

Comprehensive Peru-Ecuadorian Agreement on Border Integration, Development and Neighbourly Relations

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COMPREHENSIVE PERU-ECUADORIAN AGREEMENT ON BORDER INTEGRATION, DEVELOPMENT AND NEIGHBORLY RELATIONS

The Governments of the Republic of Peru and the Republic of Ecuador:

Following the desire of both people to see their relationships transform permanently into climate of peace, understanding, and cooperation that would enhance the rich and diverse flow of tradition, history, culture and resources that unites them;

Confident that the new stage of the relationship starting between the two countries will offer promising prospects for progress for Peruvian and Ecuadorian people, through integration and cooperation to ensuring peace and progress of both nations;

Convinced that such cooperation will facilitate the economic and social development, as well as the integration of both populations, helping to improve their quality of life and the opportunities for progress of future generations;

Taking into account that the border populations and their authorities and representative entities must become the main players in integration and cooperation in the border areas, and promoting the development of a fruitful neighbourly relationship between its inhabitants;

Aware of the need to update and improve existing mechanisms between the two countries to promote cooperation and bilateral integration and facilitate the transit and movement of people, goods, and means of transport between the two countries;

Affirming that the promotion, respect, and protection of people's rights constitutes the basic requirement for the border integration and cooperation between Peru and Ecuador to meet goals and wishes of the two populations;

Convinced of the importance of harmonizing development policies for sustainable use of ecosystems in the common border, which helps the preservation and protection of biodiversity and the rational utilization of shared resources; and determined to support the sustainable development of native communities of the border region to strengthen their cultural identity; and

In accordance with the wishes expressed in the Brasilia Declaration of November 26th, 1997, and the Timetable for their implementation agreed in Rio de Janeiro on January 19th, 1998:

Have agreed to sign this *Comprehensive Agreement on Border Integration, Development and Neighbourly Relations*

TITLE I

General Rules

Article 1

Peru and Ecuador give the highest priority to border integration, mutual cooperation and joint development through the implementation of programs, projects and joint activities within the framework of the strong neighbourly relations that the two States have decided to build.

Article 2

The scope of this Agreement covers the territory of both countries. The various agreements established on the basis of this Agreement will specify, as necessary, their specific areas of application.

Article 3

The Parties will provide the necessary facilities to promote good neighbourliness between the inhabitants of the border region, in particular between youth, through events and sports, educational, ecological, and cultural programs.

Article 4

The *Comprehensive Agreement on Border Integration, Development and Neighbourly Relations* is structured on the basis of the following basic components:

- (a) The Neighbourliness Committee;
- (b) The Strengthening of Bilateral Cooperation;
- C) The Border Regime; and
- D) The Binational Development Plan for the Border Region.

TITLE II

The Neighbourliness Committee

Article 5

The *Peru-Ecuadorian Neighbourliness Committee* will be established as an authority and a political mechanism to encourage, support, and coordinate the programs, projects and activities that generate togetherness and common interests between Peru and Ecuador. The Neighbourliness Committee will establish general guidelines for bilateral cooperation, implementation of the border regime, and for the smooth running of the *Binational Development Plan for the Border Region*.

Article 6

The Neighbourliness Committee will be composed of a Peruvian National Committee and by an Ecuadorian National Committee, and shall meet alternately in Peru and Ecuador at least once a year.

The operation of the Neighbourliness Committee and of the National Committees that form it will be governed by the Regulation which appears as Annex 1 of this Agreement. The Committee may amend this Regulation as it deems necessary.

Article 7

The National Committees will be chaired by the Ministers of Foreign Affairs and composed of representatives of the public and private sectors of each country. The Ministries of Foreign Affairs of Peru and Ecuador will fulfil the role of Executive Secretariat of each National Committee.

Article 8

The Neighbourliness Committee will establish Binational Technical Committees responsible for promoting activities and developing programs and projects that are mutually beneficial to both countries, in their areas of expertise. The Committees will be composed of branches from both countries, formed by specialists from the public or private sectors.

Without due regard towards powers that allow the Neighbourliness Committee to establish Binational Technical Committees that it deems necessary, or allow it to terminate people who have completed their work, the following Binational Technical Committees will be initially established:

- Border Regime,
- Trade Facilitation;

- Education;
- Health Care; and
- Fishery

When exercising their power, the national sections of the Binational Technical Committees will coordinate and carry out any consultations they deem necessary with the authorities and local, regional, and national entities of their respective countries.

Article 9

The Binational Technical Committees may establish Binational Working Groups, composed of representatives of the public and private sectors of the two countries, for a period of time. These will have specific mandates.

TITLE III

The Strengthening of Bilateral Cooperation

Article 10

Through the appropriate mechanisms, in particular the Neighbourliness Committee, the Parties seek to update, expand, and strengthen the bilateral cooperation agreements in force, and will establish new agreements in other areas that they consider a priority and of mutual interest.

Article 11

The Parties will give priority to the following lines of action:

- a) to expand and strengthen scientific and technical cooperation agreements, in fields relevant to economic and social development, such as transport, irrigation, tourism, agriculture and the agro-industry, energy and mining. This will prompt the exchange of knowledge and experience, training and human resource training, and exchange between experts on matters of shared interest.
- b) to strengthen collaboration in prevention efforts related to health, immunological campaigns and environmental sanitation, either directly by or with the support of the World Health Organization, the Pan American Health Organization, the Hipólito Unanue, UNICEF, and other agencies.
- C) to take advantage of the infrastructure and educational services of both countries in the border area and stimulate educational exchanges between schools and universities, as well as promote mutual understanding of various cultural expressions. To do so, they will agree to strengthen existing agreements on educational and cultural cooperation.
- D) to coordinate tasks related to preventing natural disasters, such as those caused by the El Niño phenomenon, and increasing mutual support to counteract their harmful effects, particularly in the border area. This will be done through the national civil defence entities and under the protection of the Natural Disasters Agreement of 1997.
- E) to update and strengthen existing agreements on animal and plant health to improve the border area's sanitary controls and to facilitate the trade agricultural products.
- F) to promote bilateral cooperation in the fishing field through a framework agreement of cooperation between their respective specialized institutions. To establish a regime of artisanal and industrial

fisheries to regulate, with a sense of partnership and mutual benefit, fishing operations in the border area.

G) to unite efforts in the prevention and suppression of criminal acts, as well as coordinate national efforts to combat illicit drug trafficking. With this goal the Parties will sign agreements on police and judicial cooperation as soon as possible.

H) to sign an agreement for mutual recognition of sentences and repatriation of their nationals who have been sentenced.

I) to take advantage, in a coordinated manner, of the mineral resources that are in the border areas of both countries, in accordance with the legal framework established by the Parties through a Mining Integration Agreement.

J) to expand, interconnect, and take advantage of, in a coordinated manner, their respective electrical systems at local, regional, and national levels, in line with the legal framework established by the Parties through an Electrical Integration Agreement, which will also promote joint business opportunities in this field.

K) to establish mechanisms and make a cooperative effort towards the development of international, binational, and border tourism. The Parties will undertake joint projects for promoting the tourist routes of mutual interest.

L) to develop environmentally sustainable projects for improving living conditions of native communities, with the active participation of their inhabitants.

TITLE IV

Border Regime

Article 12

The Parties will prioritise programs and projects, aimed at establishing providing services to the tourist and commercial networks of the common border, through signing an *Agreement on the Transit of People, Vehicles, Sea and River Vessels, and Aircrafts*, which appears as Annex 2 of this Agreement.

