



The Central American Bank for Economic Integration

Constitution

The Central American Bank for Economic Integration (CABEI) is an international legal entity, established pursuant to the Constitutive Agreement signed in December, 1960 by Guatemala, El Salvador, Honduras and Nicaragua, and started operations in May, 1961. Costa Rica became a member of the Institution in 1963.

In 1992, the Constitutive Agreement was reformed to permit the incorporation of non-regional member countries. This led to the incorporation, in the same year, of Mexico and the Republic of China, followed by Argentina and Colombia; in 1995 and 1997 respectively, and The Kingdom of Spain in 2005.

Purpose

CABEI was created to meet the need of a specialized financial organization that would attract and channel foreign, complementary and additional resources to support economic progress, social development and cooperation upon a regional equilibrium basis, within the framework of the General Treaty on Economic Integration.

Equity Structure

The Bank's authorized equity capital is US\$2.0 billion, divided into 200 thousand shares with nominal value of US\$10 thousand each. Of this equity capital, the founding members have subscribed US\$1.02 billion in equal parts, and US\$980 million are available for non-regional members.

Of the equity capital, US\$500.0 million must be paid in cash, while US\$1.5 billion corresponds to callable capital.

As of December 31, 2005, paid-in capital amounted to US\$384.4 million, of which US\$275.0 million corresponds to the founding members, while US\$109.4 million corresponds to non-regional members. The Bank's total equity was US\$1,447.5 million.

Organization and Administration

The Bank has an Assembly of Governors, a Board of Directors, an Executive President, an Executive Vice-President, and such other officers and employees as deemed necessary.

The Assembly of Governors is the highest authority of the Bank. Each founding member country shall have a Governor and an alternate, which will be, indistinctly, the Minister of Economy or the President of the Central Bank, or those whom are entitled to such representation according to internal laws of the respective country. Each non-regional country shall appoint a Governor and an alternate.

The alternate will participate in the Assembly of Governors meetings, with voice but without the right to vote, except in the absence of the Governor. The Assembly of Governors will elect, among the Governors, a Chairman who shall remain in that position until the following ordinary meeting of the Assembly.

As from February 2003, the Assembly of Governors decided to elect the Executive President, from a short list of three candidates selected based on a contest. The President as such shall be the official of the highest hierarchy of the Bank and will have the legal representation of the Institution.

The Executive President shall exercise his duties for five years, and may be reelected only once. The Executive President must be a national of one of the founding member states of the Bank, and a person of recognized capacity and broad experience in economic, financial and banking affairs.

The Board of Directors is the body responsible of the direction of the Bank. For this purpose, it will exercise all the faculties delegated hereto by the Assembly of Governors.

The Board of Directors is composed by up to nine members. Five are elected, at the proposal of the respective founding member countries, by a majority of Governors of those countries, with one Director for each founding member country. The Governors of non-regional members will elect the four remaining Directors. Directors will be elected for three-year periods and may be reelected.

CABEI Contribution to the Economic and Social Development of Central America

Since its creation in 1961, and to December 31, 2005, the Bank has disbursed US\$10,356.8 million, mainly oriented to creating, upgrading and integrating the physical infrastructure in Central America; supporting the region's productive sector; and social projects, achieving a very important multiplier effect in the Central American Economies.