

✓
No. 5895

**UNITED STATES OF AMERICA
and
INTER-AMERICAN DEVELOPMENT BANK**

**Agreement (with annex and exchange of notes) relating to
a Social Progress Trust Fund. Signed at Washington,
on 19 June 1961**

Official text: English.

Registered by the United States of America on 29 September 1961.

**ÉTATS-UNIS D'AMÉRIQUE
et
BANQUE INTERAMÉRICAIN DE DÉVELOPPEMENT**

**Accord (avec annexe et échange de notes) relatif à un fonds
de développement social. Signé à Washington, le
19 juin 1961**

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 29 septembre 1961.

No. 5895. AGREEMENT¹ BETWEEN THE UNITED STATES OF AMERICA AND THE INTER-AMERICAN DEVELOPMENT BANK RELATING TO A SOCIAL PROGRESS TRUST FUND. SIGNED AT WASHINGTON, ON 19 JUNE 1961

AGREEMENT dated this nineteenth day of June, 1961, between the Government of the United States of America (United States) and the Inter-American Development Bank (hereinafter sometimes called the Bank), to entrust to the Bank the administration of the Social Progress Trust Fund, constituted from part of the Special Inter-American Fund for Social Progress.

PREAMBLE

WHEREAS the President and the Congress of the United States have endorsed the establishment of a cooperative program for the social progress of the American Republics, complementing measures directed toward accelerated economic growth, and based on the determination of the respective countries to contribute their own efforts and resources in a manner conducive to achieving the purposes of the program;

WHEREAS the representatives of the American Republics, considering it advisable to adopt measures for social improvement and economic development within the framework of Operation Pan America, recognized in the Act of Bogotá of September 12, 1960,² that the preservation and strengthening of free and democratic institutions in the American Republics require the acceleration of social and economic progress in Latin America adequate to meet the legitimate aspirations of the peoples of the Americas for a better life and to provide them the fullest opportunity to improve their status and recognize further that the magnitude of the problems involved will require maximum self-help efforts on the part of the American Republics and, in many cases, the improvement of existing institutions and practices, particularly in the fields of ownership and use of land, education and training, health and housing, and taxation and other aspects of the mobilization of domestic resources ;

WHEREAS in the Act of Bogotá the representatives of the American Republics welcomed the decision of the Government of the United States to establish a Special Inter-American Fund for Social Progress with the Inter-American Development Bank to become the primary mechanism for the administration of such a fund ;

¹ Came into force on 19 June 1961, the date of signature, in accordance with article VII.

² United States of America : Department of State Bulletin, Oct. 3, 1960, p. 537.

WHEREAS the United States has now established the aforesaid Fund to assist in carrying out its declared aims for social improvement in the Latin American Republics and thereby contribute towards fulfilling the purposes of the Act of Bogotá ;

AND WHEREAS the Inter-American Development Bank has determined that the administration of a trust fund for these purposes by the Bank would be consistent with the provisions of the Agreement Establishing the Bank¹ and would strengthen the efforts of the Bank to foster greater social progress and balanced economic growth.

NOW THEREFORE, the Parties hereto agree as follows:

Article I

ESTABLISHMENT AND PURPOSES OF THE SOCIAL PROGRESS TRUST FUND

Section 1.01. There is hereby established the Social Progress Trust Fund (hereinafter called the Fund), constituted by monies transferred to the Fund from time to time by the United States and by any other accruals thereto, pursuant to Article III of this Agreement, to be held in trust and administered by the Bank in accordance with the terms of this Agreement.

Section 1.02. The Bank is hereby designated Administrator of the Fund. The term Administrator will hereinafter be used to refer to the Bank acting in that capacity.

Section 1.03. The purpose of the Fund shall be to provide capital resources and technical assistance on flexible terms and conditions, including repayment in local currency and the relending of repaid funds and interest, in accordance with appropriate and selective criteria in the light of the resources available, to support the efforts of the Latin American countries that are prepared to initiate or expand effective institutional improvements and to adopt measures to employ efficiently their own resources with a view to achieving greater social progress and more balanced economic growth.