The structure and the powers of the border regime's Binational Technical Committee appear in Appendix B of said agreement.

Article 13

Border Committees will be established as binational coordination mechanisms, as subsidiaries of the border regime's Binational Technical Committee, to supervise and assist in the implementation of the agreements related to the border regime. The Border Committees Regulation is included in Annex 3 of this agreement.

Article 14

In addition to the existing border crossings at Aguas Verdes-Huaquillas and Tina-Macará, the Parties agree to enable new border crossings at Cariamanga-Ayabaca, Lalamar-El Alamor and Zumba-Namballe, which will come into operation within a period of no more than 180 days.

Through an Exchange of Notes the Parties may establish other border crossings and enable any facilities that may be necessary to meet requirements of the traffic that will be generated on both sides of the border, and to promote trade between the two countries. This procedure will also enable the closure any of the crossing when this would be considered desirable by both Parties.

Article 15

During the first year of this Agreement, the Parties will improve and expand their administrative facilities and concentrate and simplify border controls. National Border Centres (CENAF) will be established where necessary. The first CENAF will be built at the border crossing of Aguas Verdes-Huaquillas and Tina-Macará. Subsequent CENAFS will be built at Lalamor-El Alamor and Zumba-Namballe.

Article 16

The Parties also undertake to sign, within a period of 120 days, an *Agreement on Border Trade Fairs and Festivals*, to replace the existing mechanisms contribute to promote trade and cultural exchange in the border region.

Article 17

The Parties will establish a *Binational Committee for the Promotion and Protection of People's Rights in the Peru-Ecuadorian Border Region*.

TITLE V

The Binational Development Plan for the Border Region and its Financing

Chapter I

The Binational Plan

Article 18

With the aim of raising the quality of life of populations of the north and north-east of Peru and south and east of Ecuador, and in order to promote integration and cooperation between the two countries, the Parties agree to carry out a *Binational Development Plan for the Border Region*. It will span (10) years, and will be carried out in line with the general guidelines described in the present title.

Article 19

With the goal of organising resource acquisition and promoting proper execution of their programs and projects, the *Binational Development Plan for the Border Region* will have the following functional structure:

- a Binational Executive Board, composed of Peruvian and Ecuadorian chapters; and
- An International Advisory Committee.

The organizational structure of the Plan is described in Annex 4.

Article 20

The Plan envisages the following four programs:

- Binational Social and Productive Infrastructure Projects Program;
- National Peruvian and Ecuadorian Construction and Upgrading of Productive Infrastructure in the Border Regions Programs;
- National Peruvian and Ecuadorian Construction and Upgrading of Social Infrastructure and Environmental Aspects in the Border Regions Programs; and
- Promotion of Private Investment Programs.

The content of each program is described in Annex 5 of this Agreement.

In developing the programs and projects included in the Plan the environmental impact of the work must be considered. In addition, when necessary, to achieve efficiency in investment and an appropriate territorial organization, ecological economic zoning studies will be made or existing studies used.

In addition to any projects resulting from the annexes referred to in this article, the parties may submit, directly or through the Neighbourliness Commission, specific projects to be included in the Binational Plan.

Article 21

The Parties undertake, within the terms of this Agreement, to develop and build the Méndez - Yaupi - Borja (Campanquiz-Santiago) road connection, referred to in the Binational Program of Social and Productive Infrastructure Projects that are part of the Binational Development Plan for the Border Region. The parties intend to complete this project by 2005, and will therefore seek international funding when the present Agreement enters into force. Once this funding has been obtained, the Parties will develop the project in their respective national components, bearing in mind the focus on finishing the work in time.

They also undertake to ensure the maintenance of the project once completed.

Article 22

The main financial mechanisms that will be used to obtain the necessary resources for implementing the *Border Region Binational Development Plan* will be the following:

- Contributions from and direct dealings with the governments of Peru and Ecuador;
- a Binational Fund for Peace and Development;
- A Consultative Group for Peru-Ecuadorian International Financing;
- a Binational Group for the Promotion of Private Investment; and
- Other.

Article 23

The plan's Executive Board will be coupled with a Binational International Advisory Committee composed of representatives of the countries and institutions that participate in the plan's financing.

The Binational Executive Board will submit an annual report of its activities to the Neighbourliness Commission and the International Advisory Committee.

Article 24

The Executive Board of the Binational Plan will meet alternately in Peru and Ecuador.

Chapter 2

The Binational Fund for Peace and Development

Article 25

In order to promote and support the financing of the programs and small and medium-sized projects foreseen in the *Binational Development Plan for the Border Region*, The Parties agree to establish a *Binational Fund for Peace and Development Peru-Ecuador*.

The Fund will be set up with contributions from the Governments of Peru and Ecuador, friendly countries, multilateral institutions, non-governmental organizations and other private organizations.

The Fund will issue *Peace and Development Certificates* for every five (5) million US dollars received, and may hold conventions to obtain non-reimbursable contributions through other cooperation methods

Article 26

The *Binational Fund* will manage its resources primarily through four access windows designed to directly finance small and medium-sized projects included in the core programs of the Plan, mentioned in article 20 of this Agreement. This will also help finance studies and work required to implement these projects, as well as supporting larger private investments.

These access windows will provide resources for the following:

- A) for the execution of citizen participation and community development projects.
- B) for the construction and improvement of social, productive, environmental, and services infrastructure.
- C) for financing medium, small, and micro enterprises.
- D) for the preparation of projects and for the promotion of private investment.

Article 27

The *Binational Fund for Peace and Development* will be governed by the organizational structure established in *Annex 6* of this Agreement, which may be raised to the category of Statute if approved by the Parties. The Fund will have an Assembly, a Board, and an Executive Secretariat.

Chapter 3

The Consultative Group for International Financing

Article 28

In order to support financing of the larger projects foreseen in the *Binational Development Plan for the Border Region*, The Parties agree to promote, jointly, the organization and constitution of a Consultative Group for International Financing.

To this end, the Parties will seek support from the World Bank, the Inter-American Development Bank, the Andean Development Corporation, specialized agencies of the United Nations system, agencies of the inter-American system, the Governments of friendly countries, and other sources of international financing.

Article 29

The Consultative Group for International Financing will be convened when the necessary studies for larger-scale programs and projects, referred to in the *Binational Development Plan for the Border Region*, are available.

Chapter 4

The Binational Group for the Promotion of Private Investment

Article 30

A Binational Group for the Promotion of Private Peru-Ecuadorian Investment will be established, with the goal of encouraging investment from Peruvian, Ecuadorian or third countries' businessmen in binational or national projects located in the border regions. The Group will investigate possible investment opportunities and disseminate them properly between potential investors.

TITLE VI

Final Articles

Article 31

Settlement of any disputes that may arise from the implementation of any aspect of this Agreement, or agreements in the same framework, must be reached directly between the parties, who must endeavour to find a solution to the dispute in question within the Neighbourliness Commission's framework.

With due regard to the provisions set forth in this article, the Committees that the Parties create in the framework of this Agreement may establish specific procedures for settling disputes that are appropriate to each.

Article 32

The Parties will make an effort to spread the knowledge of this Agreement, as well as of training programs for staff and others involved.

Article 33

The present Agreement will come into force after being approved by the Parties in accordance with their respective legal systems.

Article 34

The duration of the present agreement will not be limited, and any Party will be able to publicly terminate it in writing to the Chancellery of the other Party, with at least six months notice. Termination of the Agreement does not imply termination of Committees, agreements or arrangements entered into within its framework, whom will have their own specific termination procedures.

