

No. 26252

**UNITED NATIONS
(ECONOMIC COMMISSION FOR
LATIN AMERICA AND THE CARIBBEAN)
and
NETHERLANDS**

Administrative Arrangement with regard to a contribution to the Economic Commission for Latin America and the Caribbean—*Various technical cooperation projects* (with attachments). Signed at Santiago on 20 October 1988

Authentic text: English.

Registered ex officio on 20 October 1988.

**ORGANISATION DES NATIONS UNIES
(COMMISSION ÉCONOMIQUE
POUR L'AMÉRIQUE LATINE ET LES CARAÏBES)
et
PAYS-BAS**

Arrangement administratif relatif à une contribution à la Commission économique pour l'Amérique latine et les Caraïbes — *Projets divers de coopération technique* (avec pièces jointes). Signé à Santiago le 20 octobre 1988

Texte authentique : anglais.

Enregistré d'office le 20 octobre 1988.

ADMINISTRATIVE ARRANGEMENT¹ BETWEEN THE UNITED NATIONS AND THE NETHERLANDS MINISTER FOR DEVELOPMENT COOPERATION WITH REGARD TO A CONTRIBUTION TO THE ECONOMIC COMMISSION FOR LATIN AMERICA AND THE CARIBBEAN

Whereas the Economic Commission for Latin America and the Caribbean, on behalf of the United Nations (hereinafter referred to as "ECLAC"), represented by its Executive Secretary and the Netherlands Minister for Development Cooperation (hereinafter referred to as "the Minister"), represented by the Ambassador of the Netherlands in Santiago, Chile, have agreed to co-operate in the implementation of technical co-operation projects on: (a) "Promotion of technical cooperation through linkages among TCDC national focal points in Latin America and the Caribbean: phase II"; (b) "Policies for the development of agro-industrial chains in Latin America"; and (c) "Social policy proposals to promote processes of productive modernization in Latin America" (hereinafter referred to as "the projects"), which projects are summarized in attachment A hereto;

Whereas the Minister has informed ECLAC of his willingness to contribute funds to meet the costs of these projects on the basis of three project documents, copies of which have been provided to the Minister;

Whereas it has been agreed between ECLAC and the Minister that ECLAC shall be responsible under the terms of this administrative arrangement for the management of the funds contributed by the Minister to meet the costs of the projects;

Now, therefore, ECLAC and the Minister hereby have entered into the following administrative arrangement:

Article I

1. In order to finance the Netherlands contribution to the aforementioned projects (Dfl. 965,687), the Minister authorizes ECLAC to use the following amounts: US dollars 30,356 corresponding to savings and interests accrued to contributions already made by the Minister; US dollars 1,474 corresponding to differences in exchange rates. In addition, the Minister shall, in the manner referred to in paragraph 2 below, place at the disposal of ECLAC the sum of Dfl. 901,391 (corresponding to US dollars 401, 958) and ECLAC shall use these amounts to meet the costs of the projects as shown in attachment A.

2. The Minister shall, in accordance with the schedule of payments set out in attachment B of this Administrative Arrangement, deposit the aforesaid funds, in convertible currencies of unrestricted use, to ECLAC's Project Trust Fund Account No. 015-001784 in the Chemical Bank, United Nations Branch, New York, N.Y. 10017.

3. The funds shall be administered in accordance with the financial rules and regulations of the United Nations and shall be subject to all the provisions made therein relating to accounting, reporting and evaluation of funds-in-trust and the provisions of Article VI below. In case not all allocated funds are disbursed for

¹ Came into force on 20 October 1988 by signature, in accordance with article IX.

planned activities, the interest earned and the unused funds shall be at the disposal of the Minister.

4. All financial accounts and statements shall be expressed in United States dollars.

Article II

1. The trust fund shall be charged with expenditures incurred by ECLAC in the performance of activities under this administrative arrangement.

2. The trust fund will also be charged with thirteen (13) per cent of all expenditures from the trust fund, which percentage shall be a charge for programme support services provided by ECLAC in the implementation of the project financed under the trust fund.

