

No. 3319

**UNITED STATES OF AMERICA
and
PANAMA**

Agreement for a co-operative program of economic development. Signed at Panama, on 11 May 1954

Official texts: English and Spanish.

Registered by the United States of America on 26 April 1956.

**ÉTATS-UNIS D'AMÉRIQUE
et
PANAMA**

Accord relatif à un programme de coopération en matière de développement économique. Signé à Panama, le 11 mai 1954

Textes officiels anglais et espagnol.

Enregistré par les États-Unis d'Amérique le 26 avril 1956.

No. 3319. AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE REPUBLIC OF PANAMA FOR A CO-OPERATIVE PROGRAM OF ECONOMIC DEVELOPMENT. SIGNED AT PANAMA, ON 11 MAY 1954

The Government of the United States of America and the Government of the Republic of Panama

Have agreed as follows :

Article I

THE OPERATING AGENCIES

Pursuant to the General Agreement for Technical Cooperation between the United States of America and the Government of the Republic of Panama signed at Panama City on December 30, 1950,² which has been enacted as Law Number 45 of June 16, 1951 of the Republic of Panama, and the notes supplemental thereto,³ a cooperative program of economic development shall be initiated in Panama. The obligations assumed herein by the Government of the Republic of Panama will be performed by it through the Instituto de Fomento Económico (hereinafter referred to as "IFE"), an agency of the Government of the Republic of Panama. The obligations assumed herein by the Government of the United States of America shall be performed through the Foreign Operations Administration (hereinafter referred to as the "Administration"), an agency of the Government of the United States of America. The Administration may discharge its obligations under this Agreement through The Institute of Inter-American Affairs, its regional office for Latin America, and may secure the assistance of other public or private agencies in the discharge of those obligations. The Administration, on behalf of the Government of the United States of America, and IFE, on behalf of the Government of the Republic of Panama, shall participate jointly in all phases of the planning and administration of the cooperative program. This Agreement and all activities carried out pursuant to it shall be governed by the provisions of the said General Agreement for Technical Cooperation, and by its amendments and modifications.

¹ Came into force on 11 May 1954, the date of signature, in accordance with article XI.

² United Nations, *Treaty Series*, Vol. 92, p. 167.

³ United Nations, *Treaty Series*, Vol. 180, p. 318.

Article II

FIELDS OF ACTIVITY

This cooperative program of economic development will include, to the extent that the parties from time to time agree thereon, activities of the following types :

1. Studies and surveys of the needs of Panama in the fields related to the economic development of Panama which are within the jurisdiction of IFE, and of the resources which are available to meet such needs;
2. The formulation of plans for operational projects and activities to be carried out by IFE designed to help meet such needs;
3. Research and experimentation related to operational economic development activities carried out by IFE;
4. Technical consultation in connection with operational activities carried out by IFE;
5. Related training and other activities both within and outside Panama not involving responsibility for operational activities.

Article III

THE FIELD PARTY

The Administration will make available a group of technicians and specialists to collaborate in carrying out the activities to be conducted pursuant to this Agreement. These technicians and specialists shall constitute the Field Party of the Administration concerned with the program provided for in this agreement. The Field Party shall be under the direction of the Director of the United States of America Operations Mission in Panama, who shall be selected and appointed by the Government of the United States of America, or such person as he may designate. The size and composition of the Field Party shall be determined by the Government of the United States of America. The members of the Field Party shall be selected and appointed by the Government of the United States of America but shall be acceptable to the Government of Panama.

Article IV

THE COOPERATIVE SERVICE

There is hereby established within IFE an agency to be known as the Servicio Cooperativo Interamericano de Fomento Económico (hereinafter referred to as "SCIFE") which shall be responsible, under the supervision of the General Manager of IFE (hereinafter referred to as the "General Manager"),

for administering the cooperative program of economic development provided for in this agreement. The Director of the United States of America Operations Mission in Panama or his designee shall serve as Director of SCIFE (hereinafter referred to as the "Director"). Members of the Field Party may become officers or employees of SCIFE under such arrangements as may be agreed upon by the General Manager and the Director.

Article V

JOINT CONTRIBUTIONS

The parties shall contribute and make available, to the extent provided below, funds for use in carrying out the program during the period covered by this Agreement, in accordance with the following schedules :

1. The Administration shall pay the salaries and other expenses of the members of the Field Party, as well as such other expenses of an administrative nature as the Administration may incur in connection with this cooperative program. These funds shall be expended by the Administration and shall not be deposited to the credit of SCIFE.