The present Agreement will come into force simultaneously with the others signed on this date, which are part of the global and definitive solution referred to in point six of the Brasilia Declaration Timetable, approved by the parties on January 19th, 1998, and under the conditions set out in it.

Two equally valid Spanish copies of the present Agreement will be signed, in the city of Brasilia, on the twenty-sixth day of the month of October, 1998.

Fernando de Trazegnies Granda
Minister of Foreign Affairs of the Republic of Peru

Jose Ayala Lasso
Minister of Foreign Affairs of the Republic of Ecuador

Annex N° 1

Peru-Ecuadorian Neighbourliness Commission Regulation

I. Nature and objectives

Article 1.- The Peru-Ecuadorian Neighbourliness Commission is the representative political body in charge of promoting, supporting and coordinating in a dynamic way the cooperation and integration between the two countries, paying special attention to the development of the border regions and to business and productivity. It is composed of high level representatives of the public and private sectors of Peru and Ecuador.

Article 2.- The Peru-Ecuadorian Neighbourliness Commission identifies and promotes projects and initiatives that generate interests that are economically and socially significant for both countries, with particular emphasis on improving infrastructure, services and the use of shared resources.

Article 3.- The Neighbourliness Commission is chaired by the Foreign Ministers of the two countries. Its structure is not a substitute for any national institution or bilateral mechanism, but one that harmonizes and streamlines the achievement of its goals.

Article 4.- The Neighbourliness Commission considers all of the topics that are related to the economic and social development and harmonious effort to promote cooperation and integration of the two countries, especially in the border regions.

Article 5.- The Neighbourliness Commission will encourage the linking of all sectors of civil society between the countries, including trade and private investment.

II. Organization and Operation

The Neighbourliness Commission

Article 6.- The Neighbourliness Commission will be composed of two National Commissions, chaired by the Ministries of Foreign Affairs of Peru and Ecuador respectively.

Article 7.- The Neighbourliness Commission will meet at least once a year, or when Governments decide, alternately in Peru and Ecuador, preferably in a border town.

Article 8.- The National Commissions will identify and propose general guidelines for cooperation and bilateral integration between Peru and Ecuador.

Article 9.- The National Commissions will be made up of representatives of the public and private sectors who are linked to the neighbourly relationship that the governments designate, ensuring and equal distribution in their respective powers and composition.

Article 10.- The National Commissions will meet regularly at the request of the Ministers of Foreign Affairs or the National Executive Secretaries, who will chair the meetings in the absence of the Ministers.

The Binational Executive Secretariat

Article 11.- The Binational Executive Secretariat will be composed of two National Executive Secretaries, a Peruvian and an Ecuadorian one.

Article 12.- The Binational Executive Secretariat will prioritise actions needing performed and will be responsible for overseeing the implementation of the agreed programs, projects and activities.

Article 13º.- The Binational Executive Secretariat will meet twice a year or at the request of the Ministries of Foreign Affairs of the two countries, alternately in Peru and Ecuador.

The National Executive Secretaries

Article 14.- The National Executive Secretaries will be made up of officials appointed by the Ministries of Foreign Affairs of each country, and headed by a senior official who will act as National Executive Secretary.

Article 15.- The National Executive Secretaries will comply with instructions given by the Neighbourliness Commission, supervise and coordinate the Binational Technical Committees' tasks, act as the Secretariat of their corresponding National Commissions, and follow up on the commitments made by national institutions.

Article 16.- The National Executive Secretaries will be of a permanent nature. The Governments will provide resources and the necessary infrastructure for their functioning.

The Binational Technical Committees

Article 17.- The Binational Technical Committees are authorities who will be established by the Neighbourliness Commission, by sector and specific topic, for preparing programs, projects, and activities of common interest.

Article 18.- The Binational Technical Committees will be composed of government officials and representatives of the private sector designated by both Governments, chosen in a manner appropriate for dealing with the subjects of each Committee.

Article 19.- The Binational Technical Committees will be able to choose, in consultation with the Binational Executive Secretariat, any initiatives presented to them by business, labour, and academic sectors, as well as by the border region's authorities and representative entities o.

Article 20.- The Binational Technical Committees will meet periodically at headquarters that chosen by the Binational Executive Secretariat.

III. Powers

Binational bodies

Article 21.- Powers of the Peru-Ecuadorian Neighbourliness Commission :

- (a) pass agreements and resolutions in accordance with their nature and objectives;
- (b) pass guidelines for cooperation and integration programs between Peru and Ecuador;
- (c) provide instructions to the other bodies of the Neighbourliness Commission;
- (d) monitor and evaluate the implementation of their agreements, resolutions and instructions;
- (e) establish or dissolve Binational Technical Committees appropriately;
- (f) evaluate the effectiveness of the Binational Border Development Plan in fulfilling the Commission's objectives;
- (g) approve the amendments to this Regulation as necessary.

Article 22.- Powers of the Binational Executive Secretariat:

- (a) propose to the Neighbourliness Commission the annual program of activities of all the bodies that form it;
- (b) monitor and coordinate the tasks of the Binational Technical Committees and Working Groups;
- (c) propose to the Neighbourliness Commission, through The Binational Executive Secretariat, agreements related to its authority;
- (d) establish Working Groups to expedite the processing of specific matters that might arise as its work develops;

(e) report regularly to the Binational Executive Secretariat on its work, including suggestions that might merit declaration from the Neighbourliness Commission.

Annex N° 2

Agreement between Peru and Ecuador on the Transit of People, Vehicles, Sea and River Vessels, and Aircrafts.

The Governments of the Republics of Peru and Ecuador, considering that:

The conventions for regulating and facilitating the transit of persons and vehicles signed by Peru and Ecuador in 1971 are insufficient and inadequate to current requirements;

It is necessary to regulate and facilitate the transit of persons and private vehicles, and the transit of passenger, cargo, river, sea and air vehicles;

That to adapt these transit facilities to the current requirements it is necessary to simplify and standardize documents and formalities, as well as to adopt faster methods, at border-crossings and in general binationally;

It is desirable to standardize documents used in the various transit regimes and methods;

It is necessary to guarantee the security and the rights of the individuals who are using vehicles or vessels that have been stolen, abandoned, seized, or used as an instrument for malicious acts;

Agree to establish the present *Agreement on the Transit of People, Vehicles, Sea and River Vessels, and Aircrafts*, contained in the following articles:

FIRST TITLE

GENERAL INFORMATION

Article 1.- The present agreement regulates the transit of people, vehicles, sea and river vessels, and aircrafts between the Republics of Peru and Ecuador; it will set the requirements, procedures and locations where this transit will take place; it will note the specific requirements for binational transit, throughout the territory of both parties, and for cross-border transit, in the Border Region Area. Appendix A contains the definitions used in the present Agreement.

Article 2.- The aspects relating to the transit of people, vehicles, sea and river vessels, and aircrafts not expressly addressed in this Agreement will be regulated, with reference to the Andean rules and other existing agreements between the Parties. In the event of absence or omission in these, the corresponding national legislation of each Party will be applied.

Article 3.- The transit of people, vehicles, sea and river vessels, and aircrafts, between the territories of one Party to the other will be made only at the border crossings, ports, and airports that the parties enable.

Article 4.- The drivers of people, vehicles, sea and river vessels, and aircrafts, whose admission to the territory of the other Party has been performed under the rules of this Agreement, will be subject to its provisions and additional rules which may be issued within its framework and, in the absence of the latter, with the legal provisions in force in each country.

