

No. 25123

**FEDERAL REPUBLIC OF GERMANY
and
EL SALVADOR**

**Agreement concerning financial co-operation (with annex).
Signed at San Salvador on 28 September 1984**

Authentic texts: German and Spanish.

Registered by the Federal Republic of Germany on 24 July 1987.

**RÉPUBLIQUE FÉDÉRALE D'ALLEMAGNE
et
EL SALVADOR**

**Accord de coopération financière (avec annexe). Signé à San
Salvador le 28 septembre 1984**

Textes authentiques : allemand et espagnol.

Enregistré par la République fédérale d'Allemagne le 24 juillet 1987.

[TRANSLATION — TRADUCTION]

AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE FEDERAL
REPUBLIC OF GERMANY AND THE GOVERNMENT OF THE
REPUBLIC OF EL SALVADOR CONCERNING FINANCIAL CO-
OPERATION

The Government of the Federal Republic of Germany and the Government of the Republic of El Salvador,

In the spirit of the friendly relations existing between the Federal Republic of Germany and the Republic of El Salvador,

Desiring to strengthen and enhance these friendly relations through financial co-operation as partners,

Aware that the maintenance of these relations constitutes the basis of this Agreement,

Intending to contribute to social and economic development in El Salvador,

With reference to the "Joint Declaration" of 17 July 1984, on development co-operation between the two countries,

Have agreed as follows:

Article 1. 1. The Government of the Federal Republic of Germany shall enable the Government of the Republic of El Salvador to obtain from the Kreditanstalt für Wiederaufbau, Frankfurt am Main, loans and financial contributions up to a total of DM 47,579,000 (forty-seven million five hundred and seventy-nine thousand deutsche mark) for the preparation of the projects and for necessary collateral measures to implement and maintain the projects.

2. The amount referred to in paragraph 1 shall include the following financial commitments for projects which, by mutual agreement, will not be implemented:

- (a) DM 5,000,000 (five million deutsche mark) from the loan pledged under the Agreement of 27 April 1976, approved by Decision No. 328 of the Ministry for Foreign Affairs, of 21 May 1976, and ratified by Legislative Decree No. 21 of 10 June 1976, both published in the *Diario Oficial*, No. 121, volume 251, on 30 June 1976; under Decree No. 245 of the Legislative Assembly of 31 March 1977, published in the *Diario Oficial*, No. 84, volume 255, of 6 May 1977, the Ministry of Finance was authorized to sign with the Kreditanstalt für Wiederaufbau a loan contract for the financing of investment projects relating to private businesses and co-operatives involved in manufacturing and in crafts, through FIGAPE.
- (b) DM 8,000,000 (eight million deutsche mark) from the loan pledged under the Agreement of 25 February 1980, approved by Decision No. 351 of the Ministry for Foreign Affairs of 19 May 1980 and ratified by Legislative Decree No. 281 of 9 June 1980 published in the *Diario Oficial*, No. 111, volume 267, of 13 June 1980.

¹ Came into force on 7 February 1985, the date of its publication in the Salvadorian *Diario Oficial* after its ratification by the Legislative Assembly, in accordance with article 7.

- (c) DM 750,000 (seven hundred and fifty thousand deutsche mark) from the financial contribution pledged under the intergovernmental Agreement of 2 October 1978/26 October 1978; exchange of notes approved by Decision No. 740 of the Ministry of Foreign Affairs of 17 December 1978, published in the *Diario Oficial*, No. 12, volume 262, of 18 January 1979, whereby the financial contribution is earmarked for the provision of advisory services by German experts to FIGAPE.
- (d) DM 1,350,000 (one million three hundred and fifty thousand deutsche mark) from the financial contribution pledged under the intergovernmental Agreement of 26 March 1979/25 April 1979; exchange of notes approved by Decision No. 285 of the Ministry of Foreign Affairs of 3 May 1979 and ratified by Decree No. 46 of the Revolutionary Government Junta of 13 December 1979, published in the *Diario Oficial*, No. 233, volume 265, of 14 December 1979, for the elaboration of studies and plans for the improvement of the water supply and the removal of sewage from the metropolitan area of San Salvador.
- (e) DM 12,479,000 (twelve million four hundred and seventy-nine thousand deutsche mark) from the total amount of DM 20,479,000 (twenty million four hundred and seventy-nine thousand deutsche mark) pledged on 1 June 1978 by the German Embassy in San Salvador to the Government of the Republic of El Salvador, as confirmed by note A800 No. 145 of 9 October 1978, transmitted by the Ambassador of the Federal Republic of Germany to El Salvador to the Minister for Foreign Affairs of the Republic of El Salvador.

