

FLAR APPROVES COMPLEMENTARY MEMBERSHIP MECHANISM

The Assembly of Representatives of the Latin American Reserve Fund (FLAR), in its extraordinary meeting held on July 12, 2021, unanimously approved the creation of a complementary mechanism to join FLAR, creating a new member category called "associated central bank".

Consequently, new FLAR members may belong to one of two categories: i) the current option of full-fledged members, for countries adhering to the Constitutive Agreement, and ii) the modality of associated central banks, by means of a relationship agreement approved by the Board of Directors and the Assembly of the Latin American Reserve Fund.

FLAR Executive President José Dario Uribe stated that "it is a momentous decision, expected to contribute to the expansion of FLAR's membership and to strengthen the region's financial safety net."

Under the new modality, the central banks of the region will be able to directly join FLAR via contributions to the institution's equity. On the other hand, they will have access to the financial support arrangements offered by FLAR to its members and will be entitled to participate in its administrative bodies.

In the Board of Directors, comprised by the central bank governors, they will be members with a voice and will also have a vote when their contribution to FLAR's capital is USD 250 million or higher. They will also be able to participate with speaking rights in the Assembly of Representatives, whose members are the treasury or finance ministers of the member countries.

Countries whose central banks are associate members may become full-fledged members by adhering to the Constitutive Agreement.

Currently, FLAR member countries are Bolivia, Colombia, Costa Rica, Ecuador, Paraguay, Peru, Uruguay and Venezuela. The new modality is expected to promote the adhesion of new members. This would bolster the goal of making FLAR a regional financing arrangement with a broader scope and added relevance for Latin America and would increase its capacity to provide financial assistance to its current and new members.