Article 5.- The Binational Technical Committee of the border regime established in the Comprehensive Agreement on Peru-Ecuadorian Border Integration and Development will be responsible for the promotion, monitoring and evaluation of the present Agreement, as well as any other agreements on border regime currently in force or that may be signed by both Parties. The composition and powers of this Committee are contained in appendix B of this Agreement.

SECOND TITLE

THE TRANSIT OF PEOPLE

Article 6. - Checks on people who are travelling by roads will only be done once and exclusively in National Border Centres - CENAF- or in border control posts.

Article 7.- The local transit of people will not be subject to document checks. Nationals of both parties transiting only require their national identity card.

Article 8.- Adult and minor nationals and foreign residents, when travelling between the territory of one Party to the border region without wishing to settle, must carry their national identity card and submit a Proof of Border Transit. Persons performing between the two countries must fill in an Andean Migration Card (TAM).

Article 9.- National and foreign resident minors, when travelling between the territory of one Party to the other without the company of their parents, will require written authorization of all persons with custody.

Article 10.- National and foreign residents of a Party in border transit may remain in the territory of the other Party for up to a maximum of thirty (30) days for each entry. In binational transit, the stay may be for up to ninety (90) days for each entry, extendable up to same period.

Article 11.- When visiting the territory of the other Party, the competent national authorities will not require from nationals and foreign residents of a Party any document or requirement other than those established in the present Agreement .

Article 12.- The political and police authorities will have a non-renewable period of seventy-two (72) hours to resolve situations where a national of one of the Parties enters the territory of the other Party without documentation, or who committed offenses against the stipulations of the present Convention, liable to be punished with expulsion. It is the responsibility of these authorities to ensure full respect for the individual rights of any person arrested when resolving their situation.

Article 13.- The land-based transit between borders of people covered by this Title will be applied initially in the provinces of El Oro, Loja and Zamora-Chinchipe, and in the Peruvian areas of Tumbes, Piura and Cajamarca. The Parties may extend by common agreement this area by exchanging letters.

THIRD TITLE

THE TRANSIT OF LAND VEHICLES

CHAPTER 1

THE TRANSIT OF PRIVATE, RENTED, AND OFFICIAL VEHICLES

Article 14.- Checks on the transit of private, rented, and official vehicles, as well as that of minor vehicles other than wheelbarrows, carts, or bicycles, will be performed once and exclusively in National Border Centres - CENAF- or in border control posts.

Article 15.- The driver must carry their driving license, have a license plate on the vehicle or property card, and a Temporary Admission Document, which will be issued free of charge by the customs office of the relevant entry route.

Article 16.- The driver of an official vehicle travelling between the borders or binational will not be required to present a Temporary Admission Document. The authority at the vehicle's entry point will give the driver a Proof of Vehicle Entry, which must be then clearly displayed. These Proofs will be valid for a single entry.

Article 17.- The transit of wheelbarrows, carts, and bicycles within the Free Transit Area will not require specific procedures.

Article 18.- The term of permanence of the vehicle in the other Party's territory, will be in line with the permanence terms of the driver.

CHAPTER 2

THE TRANSIT OF TOURIST TRANSPORT VEHICLES

Article 19.- Checks on the transit of tourist vehicles will be performed once and exclusively in National Border Centres - CENAF- or in border control posts.

Article 20.- Drivers must carry their license, have a license plate on the vehicle or property card, a Tourist Transport Document, and the Tourism Group List. The authority at the vehicle's entry point will give the driver a Proof of Vehicle Entry, noting the date of entry and length of stay, which must be then clearly displayed. These Proofs will be valid for a single entry.

Article 21.- The competent authority of the country of destination will authorize the length of stay of the tourist transport vehicle, which may not exceed forty five (45) days. Under no circumstances may it perform local tourist transport.

CHAPTER 3

THE TRANSIT OF PASSENGER VEHICLES

Article 22.- Checks on the transit of passenger vehicles will be performed once and exclusively in National Border Centres - CENAF- or in border control posts.

Article 23.- Binational transit or transit to a third country of passenger vehicles is governed by the rules of the Andean Community and by international regulations in force for both parties.

CROSS-BORDER TRANSIT OF VEHICLES

Article 24.- Passenger vehicles may circulate the routes authorized by the Binational Border Regime Technical Committee, and may carry passengers from origin to destination and vice versa. Transport companies must clearly display in the stations the origin and destination of the vehicles, as well as timetables, frequencies and prices.

Article 25.- Each Party will authorise the passenger transportation companies that operate in cross-border transport, and issue them a Passenger Transport Document.

Article 26.- The driver must carry their license, have a license plate on the vehicle or property card, and carry a Passenger Transport Document.

THE TRANSIT OF TAXIS

Article 27.- Each of the Parties shall authorise the taxi firms that operate in cross-border transport, and issue them a Passenger Transport Document.

Article 28.- The driver must carry their license, have a license plate on the vehicle or property card, and carry a Passenger Transport Document.

Article 29.- The vehicle will carry passengers whose final destination is in the border regions of both countries. Under no circumstances may it perform a local taxi service.

CHAPTER 4

THE TRANSIT OF CARGO VEHICLES

Article 30.- Checks on the transit of cargo vehicles will be performed once and exclusively in National Border Centres - CENAF- or in border control posts.

Article 31.- Binational transit or transit to any third countries of cargo vehicles will be governed by the rules of the Andean Community and by international regulations.

Article 32.- During cross-border transit, the driver must carry their license, have a license plate on the vehicle or property card, and carry a Cargo Transport Document and a Cargo Declaration.

Article 33.- The period of residence in the other party's territory of the cargo vehicle will be a maximum of thirty (30) days for each entry.

Article 34.- The cross-border land transit of vehicles covered by this Title will be applied initially in the provinces of El Oro, Loja and Zamora Chinchipe- and the Peruvian areas of Tumbes, Piura and Cajamarca.

FOURTH TITLE

THE TRANSIT OF RIVER VESSELS

Article 35.- The transit of river vessels from one Party's territory to the other will be governed by existing agreements and the rules to be approved by the Binational Technical Border Regime Committee.

Article 36.- The transit of smaller vessels from one Party's territory to the other will not require sailing registration or authorization

FIFTH TITLE

THE TRANSIT OF PRIVATE MARINE VESSELS

Article 37.- The binational transit of marine vessels will be governed by specific arrangements agreed to by both Parties, by multilateral agreements, and by the applicable national law.

Article 38.- The captain or pilot and crew of any type of sea vessel must carry a navigation license and sailing authorisation.

Article 39.- The Parties may authorise scheduled routes for maritime cargo and passenger transport between authorised ports.

SIXTH TITLE

THE TRANSIT OF AIRCRAFTS

Article 40.- The binational transit of aircrafts will be governed by specific arrangements agreed upon by the two parties and by multilateral agreements.

Article 41.- For the purposes of this Agreement, cross-border aircraft transit is understood as transit between airports or airfields in the border region cities that the parties have authorised.

Article 42.- The air transport of passengers and cargo may be performed in scheduled and non-scheduled flights, in the latter case through the use of air taxi, rentals, or special flights.

Article 43.- The Parties agree to note the airports and aerodromes authorised as an alternative.

Article 44.- To perform their services, commercial airline companies must obtain permission from the competent national authorities of the two parties.

Article 45.- The pilot of a commercial aircraft in cross-border transit must carry a license to fly and comply with the requirements established in the relevant national provisions.

Article 46.- The parties will apply the same criteria as domestic flights to any cross-border flights covered by this Agreement.

