No. 6544

GUATEMALA, EL SALVADOR, HONDURAS and NICARAGUA

Agreement constituting the Central American Bank for Economic Integration. Signed at Managua, on 13 December 1960

Official text: Spanish.

Registered by the Organization of Central American States, acting on behalf of the Contracting Parties in accordance with article 41 of the Agreement, on 25 February 1963.

GUATEMALA, SALVADOR, HONDURAS et NICARAGUA

Accord instituant la Banque centraméricaine d'intégration économique. Signé à Managua, le 13 décembre 1960

Texte officiel espagnol.

Enregistré par l'Organisation des États d'Amérique centrale, agissant au nom des Parties contractantes conformément à l'article 41 de l'Accord, le 25 février 1963.

[TRANSLATION — TRADUCTION]

No. 6544. AGREEMENT[1] BETWEEN GUATEMALA, EL SALVADOR, HONDURAS AND NICARAGUA CONSTITUTING THE CENTRAL AMERICAN BANK FOR ECONOMIC INTEGRATION. SIGNED AT MANAGUA, ON 13 DECEMBER 1960

The Governments of the Republics of Guatemala, El Salvador, Honduras and Nicaragua agree to create, by virtue of the present Agreement, the Central American Bank for Economic Integration, in accordance with the following provisions :

CHAPTER I

NATURE, PURPOSE AND HEADQUARTERS

Article 1

The Central American Bank of Economic Integration is an international juridical person and shall perform its functions in conformity with the present Agreement and with its Regulations.

Article 2

The purpose of the Bank shall be to promote the economic integration and balanced economic development of the member countries. In pursuance of this objective, its activities shall be primarily designed to meet the needs of the following investment sectors :

(*a*) Infrastructural projects to complete existing regional systems or counterbalance disparities in basic sectors which hinder the balanced economic development of Central America. Consequently, the Bank shall not finance infrastructural projects of purely local or national scope which will not contribute to the completion of the said systems or to the counterbalancing of significant disequilibria as between the member countries ;

[1] In accordance with article 38, the Agreement came into force in respect of Guatemala, Honduras and El Salvador on 8 May 1961, the date of deposit of the third instrument of ratification, and in respect of Nicaragua on 24 May 1961. The instruments of ratification were deposited with the Secretary-General of the Organization on Central American States on the dates indicated :

Guatemala	5 May 1961	El Salvador	8 May 1961
Honduras	5 May 1961	Nicaragua	24 May 1961

(*b*) Projects for long-term investment in industries of a regional character or of importance for the Central American market, which will help to increase the supply of goods available for intra-Central American trade, or for such trade and the export sector. The Bank's activities shall not include investment in essentially local industries ;

(*c*) Co-ordinated agricultural projects aiming at the improvement or expansion of farms or the replacement of less economic by more economic farms and conducive to Central American regional self-sufficiency ;

(*d*) Projects for the financing of enterprises that need to expand their operations, modernize their processes or change the structure of their production in order to improve their efficiency and their competitive capacity within the common market with a view to facilitating free trade among the Central American countries ;

(*e*) Projects for financing services vital to the operation of the common market ;

(*f*) Other productive projects calculated to create economic complementarity among the member countries and to expand intra-Central American trade.

Article 3

The Bank shall have its headquarters and head office in the city of Tegucigalpa, in the Republic of Honduras, and shall be empowered to establish branch offices, agencies and correspondents.

CHAPTER II

CAPITAL, RESERVES AND RESOURCES

Article 4

The Bank's initial authorized capital shall be a sum equivalent to sixteen million United States dollars, to which each of the States members shall subscribe four million dollars, payable in its respective national currency.

One half of the capital subscribed by each member State shall be paid as follows: the equivalent of one million dollars within sixty days from the date of entry into force of the present Agreement, and the equivalent of one million dollars within fourteen months of the said date.

The rest of the capital subscribed shall be payable as and when called in by decision of the Board of Governors, with the concurring vote of at least one Governor from each member State.

The Bank shall be empowered to augment its capital if all the members of the Board of Governors adopt a unanimous decision to that effect.

Article 5

The shares of the member States in the capital of the Bank shall be represented by stock certificates issued in favour of the States concerned. These certificates shall confer upon their holders equal rights and obligations, shall not yield interest or dividends and shall not be taxable or transferable.

Such net profits as may accrue to the Bank in the course of its operations shall be deposited in a capital reserve fund.

The responsibility of the members of the Bank, as such, shall be confined to the amount of their capital subscription.

The capital contributed in national currency by each of the member States shall enjoy a guarantee of free convertibility at the official exchange rate most favourable to the Bank.

Each of the member States engages to maintain the value in United States dollars of the capital contribution which it has disbursed to the Bank. Should a change take place in the external official exchange rate for any of the national currencies concerned, the Bank's resources in that currency shall be adjusted in the exact proportion required to maintain their value in United States dollars.

Article 6

In addition to its own capital and reserves, the resources of the Bank shall include the product of loans and credits obtained in capital markets and any other resources received in any legal form.

CHAPTER III

OPERATIONS

Article 7

The capital, capital reserves and other resources of the Bank shall be used solely for the fulfilment of the purpose set forth in article 2 of the present Agreement. To this end, the Bank shall be empowered :

(*a*) To study and promote the investment opportunities created by the economic integration of the members States, duly programming its activities and establishing the necessary financing priorities ;

(*b*) To make or participate in long- and medium-term loans ;

(*c*) To issue bonds of its own, which may or may not be guaranteed by means of sureties, pledges or mortgages ;

(*d*) To participate in the issuance and placing of credit documents of all kinds, related to the fulfilment of its purpose ;

(*e*) To obtain loans, credits and guarantees from Central American, international and foreign financial institutions ;

(*f*) To act as intermediary in the concerting of loans and credits for the Governments, public institutions and established enterprises of the member States, to which end it shall institute such arrangements for co-operation with other Central American, international and foreign institutions as it may deem expedient in that connexion, and shall be empowered to take part in the preparation of the specific projects concerned ;

(*g*) To guarantee the commitments of public institutions or private enterprises up to such amounts and for such periods as the Board of Governors may determine ;

(*h*) To obtain guarantees from the member States for the purpose of securing loans and credits from other financial institutions ;

(*i*) To provide, using its own resources or those it may obtain for the purpose, executive, administrative and technical advisory services for the benefit of applicants for credit ;

(*j*) To conduct all such additional business as may be necessary, under the terms of the present Agreement and its Regulations, for the furtherance of its purpose and operation.

Article 8

The Bank shall finance only economically sound and technically feasible projects and shall refrain from making loans or assuming any responsibility whatsoever for the payment or refinancing of earlier commitments.

CHAPTER IV

ORGANIZATION AND ADMINISTRATION

Article 9

The Bank shall have a Board of Governors, a Board of Directors, a President and such other officials and employees as may be deemed necessary.

Article 10

All the powers of the Bank shall be vested in the Board of Governors. Each member country shall provide two Governors, who shall be absolutely independent in the exercise of their functions and shall have separate votes ; one of them shall be the Minister of Economic Affairs or his equivalent, and the other shall be the president or manager of each country's Central Bank, or his equivalent. From among the Governors the Board shall elect a President, who shall remain in office until the next regular meeting of the Board.