2. In addition, for the period from the date of entry into force of this agreement through December 31, 1954, the Administration shall contribute to SCIFE the sum of twenty five thousand dollars (\$25,000.00). This sum shall be deposited to the credit of SCIFE in currency of the United States of America as follows :

May 15, 1954	\$12,500.00
September 1, 1954	\$12,500.00

3. IFE, for the period from the date of entry into force of this agreement through December 31, 1954, shall contribute to SCIFE the sum of twenty five thousand balboas (B/25,000.00). This sum shall be deposited to the credit of SCIFE in the currency of the Republic of Panama as follows :

May 15, 1954	B/12,500.00
September 1, 1954	B/12,500.00

4. Appropriate representatives of the two parties may later specify in written agreements or subsidiary arrangements the amount of funds that each will contribute each year for use in carrying out the program during the period from January 1, 1955 through December 31, 1960. Funds to be contributed by the Government of the United States of America pursuant to any such agreement may, as the two parties may agree, either (1) be deposited to the credit of SCIFE or (2) be retained by the Government of the United States to

be expended outside Panama for costs of the cooperative program or to be deposited subsequently to the credit of SCIFE as the General Manager and the Director may direct. The provisions of this Article V shall be applicable to such subsequent contributions.

5. It is intended that, with respect to contributions to be deposited to the credit of SCIFE, such contributions will generally be deposited in periodic installments to be made by the two Governments at the same times and in proportionally corresponding amounts. Each deposit made to the credit of SCIFE by either of the parties shall be available for withdrawal or expenditure only after the corresponding deposit of the other party has been made. Funds deposited by either party and not matched by the required corresponding deposit of the other party shall be returned to the contributing party prior to the distribution provided for in paragraph 4 of Article VIII of this agreement.

6. The funds contributed pursuant to paragraphs 2, 3, and 4 of this Article V shall be available for the procurement of supplies, materials and equipment, for obtaining additional technicians and other personal services by employment or contract, and for any other needs of the program.

7. The moneys deposited to the credit of SCIFE may be maintained in such bank or banks as the General Manager and the Director shall agree upon, and shall be available only for the purposes of this Agreement. No moneys shall be withdrawn from funds of SCIFE for any purpose except by issuance of check or other suitable withdrawal document signed by the Director or his designee. There shall be included in the deposit agreement to be made with each bank of deposit a provision that the bank shall be obligated to repay to SCIFE any moneys which it shall pay out from the funds of SCIFE on the basis of any document other than a check or other withdrawal document that has been signed by the Director.

Article VI

ADDITIONAL CONTRIBUTIONS

1. The projects to be undertaken under this agreement may include cooperation with national, provincial and local governmental agencies in Panama, as well as with organizations of a public or private character, and international organizations of which the United States of America and Panama are members. By agreement between the General Manager and the Director, contributions of funds, property, services or facilities by either or both parties, or by any of such third parties, may be accepted and deposited to the credit of SCIFE for use in effectuating the cooperative program, in addition to the funds, property, services and facilities required to be contributed under Article V.

2. IFE and other agencies of the Government of the Republic of Panama, in addition to the cash contribution provided for in paragraph 3 of Article V hereof, may at their own expense, pursuant to agreement between the General Manager and the Director :

a. Appoint specialists and other necessary personnel to collaborate with the Field Party;

b. Make available such office space, office equipment and furnishings, and such other facilities, materials, equipment, supplies and services as they can provide for the said program;

c. Make available the general assistance of other governmental agencies of the Government of the Republic of Panama for carrying out the cooperative program of economic development.

Article VII

PROJECT OPERATIONS

1. The cooperative program of economic development herein provided for shall consist of a series of projects within the fields of activity described in Article II above. Each project shall be embodied in a written project agreement which shall be signed by the General Manager and the Director, shall define the work to be done, shall make allocations of funds therefor from moneys available to SCIFE, and may contain such other matters as the parties may desire to include. Project agreements may be entered into with other ministries or agencies of the Government of the Republic of Panama to provide for the participation in such projects of such other agencies.

2. Upon substantial completion of any project, a Completion Memorandum shall be drawn up and signed by the General Manager and the Director which shall provide a record of the work done, the objectives sought to be achieved, the expenditures made, the problems encountered and solved, and related basic data.