Section 1.04. Consistent with the foregoing purpose, the Administrator shall utilize the resources of the Fund to make loans for projects or programs designed to achieve improved conditions in the countries concerned in the fields of :

- (a) Land settlement and improved land use, including access and feeder roads, assistance to agricultural credit institutions, assistance to supervised credit and agricultural extension, and development of storage and marketing facilities, provided that the resources of the Fund shall not be used for the purchase of agricultural land ;

¹ United Nations, *Treaty Series*, Vol. 389, p. 69.

- (b) Housing for low income groups, through assistance to self-help housing and to institutions providing long-term housing finance and engaged in mobilizing domestic resources for this purpose ;
- (c) Community water supply and sanitation facilities ;
- (d) Such supplementary financing of facilities for advanced education and training related to economic and social development as may be agreed upon from time to time between the United States and the Administrator.

Section 1.05. In addition, the Administrator shall utilize the resources of the Fund to provide technical assistance related to projects in the fields set forth in Section 1.04, and technical assistance related to the mobilizing of domestic financial resources and the strengthening of financial institutions.

Section 1.06. The Fund and its assets and accounts shall be kept separate and apart from all other assets and accounts of the Bank.

Article II

CRITERIA FOR THE ADMINISTRATION OF THE FUND

Section 2.01. In considering applications for loans and for technical assistance, the Administrator shall be guided by the following criteria :

- (a) Consideration shall continuously be given to the institutional improvements which a country is initiating or expanding consistent with Article I, Section 1.03, of this Agreement. Accordingly, assistance shall be made available to those projects or programs which are related to effective self-help measures in countries which demonstrate their determination to achieve the purposes there set forth, and a willingness to employ their own resources efficiently to the end of meeting social needs and strengthening economic development. Special consideration shall be given to proposals which are part of a soundly conceived national development program, taking into account the review and analysis of social and economic progress and problems in each country undertaken at the annual consultative meetings of the Inter-American Economic and Social Council.
- (b) Before acting favorably on a loan request, the Administrator shall be satisfied that measures necessary and appropriate for the success of the particular project or program have been or will be undertaken.
- (c) Loan requests shall be granted only for projects or programs in which the applicant bears an appropriate share of the total costs. Loans may be granted to cover the total costs of a specific project, provided such project is an integral part of an expanding program in the same field financed to an appropriate extent by the applicant. The Administrator shall also be satisfied that the borrower or another appropriate entity is prepared to assume the costs of the continued

support of the project or program, including the costs of maintenance and operation of any structure, installation and equipment connected therewith.

- d) Before committing resources of the Fund to any project or program, the Administrator shall take into account whether the financial and/or technical assistance required can be obtained from national or international agencies or from private sources on terms which, in the opinion of the Administrator, are reasonable for the recipient, considering all pertinent factors.

Article III

RESOURCES OF THE FUND

Section 3.01. The United States undertakes to contribute to the Fund out of monies appropriated by the United States Congress which may be available for this purpose.

Section 3.02. The Administrator shall be entitled to make commitments on behalf of the Fund in an amount of \$394,000,000, which may be increased by mutual agreement.

Section 3.03. The United States contributions will be made available to the Administrator from time to time as needed to meet disbursement from the Fund.

Section 3.04. All monies received in repayment of loans made out of the Fund or by way of interest or by way of other accruals thereto shall be held by the Administrator as part of the resources of the Fund and be available for use in accordance with this Agreement.

Article IV

OPERATIONS OF THE FUND

Section 4.01. Whenever assistance from the Fund is requested, the applicant shall be required to furnish the Administrator such information as may be necessary or desirable to enable the Administrator to determine whether favorable consideration of the application would further the purposes specified in Article I, Section 1.04, of this Agreement. The borrower shall also be required to supply the Administrator such additional information as the Administrator may reasonably request at any time during the course of the operation.

Section 4.02. Capital resources of the Fund shall be provided by the Administrator under such flexible terms and conditions of repayment as it is determined are best suited to carry out the purposes set forth in Article I, Sections 1.03 and 1.04, of this Agreement. The resources of the Fund shall not be loaned or reloaned at