SEVENTH TITLE

THE TRANSIT OF VEHICLES AND VESSELS THAT HAVE BEEN STOLEN, SEIZED, ABANDONED, OR USED TO COMMIT OFFENSES

Article 47.- The vehicles, vessels, or aircrafts identified by the competent national authorities as stolen or abandoned will be made available to the consular officer of the other Party in the jurisdiction where they were located, in a period of no more than fifteen (15) days.

Article 48.- The owner of the stolen or abandoned vehicle, vessel, or aircraft may re-enter immediately in possession of it as soon as it has been quality-tested by the consular officer, and following the issue of a delivery receipt that allows for the vehicle to be repatriated and which will be made known to the competent national authority

Article 49.- The recovery and repatriation of the stolen or abandoned vehicle, vessel, or aircraft will be exempt from any kind of fees or charges.

Article 50.- The seized vehicles, vessels, or aircrafts will be placed under custody and responsibility of the competent national authority.

Article 51.- Within a period of fifteen (15) days, the competent national authority will make available to the other Party, through the consular officer of the respective jurisdiction, the vehicle, vessel, or aircraft that had been seized, except in those cases in which national laws consider confiscation as punishment.

Article 52.- When the competent national authority absolves the owner, driver, captain, or pilot, of responsibility, the vehicle, vessel, or aircraft will immediately be delivered to its owner as established article 51.

Article 53.- The competent national authorities will each month exchange the list of stolen or abandoned vehicles or vessels, and those used to commit offenses, and will inform their respective Ministries of Foreign Affairs.

EIGHTH TITLE

COORDINATION AND ASSISTANCE BETWEEN PARTIES

Article 54.- The Parties will concentrate migration, customs, police, transit, transport, health, agriculture, tourism, health and other services in Border Control Centres- CENAF- and in border control posts. They will maintain a permanent coordination, assistance, and mutual aid system to allow for the best performance of their functions, as well as to facilitate the transit of persons, vehicles and goods.

Article 55.- The competent national authorities that work in Border Control Centres - CENAF- and in border control posts will coordinate their respective regulations.

Article 56.- The competent national authorities will use the fastest methods to exchange information on detained people, nationals of the other Party, expelled people barred from entering the country, fugitives from justice for ordinary offenses, people that may endanger the public and people who have a criminal or police record ordinary offenses.

Article 57.- The competent national authorities will devote sufficient attention in Border Control Centres - CENAF- and border control posts.

Article 58.- The competent national authorities of both Parties will cooperate in implementing joint actions to prevent and combat epidemics, pests, and diseases, and will assist in phytosanitary control.

Article 59.- The border regime's Binational Technical Committee will organize regular training programs for the Border Control Centres' - CENAF- and border control posts' staff, with the goal of fast and uniform implementation of this agreement, as well as of all the regulations aimed at consolidating facilitation measures discussed .

Article 60.- The national authorities of the Border Control Centres - CENAF- and border control posts, will give all necessary facilities and help to the authorities of the other Party in the event of natural disasters, especially with regard to the delivery of equipment and relief resources

Article 61.- Any claims or disputes arising between people of two different parties, arising from the regular transport of passengers, tourist groups or cargo, will be settled by the competent national authorities in line with the regulations approved by the Border Regime's Binational Technical Committee.

NINTH TITLE

COMMON REGULATIONS FOR VARIOUS TYPES OF TRANSPORT

Article 62.- The competent national authorities may extend the period of stay of persons or vehicles, vessels, and aircrafts, in events of force majeure, until when these obstacles are resolved or disappear, or when they are able to return.

Article 63.- No authority may retain a national identity card, driving license, or registration plate of any vehicle belonging to nationals or foreign residents of the other Party.

Article 64.- Each Party will recognize as valid the driving license, the license to navigate, the license to fly, and the registration of the vehicle, vessel, or aircraft provided by the other Party.

Article 65.- The competent national authorities of the two Parties shall endeavour to coordinate their signalling system for land, river, and maritime.

Article 66.- The drivers, captains, pilots, officers and crew of vehicles entering the other Party's territory must observe their rules and regulations on urban transit, road transit, navigation, customs, health, immigration and police.

Article 67.- The simplified forms of the Proof of Cross-Border Transit, the Proof of Vehicular Entry, the Temporary Admission Document, the Cargo Transport Document, the Passenger Transport Document, and the Tourist Transport Document are contained in Appendix C of this Agreement.

Article 68.- Each Party will authorize national companies to transport passengers, tourists, or cargo cross-border, and will inform the other Party. This authorization will be sufficient for the other party to recognize the power of these companies to move in their territory.

Article 69.- The competent national authorities will require the authorised companies transporting passengers, tourists, or cargo to take out an insurance policy covering any damage to the drivers, pilots, crews, passengers, tourists, third parties, and material damage.

Article 70.- The Border Regime's Binational Technical Committee will approve the regulations and any complementary provisions that may be necessary to implement any aspects covered in this Title.

TENTH TITLE

Final Provisions

Article 71.- The present Agreement will remain in force for an indefinite period from the date of exchange of the Instruments of Ratification

Article 72.- The Border Regime's Binational Technical Committee will have the power to propose to the Parties amendments to the present Agreement, aimed at strengthening it and adapting it.

Article 73.- Any of the Parties may terminate the Agreement in writing, which will take effect after three hundred and sixty (360) days.

Article 74.- This Agreement replaces the Transit of People and Vehicles Agreement signed in 1971, as well as its protocols and regulations.

Appendix A

Definitions used in the Agreement between Peru and Ecuador on the Transit of People, Vehicles, Sea and River Vessels, and Aircrafts.

Border Control Centres - CENAF:- Are the set of facilities and offices located in a single place on the border built specifically to perform inspections, checks, procedures or essential formalities for exiting one country and entering another by land.

Proof of Cross-border Transit: Is the free and simplified form, of a common format agreed by the Parties, that contains the name of the person in cross-border transit , as well as their home, identity card number, and the date of entry into the territory of the other Party, for the exclusive purposes of record.

Driver: Is the person entitled by the competent national authority to drive a vehicle of a category or with features specified in their license.

Proof of Vehicle Entry: Is the free and simplified form, format, of a common format agreed by the Parties, that informs the competent national authorities that the carrier has been authorized to circulate binationally or cross-border, free of import duties, taxes, or monetary charges.

Commercial aircraft: Are all types of aircraft, authorized to carry passengers, tourist groups or cargo.

Competent national authority: A Public Official entitled to take decisions or perform actions to fulfil his functions, and whose powers are recognized by the law and the regulations of their country.

Departure Authorisation: Is the document issued by the competent national authority which authorizes the exit of a vessel to a specified destination and to transport passengers, tourist groups or cargo, according to the case.

Wheelbarrow or cart: Are the lesser two to four wheel vehicles moved by human or animal that are registered with the municipal authority of the constituency that their owner inhabits.

National Identity Document: Is the document issued by the competent national authority to nationals and foreign residents for the purposes of official identification, displaying basic information on the holder, such as name and surname, date and place of birth, trade or profession, marital status, domicile, photograph, and signature

Temporary Stay Document: Is the document issued by the competent national authority that entitles a boat or vehicle registered by the other Party to enter free of import duties, taxes, or monetary charges, but subject to obligatory departure.

Cargo Transport Document: Is the document issued by the competent national authority (or the certified copy of the document issued by the authority), which entitles a company and to its roster of vehicles to transport cargo.