The intergovernmental agreements referred to in subparagraphs (a) to (d) and the pledge referred to in subparagraph (e) shall therefore be amended accordingly.

3. The amount referred to in paragraph 1 shall be utilized as follows:

- (a) DM 30,000,000 (thirty million deutsche mark) to finance the foreign-currency costs of the supply of the goods and related services which fall within the German area of application of this Agreement and which are required to cover the current civilian needs, and the costs in foreign and national currency related to the transport, security and assembly of the imported goods to be financed.
The supplies and services concerned shall be those referred to in the annex to this Agreement, for which delivery contracts have been concluded since 1 July 1984.
- (b) DM 9,000,000 (nine million deutsche mark) for the construction of basic housing, provided that, after examination, the project qualifies for promotion.
- (c) DM 8,579,000 (eight million five hundred and seventy nine thousand deutsche mark) for the promotion of small businesses, provided that, after examination, the project qualifies for promotion.

4. The projects referred to in paragraph 3, subparagraphs (b) and (c) may be replaced by other projects if it is so agreed between the Government of the Federal Republic of Germany and the Government of the Republic of El Salvador. The financial contributions to be used for preparatory and collateral measures in accordance with paragraph 1 shall be converted into loans if they are not used for the measures specified.

Article 2. Utilization of the amounts referred to in article 1, the terms and conditions on which they are granted, as well as the procurement procedures to be

applied shall be governed by the contracts to be concluded between the borrower/recipient and the Kreditanstalt für Wiederaufbau; the interpretation of these contracts shall be subject to the laws and regulations applicable in the Federal Republic of Germany. In the event of disputes with regard to the contracts, if the parties cannot arrive at an amicable agreement on the matter, these disputes shall be submitted to an arbitration procedure to be carried out by authorized arbitrators acting in accordance with the rules set forth in the respective contracts.

Article 3. The Government of the Republic of El Salvador shall exempt the Kreditanstalt für Wiederaufbau from all taxes and other fiscal charges levied in El Salvador in connection with the conclusion and implementation of the contracts referred to in article 2.

Article 4. With respect to transport by sea and air of persons and goods as results from the granting of the loans, the Government of the Republic of El Salvador shall allow passengers and suppliers free choice of transport enterprises, shall refrain from taking any measures that might exclude or impede the participation of transport enterprises having their principal place of business in the German area of application of this Agreement, and shall grant any necessary permits for the participation of such enterprises.

Article 5. With regard to supplies and services resulting from the granting of the loans, the Government of the Federal Republic of Germany attaches particular importance to preference being given to the economic potential of *Land Berlin*.

Article 6. With the exception of those provisions of article 4 which refer to air transport, this Agreement shall apply also to *Land Berlin*, provided that the Government of the Federal Republic of Germany does not make a declaration to the contrary to the Government of the Republic of El Salvador within the three months following the entry into force of this Agreement.

Article 7. This Agreement shall enter into force upon ratification by the Legislative Assembly of the Republic of El Salvador and publication of the relevant decree in the *Diario Oficial* of that country.

DONE at San Salvador on 28 September 1984, in two originals, in the German and Spanish languages, both texts being equally authentic.

For the Government of the Federal Republic of Germany:

HENNING DODENBERG
JÜRGEN WARNKE
Minister for Economic Co-operation

For the Government of the Republic of El Salvador:

ERNESTO ALLWOOD
Deputy Minister for Planning and Co-ordination
of Economic and Social Development

ANNEX TO THE AGREEMENT BETWEEN THE GOVERNMENT OF THE FEDERAL
REPUBLIC OF GERMANY AND THE GOVERNMENT OF THE REPUBLIC OF EL
SALVADOR CONCERNING FINANCIAL CO-OPERATION

1. List of goods and services relating to their importation which under article 1, paragraph 3 (a), of the Agreement of 28 September 1984, may be financed with the loan: raw materials and other means of production, machinery, equipment, tools and spare parts for industry, agriculture, health and electricity supply. Other goods may be considered by mutual agreement between the Governments.

2. In the utilization of the loan resources, preferential treatment shall be given to private sector businesses, which shall be ensured substantial participation in the use of the total amount granted.

3. Imports of luxury and consumer goods for private use and goods and installations for military purposes shall not be financed from the loan.