3. The General Manager and the Director shall determine the general policies and administrative procedures that are to govern the cooperative program of economic development, the carrying out of projects, and the operations of SCIFE, such as the disbursement of and accounting for funds, the incurrence of obligations of SCIFE, the purchase, use, inventory, control and disposition of property, the appointment and discharge of officers and other personnel of SCIFE and the terms and conditions of their employment, and all other administrative matters.

4. All contracts and other instruments and documents relating to the execution of projects under this agreement shall be executed in the name of SCIFE and shall be signed by the Director. The books and records of SCIFE

relating to the cooperative program shall be open at all times for examination by authorized representatives of the Government of the United States of America and the Government of the Republic of Panama. The Director shall render an annual report of the activities of SCIFE to the two Governments, and other reports at such intervals as may be appropriate.

5. The General Manager and the Director may each delegate to any of his assistants any power conferred upon him by this agreement. Such delegation shall not limit the right of either the General Manager or the Director to refer any matter directly to the other for discussion and decision.

Article VIII

ADDITIONAL FISCAL PROVISIONS

1. All funds deposited to the credit of SCIFE pursuant to this agreement shall continue to be available for the cooperative program of economic development during the existence of this agreement without regard to annual periods or fiscal years of either of the parties.

2. Title to any materials, equipment and supplies acquired for SCIFE by the Administration with funds contributed to SCIFE shall, unless otherwise agreed by the General Manager and the Director, pass to SCIFE at the time such title is relinquished by the Seller. Property acquired by SCIFE shall be used only in the furtherance of this agreement and any such property remaining at the termination of this cooperative program shall be at the disposition of the Government of the Republic of Panama.

3. Income from operations of SCIFE, interest received on funds of SCIFE, and any other increment of assets of SCIFE, of whatever nature or source, shall be devoted to the carrying out of the cooperative program and shall not be credited against any contribution due from either party.

4. Any funds of SCIFE which remain unexpended and unobligated on the termination of the cooperative program of economic development shall, unless otherwise agreed upon in writing by the parties hereto at that time, be returned to the parties hereto in the proportion of the respective contributions made on behalf of the two Governments under this agreement, as it may be from time to time amended and extended.

5. Funds deposited by the Government of the United States of America to the credit of SCIFE and any other funds that may be introduced into Panama pursuant to this agreement shall be convertible at the highest rate which, at the time the conversion is made, is available to the Government of the United States of America for its diplomatic and other official expenditures in Panama.

Article IX

RIGHTS AND EXEMPTIONS

1. All rights and privileges which are enjoyed by other divisions or agencies of IFE and their personnel will be extended to SCIFE and to personnel employed by SCIFE.

2. Supplies, equipment and materials introduced into Panama for the purposes of this agreement by the Administration, or by any other agency of the Government of the United States of America or any private organization under contract with the United States Government for the purposes of carrying out some or all of the obligations assumed by said government under this agreement, shall be admitted into Panama free of any customs duties and import taxes upon the request of the United States Government or its authorized agencies.

3. All personnel of the Government of the United States of America, whether employed directly by it or under contract with the public or private organization referred to above, whose entrance into the country has been accepted by the Government of the Republic of Panama in accordance with Article III above shall be exempt from income and social security taxes levied under the laws of Panama with respect to income on which they are obligated to pay income or social security taxes to the Government of the United States of America, or property taxes on personal property intended for their own use, and from the payment of any tariff or duty upon personal or household goods brought into the country for the personal use of themselves and members of their families.

Article X

LEGISLATIVE AND EXECUTIVE ACTION

The General Manager will endeavor to obtain the enactment of such legislation and will take such executive action as may be required to carry out the terms of this agreement.

Article XI

ENTRY INTO FORCE AND DURATION

This Agreement may be referred to as the "Cooperative Economic Service Program Agreement". It shall enter into force on the date that it is signed and shall remain in force through December 31, 1960 or until three months after either party shall have given notice in writing to the other of intention to terminate it, whichever is the earlier; provided, however, that the obligations of the parties under this agreement for the period from June 30, 1954, through

December 31, 1960 shall be subject to the availability of funds to both parties for the purposes of the program and to the further agreement of the parties pursuant to Article V, paragraph 4, hereof.

DONE in duplicate, in the English and Spanish languages, at Panama City, this 11th day of May 1954.

For the Government of the United States of America :

Selden CHAPIN

Ambassador of the United States of America

Vance ROGERS

Director of the United States of America Operations Mission in Panama

For the Government of the Republic of Panama :

J. R. GUIZADO

Minister for Foreign Affairs

Mario DE DIEGO

General Manager of the Institute of Economic Development

[SEAL]