Passenger Transport Document: Is the document issued by the competent national authority (or the certified copy of the document issued by the authority), which entitles a company and to its roster of vehicles to perform public transport of passengers.

Tourist Transport Document: Is the document issued by the competent national authority (or the certified copy of the document issued by the authority), which entitles a company and to its roster of vehicles to transport tourists.

Vessel: Rowing, sailing, or motor-based ship, entitled by the competent national authority to navigate.

Minor vessel: Rowing, sailing, or motor-based ship, with a load capacity of less than half a tonne.

Consular Officer: Diplomatic agent responsible for monitoring their compatriots in the other Party's territory.

Driving license: Is the document granted by the competent national authority that entitles the holder to drive a specified category of vehicle .

License to navigate: Is the document issued by the competent national authority that entitles the holder to handle a specified category of vessel.

License to fly: Is the document issued by the competent national authority that entitles the holder to drive a specific category of aircraft.

List of tourist groups: is the document where the names, nationality, identity card or passport number, and permanent address of each tourist travelling in a vehicle, vessel or aircraft are recorded.

Cargo manifest: Is the document prepared by the authorized transporter, in which they describe and quantify the goods that the vehicle is transporting to the other Party's territory.

Goods: Are all transportable goods subject to customs.

Passenger: Is the person who travels in a public or commercial vehicle, vessel, or aircraft, by purchasing a ticket.

Border crossing is a place enabled by the competent national authorities for entry and departure, of people, vehicles, boats, animals, and goods from the other Party's territory, by land and river.

Pilot or Captain: Is the person entitled by the competent national authority to conduct a ship or aircraft of a category specified in their respective license.

Enabled port: is the place and set of installations prepared by the competent national authority for the arrival of vehicles, vessels, or aircrafts coming from the other Party's territory, as well as leaving.

Border control posts: Facilities located on the border where inspections, procedures or essential formalities for leaving a country and entering another are performed, in places where a Border Control Centre - CENAF- hasn't been established.

Border region: Is the territory of the Parties enabled for cross-border circulation, for all transport methods established in this Agreement.

Return of vehicle: Is the departure of the vehicle from the other Party's territory and the corresponding entry into the country where it is registered, at the end of its temporary admission or cross-border transit.

Andean Migration Card (TAM): Is the form to be filled out by a passenger in binational transit for the exclusive purpose of record.

TAXI: Is an automobile authorized and intended for the public transport of people.

Transhipment: Is the transfer of goods from a vessel or vehicle to another.

Binational transit: Is transit that is carried out by land, water or air, from any point in a Party's territory to any of the other Party's, except for the border region.

Local transit of people: Is transit that takes place within the area of free movement and that only requires the national identity document to be carried.

Cross-border transit: Is transit that takes place by land, water, or air, from any point in the territory of one party to any point within the border region of the other Party.

Regular transport of passengers: Is transport that is carried out by coach, with a route, destination, and schedule that has been preset by the competent national authorities.

Crew: Is the authorized personnel that conduct and maintain a vehicle, vessel, or aircraft and assist passengers throughout the journey.

Abandoned vehicle: Is one that came out of the possession of the owner, with or without the use of violence.

Rented vehicle: Is one used by third parties under contract with the company that owns it.

Cargo vehicle: Is one authorized by the competent national authority for the paid transporting of goods, at an agreed rate.

Passenger vehicle: Is one authorized by the competent national authority for the paid transport of people, at an agreed rate.

Seized vehicle: Is one that came out of the possession of its owner, by the action of an authority or their agent, because of offenses committed that are covered by national laws.

Vehicle used to commit offenses: Is one that came out of the possession of the owner, without any authorization or recognition, and that is seized for having been used by a third party to commit unlawful acts.

Minor vehicle: Is a motor-based two or three-wheel (motorcycle) or engine-less two, three, or four wheel (bicycle, tricycle, wheelbarrow, and cart) means of transport.

Official vehicle: Is one intended for the exclusive use of competent national authorities.

Private vehicle: Is one for individual non-profit use.

Stolen vehicle: Is one that came out of the possession of its owner, with or without the use of violence, through a third party intending to take possession of it.

Tourist vehicle: is one for the exclusive transport of tourist groups.

Area of free movement: Is the territory of both parties located at both sides of a border crossing that extends from the international border to the place where a CENAF or border control post is located, including any populated centres located within that area.

Appendix B

Border Regime Binational Technical Committee

I. Composition

The Border Regime Binational Committee will be composed of the following:

- a representative of the Ministry of Foreign Affairs of Peru, who will be the coordinator of the Peruvian part.
- a representative of the Ministry of Foreign Affairs of Ecuador, who will be the coordinator of the Ecuadorian side.

- The heads of the national sections of the Border Committees; and
- Advisers appointed by the Parties in light of the subjects to be deal with.

II. Meetings

The Border Regime's Binational Committee will meet at least twice a year hold extraordinary meetings as many times as necessary, by agreement between the Parties or at the request of any of them.

III. Powers

The Border Regime's Binational Committee will have the following powers and responsibilities:

- (a) monitor and evaluate the implementation of the Agreement on the Transit of People, Vehicles, Sea and River Vessels, and Aircrafts.
- (b) maintain continuous contact with authorities, civil organizations, and with the economic agents of the border region, in order to be up to date on the progress or difficulties arising from the implementing the Agreement.
- (c) authorize routes that are enabled for cross-border transport of passengers.
- (d) approve any river vessel transit rules necessary
- (e) make the working hours of border control services uniform across both countries, in line with the recommendations of each Border Committee.
- (f) recommend to the Neighbourliness Commission the expansion of existing areas or enabling of new areas of free transit.
- (g) introduce any necessary amendments to the Border Committees' Rules, and be aware of and resolve any questions that may arise from them.
- (h) agree on measures that are within their reach or advise the Neighbourliness Commission so that rules that ensure the full implementation of the Comprehensive Agreement on Border Integration, Development and Neighbourly Relations are adopted, specifically in regard to the border regime.
- (i) comply with the other responsibilities assigned to it by the Neighbourliness Commission.

Annex N° 3

Regulation of the Peru-Ecuadorian Border Committees

Chapter I

General Provisions

Article 1

The Border Committees constitute binational coordination mechanisms that aim to promote and monitor the implementation of Peru-Ecuadorian Border Regime Agreements, as well as propose procedures and timely solutions to problems regarding the transit of persons and goods, and means to promote cooperation, integration and the development of the border region.

Article 2

The Peru-Ecuadorian Border Committees will be composed of national branches, who will be formed by pairs of administrative divisions of departmental (Peru) and Provincial (Ecuador) level, adjacent to the common border.

Article 3

This Regulation will apply to the Border Committees corresponding to the following pairs of constituencies: EL ORO-TUMBES, LOJA-PIURA, and ZAMORA CHINCHIPE-CAJAMARCA. It will also apply to future Border Committees that the governments of Peru and Ecuador may constitute by exchanging of letters between their respective Foreign Ministries.

Chapter II

Powers

Article 4

The Border Committees will have the following powers:

- (a) participate actively in solving operative problems related to cross-border, binational, and international transit of people, goods, and means of transport.
- (b) regularly assess the status of the Agreements on border regime and make reports, including suggestions, to the Coordinators of the National Branches of the Border Regime's Binational Technical Committee of the Peru-Ecuadorian Neighbourliness Commission.
- (c) carry out the instructions and take into account the recommendations of the Border Regime's Binational Technical Committee for the more efficient implementation of the border regime Agreements.
- (d) spread the word on the constituency of border regime agreements between users of border crossing services, ports, and airports.
- (e) propose to the Border Regime's Binational Technical Committee training programs for officials of the bodies responsible for implementing border regime agreements , as well as organize and supervise their implementation in the respective constituencies.
- (f) promote and monitor regular meetings between the public service authorities present in Border Control Centres - CENAF- and in border control posts, with the goal of coordinating the smooth and efficient implementation of border regime agreements.

