

## **BANK OF THE SOUTH FOUNDING CHARTER**

[UNOFFICIAL TRANSLATION]

Presidents Nestor Carlos Kirchner, Evo Morales Ayma, Luis Inácio Lula da Silva, Rafael Correa Delgado, Nicanor Duarte Frutos, Tabaré Vázquez Rosas and Hugo Rafael Chávez Frías, in representation of the peoples of Argentina, Bolivia, Brazil, Ecuador, Paraguay, Uruguay and Venezuela, met for the purpose of promoting the social and economic integration of the nations of UNASUR, and guided by the interest to promote the principles of complementary, solidarity, cooperation and respect to sovereignty.

Considering:

That the process of creation of the Bank of the South, as essential and primary institution of the new regional financial architecture, has advanced by virtue of a common commitment, that finds among its antecedents: the meetings of MERCOSUR and the technical working group of UNASUR during 2006; the Memorandums of Understanding for the constitution of the Bank of the South of February and March 2007; the Quito Declaration (3 May 2007); the Asuncion Declaration (22 May 2007); and the Rio de Janeiro Declaration (8 October 2007).

Considering:

That South American integration should be focused on the promotion of the social and economic development of the peoples in the region, redressing asymmetries, reducing poverty and social exclusion, and promoting the convergence and complementary of economic integration processes.

Considering:

That the financial and economic structures of South America show limitations in their financial markets, causing domestic savings to flow toward more developed economies instead of being invested in regional projects, when such resources could be used to increase liquidity in the region, to revitalize investments, to redress asymmetries,

to develop infrastructure, to promote employment and to activate a virtuous development cycle, essential for the social, economic and political transformation of the region.

Considering:

That in South America there is a need to improve growth rates, to strengthen its internal markets, and to improve substantially the standards of living of its population, in order to change migratory flows, to find social justice and to reduce income inequality, in the context of a virtuous cycle of sustainable development.

Considering:

That it is essential to design a new regional financial architecture to strengthen the role of the South American continent in a world characterized by commercial and financial globalization, to consolidate the autonomy of regional economies, to continue mitigating external vulnerability, to promote greater stability and productive systems that prioritize the basic needs of our people.

Considering:

That the revitalizing drive of productive capacities that our nations need will require a new regional financial architecture that has in its center an institution dedicated exclusively to the promotion of regional development, to be constituted under the sovereign control of South American countries.

**AGREE THAT:**

**FIRST:** To create a development bank as a legal entity under international public law called "BANK OF THE SOUTH". Its objectives will be to finance the social and economic development of the countries of the Union of South American Nations (UNASUR) making use of regional savings of members of the Bank, to strengthen regional integration, to reduce asymmetries and to promote an equitable distribution of investments within Bank member countries.

**SECOND:** The Bank of the South will have its main headquarters in the city of Caracas, Bolivarian Republic of Venezuela, with delegations in the city of Buenos Aires, Republic of Argentina, and in La Paz, Republic of Bolivia.

THIRD: For the benefit of its South American member countries, the Bank will, among others: finance development projects in key sectors of the economy, with a focus to improve competitiveness and technological and scientific development, adding value and prioritizing the use of commodities of its member countries; finance social sector projects to reduce poverty and social exclusion; finance projects to strengthen South American integration; as well as to create and to administer special funds for social solidarity and disaster relief, by providing passive and active financial operations and services.

FOURTH: The Bank of the South should be self-sustaining and be governed according to professional criteria of financial efficiency to guarantee that its interventions will not result in additional expenditures but in generating new resources to be reinvested in its member countries.

FIFTH: The management of the Bank of the South will have an egalitarian representation for each one of the South American countries that constitute it, under a democratic system of operations.

SIXTH: The Ministers of Economy and/or Finances of the States signatories will adopt the necessary measures to conclude, within 60 days from the firm of this Founding Charter, the elaboration of the Constituent Agreement of the Bank of the South.

SEVENTH: All UNASUR nations are invited to participate in the process of constitution of the Bank of the South and to subscribe its Constituent Agreement.

This Founding Charter is presented in eight copies, seven in Spanish language and one in Portuguese language, in the city of Buenos Aires, Republic Argentina, on 9 December 2007.

*[Signed by the Presidents of Argentina, Bolivia, Brazil, Ecuador, Paraguay, Uruguay and Venezuela]*