
Brazil	12,145	1.87
Burma	795	0.12
Burundi	119	0.02
Cameroon	585	0.09
Canada	25,024	3.85
Chile	2,780	0.43
China	4,961	0.76
Colombia	2,488	0.38
Congo, People's Republic of the	80	0.01
Costa Rica	293	0.05
Cyprus	658	0.10
Denmark	5,708	0.88
Djibouti	25	*
Dominica	13	*
Dominican Republic	365	0.06
Ecuador	805	0.12
Egypt, Arab Republic of	3,731	0.57
El Salvador	13	*
Ethiopia	39	0.01
Fiji	88	0.01
Finland	4,829	0.74
France	35,266	5.43
Gabon	512	0.08
Gambia, The	42	0.01
Germany, Federal Republic of	39,657	6.10
Ghana	1,560	0.24
Greece	2,122	0.33

*Less than .005 percent.

<u>Member</u>	<u>Number of Shares Offered</u>	<u>Percentage of Total</u>
Grenada	25	*
Guatemala	365	0.06
Guinea	160	0.02
Guinea-Bissau	22	*
Guyana	440	0.07
Haiti	365	0.06
Honduras	220	0.03
Iceland	13	*
India	23,633	3.64
Indonesia	8,780	1.35
Iran, Islamic Republic of	444	0.07
Iraq	80	0.01
Ireland	397	0.06
Israel	657	0.10
Italy	22,828	3.51
Ivory Coast	1,090	0.17
Jamaica	1,317	0.20
Japan	30,510	4.69
Jordan	512	0.08
Kenya	1,243	0.19
Korea, Republic of	2,926	0.45
Kuwait	5,414	0.83
Lebanon	60	0.01
Lesotho	22	*
Liberia	99	0.02
Libya	66	0.01
Luxembourg	658	0.10
Madagascar	133	0.02
Malawi	440	0.07
Malaysia	4,683	0.72
Maldives	5	*
Mali	139	0.02
Mauritania	66	0.01
Mauritius	512	0.08
Mexico	7,171	1.10
Morocco	2,780	0.43
Nepal	365	0.06
Netherlands	17,268	2.66
New Zealand	1,102	0.17
Nicaragua	220	0.03
Niger	80	0.01
Nigeria	6,658	1.02
Norway	5,414	0.83
Oman	365	0.06
Pakistan	5,268	0.81
Panama	411	0.06

Table I
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<u>Member</u>	<u>Number of Shares Offered</u>	<u>Percentage of Total</u>
Papua New Guinea	585	0.09
Paraguay	147	0.02
Peru	2,122	0.33
Philippines	3,878	0.60
Portugal	2,561	0.39
Rwanda	365	0.06
St. Lucia	23	*
Saudi Arabia	11,049	1.70
Senegal	844	0.13
Seychelles	8	*
Sierra Leone	99	0.02
Singapore	211	0.03
Solomon Islands	13	*
Somalia	99	0.02
South Africa	4,906	0.75
Spain	7,171	1.10
Sri Lanka	2,195	0.34
Sudan	133	0.02
Swaziland	220	0.03
Sweden	8,268	1.27
Syrian Arab Republic	86	0.01
Tanzania	865	0.13
Thailand	3,366	0.52
Togo	440	0.07
Trinidad and Tobago	1,265	0.19
Tunisia	1,098	0.17
Turkey	3,658	0.56
Uganda	878	0.14
United Arab Emirates	2,195	0.34
United Kingdom	45,265	6.96
United States	175,162	26.95
Upper Volta	293	0.05
Uruguay	1,098	0.17
Vanuatu	30	*
Venezuela	8,487	1.31
Viet Nam	198	0.03
Western Samoa	11	*
Yemen Arab Republic	220	0.03
Yugoslavia	3,439	0.53
Zaire	2,304	0.35
Zambia	1,536	0.24
Zimbabwe	652	0.10
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<u>Total Shares Offered</u>	650,000	100.00

(TO MEMBER COUNTRIES)

July 29, 1986

INCREASE IN CAPITAL AND SUBSCRIPTIONS OF IFC

Postponement of Subscription Terminal Date Under
IFC Board of Governors' Resolution No. 149 entitled
Increase of Capital" adopted on December 26, 1985

Dear Member:

1. By letter dated January 15, 1986 I informed you that on December 26, 1985, the Board of Governors of the International Finance Corporation (IFC) adopted Resolution No. 149 entitled "Increase of Capital" (the Capital Increase Resolution) authorizing an increase of US\$650 million in the authorized capital of IFC and increases in individual members' subscriptions as set forth in the table attached to the Capital Increase Resolution.

2. Paragraph B of the Capital Increase Resolution states as follows:

"B. Each member of the Corporation may at any time, or from time to time, on or before February 1, 1986 (or such later date as the Directors may determine), subscribe up to the number of shares of capital stock of the Corporation set opposite the name of such member in Table I attached to this Resolution;"

The date contained in paragraph B above has previously been extended by the Board of Directors until August 1, 1986.

.../2

3. Paragraph D.2 of the Capital Increase Resolution specifies the relevant payment dates for the capital increase and further provides as follows:

"if any member shall, pursuant to this Resolution, be authorized to subscribe after the expiry of any one or more of such periods, such member shall, upon subscription, pay in cash all amounts theretofore expressed to be payable according to the foregoing schedule (as the same may be extended by the Directors) and the balance in accordance with such schedule (as the same may be so extended); or . . .".

As previously extended by the Board of Directors, the payment dates for the respective 20% installments of the capital increase are February 1, 1986, August 1, 1986, August 1, 1987, August 1, 1988, and August 1, 1989, or, at the election of the subscribing member, in each case within a period of 6 months after such dates.

4. Because the Capital Increase Resolution was adopted on December 26, 1985, a later date than originally anticipated, members have not had a reasonable period of time to obtain the necessary authorizations and appropriations to enable them to subscribe and pay for new shares of capital stock of the Corporation. Therefore, in order to enable the members who have not yet subscribed to complete action to subscribe to additional authorized shares, the Board of Directors, on July 28, 1986, extended further the August 1, 1986, subscription termination date appearing in paragraphs B and D.3 of the Capital Increase Resolution (as extended by the Board of Directors) to expire on February 1, 1987. Thus the current subscription terminal date is February 1, 1987.

5. On August 17, 1984 and on January 15, 1986, I dispatched to you a copy of a booklet entitled "Information on Procedure for Voting for Increase in Capital and for Subscriptions." The table attached to the Capital Increase Resolution (Annex A) lists the member countries, together with the maximum number of shares each of them may subscribe under the terms of the Capital Increase Resolution. The Corporation looks forward to receiving from member countries that have not yet subscribed to its capital increase, an Instrument of Subscription in the form of one or other of the instruments of subscription illustrated at Annexes C and D of the booklet.

6. If you require any additional information, we are at your disposal.

Yours sincerely,



Serena Han Clarke
Deputy Secretary