Chapter III

Composition

Article 5

The Border Committee will be chaired alternately by the Departmental Prefect, when they meet in Peru, and by the Provincial Governor, when in Ecuador. These authorities will exercise the leadership of their respective National Branches.

Article 6

The authority that presides over the meeting will designate, among the their country's institutions represented in the Border Committee, a Permanent Secretariat that will perform this role until the next meeting takes place.

Article 7

The following will be members of the Border Committee: The Heads of public services present in the CENAF and border control posts, as well as enabled ports and airports, and the Consul or Consuls of both countries, according to the following list of institutions:

PERU - National Customs Superintendence; General Directorate of Migration and Naturalization, National Police of Peru; National Agricultural Health Service (SENASA); Ministry of Transport, Communications, Housing, and Construction; Ministry of Industry, Tourism, Integration, and International Trade Negotiations; Interim Regional Administration Committee.

ECUADOR - Ministry of Government and Police; Ministry of Public Works and Communications, the Ministry of Agriculture and Livestock, Ministry of Tourism; National Transit and Land Transport Council; National Police of Ecuador, Customs Corporation of Ecuador; and the General Directorate of Migration.

Article 8

Public and private sector representatives of the corresponding departmental and provincial constituencies, from the areas of tourism, trade, industry and related activities of both countries, may attend Border Committee meetings. They will be invited when the agenda is relevant to them and when they can contribute by advising and guiding the Committee on specific matters..

Article 9

The members of the Border Committee will act within the framework of the powers granted to them in accordance with their respective national legislation and institutional regulations.

Chapter IV

Operation

Article 10

The presiding authority of the Border Committee will convene ordinary and extraordinary meetings with the knowledge of the Border Regime's Binational Technical Committee.

Article 11

The Committee will meet quarterly alternating between each country. Its members will be convened at least two weeks in advance. Along with this call, the members of the Committee will receive the

meeting's agenda, which must be approved in advance by the Border Regime's Binational Technical Committee.

Article 12

The committees may hold extraordinary meetings when the importance or urgency of a matter so requires, and should do so observing the guidelines in Article 10.

Article 13

The institution responsible for the Border Committee's Permanent Secretariat will be responsible for preparing the minutes of the Committee's meetings, taking into account any reports issued by the Working Groups which had been constituted in accordance with article 19 of this Regulation.

Article 14

The minutes of each meeting will contain any conclusions and recommendations of the plenary of the Border Committee and will include Working Groups' reports.

Article 15

Two original copies of the minutes will be produced and signed by the Heads of both National Branches. They must also be made aware to the Border Regime's Binational Technical Committee for evaluation.

Article 16

When a private or public entity not included in the list in Article 7 requests the consideration of a subject by the Border Committee, the President of the Committee will assess the appropriateness of incorporating this topic into the agenda, in line with the procedure described in article 11.

Article 17

When the Committee considers that a matter exceeds their competence, they will elevate it to the Border Regime's Binational Technical Committee for consideration.

Article 18

The Governments will provide the facilities and logistical support necessary for the Border Committee meetings to be held.

Chapter V

Working Groups

Article 19

Each Border Committee may create working groups that will be responsible for the analysis and formulation of proposals with regard to specific issues included in Committee's responsibilities.

The Working Groups will be composed of representatives of National Branches or of private activities that are related to the relevant matters. Their work will be coordinated by the authority exercising the role of Permanent Secretariat, under Article 6.

Chapter VI

Final Provisions

Article 20

The National Branches of the Border Committees will give an account of their activities to the Coordinators of the National Branches of the Border Regime's Binational Technical Committee.

Article 21

The annual calendar for the meetings of the various Border Committees will be coordinated and approved by the Border Regime's Binational Technical Committee.

Annex N° 4

Organizational structure of the Development Plan for the Border Region

The Assembly:

Is the decision-making body of the *Binational Development Plan for the Border Region* composed of the members of the Peru-Ecuadorian Neighbourliness Commission created in Title II of the *Peru-Ecuadorian Comprehensive Agreement on Border Integration, Development and Neighbourly Relations*.

THE BINATIONAL EXECUTIVE BOARD:

Is the executive body of the *Binational Development Plan for the Border Region* composed of eight directors, four appointed by Peru and four by Ecuador. For each Party, one will be a representative of the public sector, another of the private sector, a third originating in the border region, and the fourth will be the Executive Director of the Respective Peruvian and Ecuadorian Chapters of the Plan. Its presidency will rotate annually between a Peruvian director and an Ecuadorian one.

The National Executive Board will meet periodically to:

- Coordinate the content and assess the implementation of the Binational Plan, in particular the four basic resource allocation programs referred to in Article 20 of Title V of the *Comprehensive Agreement*, with emphasis on the Binational Social and Productive Infrastructure Projects Program, as described in Annex 5.
- Coordinate the operation of the financial mechanisms of the Binational Development Plan in order to ensure the timely financing of programs and projects included in the Plan.
- Dictate the internal operation rules of the Plan's Binational Coordinating Committee.
- Prepare an annual report of its activities, which must be submitted to the Assembly or the Neighbourliness Commission and the International Advisory Committee.

National Chapters

Each National Chapter will have an Executive Director who will also be a member of the Executive Board and the Binational Fund for Peace and Development. Its function will be to ensure the implementation of the National Construction and Infrastructure Improvement Programs, both Productive and Social, and Environmental Issues in the Border Regions, as described in Annex 5 of the *Comprehensive Agreement*.

The National Chapters of the Plan will also ensure the smooth functioning of the national component of binational projects and the proper execution of private investment on each side of the border.

THE BINATIONAL COORDINATING COMMITTEE:

Will be composed of the Executive Director of the Peruvian Chapter, the Executive Director of the Ecuadorian Chapter, and the Executive Secretary of the *Binational Fund for Peace and Development*.

Their functions will be related to exposition and coordination, and will be specified in their rules, to be approved by the Plan's Binational Executive Board.

THE INTERNATIONAL ADVISORY COMMITTEE OF THE BINATIONAL DEVELOPMENT PLAN FOR THE BORDER REGION:

Will be composed, by proposal of the Board of the Binational Fund for Peace and Development, by representatives of the countries and institutions contributing to that fund through the Certificates of Peace and Development.

The Board will have eight (8) members, who will be elected by its Chairman from amongst them.

Annex N° 5

Programs of the Binational Development Plan for the Border Region

The Binational Development Plan for the Border Region considers four programs whose objectives are specified below.

A. Binational Social and Productive Infrastructure Projects Program

Contribute to the improvement of productive and social infrastructure in those areas where Peru and Ecuador share resources or are complementary economies, strengthening the process of Border Integration between the two countries.

B. Peruvian and Ecuadorian National Construction and Improvement of Productive Infrastructure in the Border Regions Programs

Contribute to the improvement of productive infrastructure and services in the border regions of both countries, with activities targeted at providing facilities for the cross-border transit, sustainable

development of areas with productive potential, and construction of physical infrastructure that promotes local productive and commercial interaction.

C. Peruvian and Ecuadorian National Construction and Improvement of Social Infrastructure and Environmental Aspects in the Border Regions Programs

Contribute to the improvement of social and cultural infrastructure in the border regions of both countries, by developing programs or projects related to health, education, sanitation and urban development, basic services, and environment.

D. Program for the Promotion of Private Investment

Identify areas and investment opportunities where the private sector can be involved in implementing and financing projects, whilst defining the legal framework to make that feasible.

The estimated global investment requirements for these programs are shown in the following table, expressed in US dollars.

Annex N° 6

Organizational Structure of the Binational Fund for Peace and Development

Objective

The objective of the Fund is gathering non-reimbursable resources to provide financing for specific projects and activities included in the Binational Development Plan for the Border Region, with special emphasis on: resources for projects and studies; small productive, services-related, and social infrastructure projects; demands of organized groups in the region, on the basis of competitive resources and access to credit for micro, small, and medium-sized productive enterprises.

Description

The Fund will operate under the following general principles:

- It will support beneficiaries in the border regions determined by the Governments of Ecuador and Peru by common agreement.
- It will gather resources and provide funding as a secondary resource. The Fund will not provide or contribute resources directly to the beneficiaries.
- Resources will only be delivered to Executing Agencies that qualify to operate with the Fund's resources, on the basis of criteria that the organization itself sets.
- The institutions receiving resources' highest authorities will sign Implementation through Fund Use Agreements.

- The Fund's operations will be made with maximum transparency.
- The Fund will contract third parties to perform the treasury financial resource management services.
- The Fund will contract third parties to perform financial audit, supervision, monitoring, and evaluation of its agreements.
- The Fund will have duration of ten years, and may be extended by common agreement of the two Governments.

Operating Mode

The Fund will be an entity with minimal operational infrastructure and will contract third parties for the services it requires.

The Fund will operate on the basis of:

- The Fund will be set up with resource contributions from the Governments of Peru and Ecuador, friendly countries, multilateral institutions, non-governmental organizations and other private organizations. The Fund will deliver a Peace and Development Certificate for every five (5) million US dollars received.
- The Permanent Resource Gathering Program. Consists of an annual program that details the activities to be carried out by the Fund to obtain resources from donor agencies.
- The Resource Allocation Program. Is the annual program that assigns to each of the Fund's avenues a figure showing allocation based on signed Agreements.
- Execution Agreements. Are operating agreements to be signed by entities that qualify as eligible to receive resources from the Fund, detailing the destination of resources, their use, and the responsibilities and duties of the Parties.

Also:

- Treasury Contract. Treasury functions will be run by an entity, preferably multinational, which will receive, invest, and allocate resources on the basis of the guidelines that the Fund sets, and that will be included in a service contract to be signed with the Fund. The contract will specify the form and level of payment for the service rendered, as well as the obligations and responsibilities of the Parties.
- Financial Audit, Monitoring and Evaluation Contracts. The role of financial auditing, monitoring and evaluation of the implementation agreements will be carried out by one or more entities under contract with the Fund on the basis of an evaluation and management methodology previously agreed upon.

The **operating income** of the Fund will be:

- Resources that will be provided for this purpose by the governments of Peru and Ecuador.
- Interest earned on collected resources that have not yet been distributed.
- Donations that are perceived to be for this purpose.

The **operating expenses** of the Fund will be:

- The costs of implementing the Resource Gathering Program.

- Payments for treasury services, auditing, monitoring, and evaluation.
- The dissemination of results.
- The administrative costs of operating the Fund.

FUND AVENUES

• **Avenue for Preparing Projects for Private Investment and Special Studies.** Through this avenue the studies required for the preparation of investment projects included in the Binational Plan will be financed. Executing Agencies will be those designated by each Government which will channel financing requests to the Fund prior to the confirmation of its priority and the verification of the quality of the application. Once financing is approved, the Executing Agency will oversee the implementation of the study or promotion of private investment and inform the Fund of the results obtained.

• **Avenue for Financing Social, Productive, Environmental, and Service-Related Projects.** This will serve to finance small projects in social areas (including but not limited to health, education, sanitation, housing) as well as productive areas (including but not limited to energy, irrigation, marketing, rural roads and neighbourhood), environmental areas, and services that cater to the needs of inhabitants of the border areas. An Annual Operating Plan will determine the allocation of resources based on the priorities that the Binational Development Plan for the Border Region set. The Executing Agency(s) that each Government appoints will be responsible for preparing the Annual Operating Plan and submitting it to the Fund for consideration (on the basis of a referential annual allocation figure that the Fund will determine, according to the availability of resources). These Executing Agencies will coordinate the implementation of the Plan their area of influence, will monitor its implementation, and report results to the Fund.

• **Avenue for Funds for Citizen Participation and Community Development Funds.** Demands of organized entities of the border area representative of civil society will be dealt with through this avenue. The Executing Agencies will receive the requests of the parties concerned, evaluate and approve the operations (which will be non-refundable) on the basis of specific criteria to be established by the Fund and that will be contained in the Agreement signed with the Fund. The financial resources will only be used for investments in social, productive, and service-related infrastructure projects that are not already included in the Annual Operating Plan mentioned above. The Executing Agencies will be preferably represent the private sector, including non-governmental organizations, and will operate on the basis of a revolving fund established by common agreement with the Fund.

• **Avenue for Promoting Micro, Small, and Medium-Sized Enterprises.** The resources of this avenue will be used to strengthen and support public or private entities of the border area that themselves support the management of micro, small, and medium-sized enterprises. The resources may be used as refundable funds (financing) or non-refundable. Each Government will designate a Program Coordinating Entity, which will propose a selection of Executing Agencies in each country to the Fund, on the basis of preset criteria, and monitor the use of resources assigned to them. Each Executing Agency will sign an agreement with the Fund, with the Coordinating Entity's involvement.

ORGANIZATION OF THE FUND

The Fund shall be composed of the following bodies.

The Assembly

Will be the political body; it will be comprised of representatives of the highest level of both Governments. It will meet twice a year to approve the Resource Gathering Program proposed to it by the board, as well as the political guidelines for its implementation. The Assembly will be composed of the same members of the Binational Executive Board and the Binational Development Plan for the Border Region.

The Board

Will be the Fund's Executive Body; it will be composed of eight delegates, three appointed by each country, and the executive directors of the Peruvian and Ecuadorian Chapters of the Binational Development Plan for the Border Region. At least one member of each country will be representative of the private sector, and at least one will originate from the border area. The Board will meet regularly to:

- approve the Resource Gathering Program.
- approve the Resource Allocation Program for programs (avenues).
- create new programs, for exceptional cases and justified by prior study.
- approve Agreements with the Executing Agencies
- approve and sign the Treasury Contract.
- approve and sign of financial audit, monitoring, and evaluation contracts.
- appoint the Executive Secretary and the plant personnel.
- approve the Fund's operating rules.
- establish Advisory Groups as it deems necessary.
- approve an annual report of activities and balance on financial management which will be submitted to the Assembly for review.

The Executive Secretariat

Will be headed by an Executive Secretary who will be a professional with technical experience and strong professional and personal qualities, and who must not necessarily be a national of one of the Parties. They will:

- prepare and propose the agenda for the Resource Gathering Program.
- prepare and propose the Resource Allocation Program.
- Report on suggested agreements with Executing Agencies that proposes countries, and sign them, in the name of the Fund, prior to approval by the Board.
- propose relevant contracts.
- represent the Fund in contractual relations of related to treasury, financial audit, evaluation and monitoring.
- spread the word on the Fund's activities for the benefit of the population of both countries.