Article III

1. ECLAC shall commence and continue to conduct operations under this administrative arrangement on the receipt of the contribution in full mentioned in paragraph 1, Article I.

2. ECLAC will not make any commitments above the amounts specified for expenditure in attachment A.

3. If unforeseen expenditures arise, ECLAC will submit a supplemental budget to the donor showing the further financing that will be necessary. If no such further financing is available, the assistance provided to the projects under this may be reduced or, if necessary, terminated by ECLAC. In no event will ECLAC assume any liability in excess of the funds provided in the trust fund. In case not all allocated funds are disbursed for planned activities, the interest earned and the unused funds shall be at the disposal of the Minister.

Article IV

Evaluation of the activities financed from this trust fund may be undertaken in accordance with the provisions contained in attachment A.

Article V

This trust fund shall be subject exclusively to the internal and external auditing procedures laid down in the Financial Regulations, Rules and Directives of the United Nations.

Article VI

ECLAC shall provide the Minister with the following statements and reports prepared in accordance with the United Nations accounting and reporting procedures:

- (a) Progress reports covering both the substantive and financial aspects will be issued in respect of the projects on March 1989.
- (b) A financial statement pertaining to the overall status of the annual contribution, the global and the savings account will be provided on a semi-annual basis;
- (c) Within six weeks after completion of each project, a brief final report accompanied by a financial statement;

- (d) As soon as possible thereafter, a substantive report evaluating the performance of each project including impact assessment and, where appropriate, a description of follow-up action taken by governments, ECLAC and/or other international organizations;
- (e) Delays in project execution of longer than three months will be reported to the Minister.

Article VII

ECLAC shall notify the Minister when, in the opinion of ECLAC, the purposes for which the trust fund was established have been realized. The date of such notification shall be deemed to be the date of expiration of this administrative arrangement, subject to the continuance in force of Article IX for the purposes there stated.

Article VIII

This administrative arrangement may be terminated by either Party on [thirty (30)] days' written notice to the other Party, subject to the continuance in force of Article IX for the purposes there stated.

Article IX

On termination or expiration of this administrative arrangement under Article VII or VIII, the funds will continue to be held by ECLAC until all expenditures incurred by ECLAC have been satisfied from such funds.

This administrative arrangement shall enter into force upon signature.

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, have signed the present administrative arrangement in the English language in three originals at Santiago this 20th day of October 1988.

For the Economic Commission
for Latin America
and the Caribbean:

[Signed]

GERT ROSENTHAL
Executive Secretary

For the Netherlands Minister
for Development Co-operation:

[Signed]

ROBERT FRUIN
Ambassador
of the Netherlands

ATTACHMENT A

THE PROJECTS

1. *Title:* Promotion of technical cooperation through linkages among TCDC national focal points in Latin America and the Caribbean: phase II

(a) *Project summary*

Phase I of this project was carried out from March to October 1987 with the purpose of systematizing information on the capacities, prior experience, institutional arrangements, procedures and operating methods adopted by the national TCDC focal points in order to foster and implement horizontal technical co-operation in the Latin American region. Information was collected through mailed questionnaires, official documents and interviews with high-ranking officials in the pertinent governmental departments or agencies. In addition, extensive use was made of data on national TCDC capacities stored in the INRES-South computerized information system operated by the UNDP. The end product of the project was a publication titled "Guide to technical co-operation among developing countries: TCDC supply and directory of institutions". The countries included in the Guide were Argentina, Brazil, Costa Rica, Chile, Ecuador, Guatemala, Mexico, Nicaragua, Panama, Peru, Uruguay and Venezuela. A sizable mass of information came in after the editing stage of the Guide, particularly with respect to countries in the Central American subregion.

Phase II of the project will be carried out in order to both maximize utilization of "delayed" information and to expand the coverage of the project with the preparation of a revised version of the Guide. The operational criteria for the implementation of the second phase will be: (i) to concentrate efforts in the countries of the Central American subregion; and (ii) to include countries that were not covered in the previous phase, like Bolivia, Colombia, Dominican Republic and Paraguay.

It is envisaged that the programme of work for Phase II will be carried out in six months.

(b) *Budget*

The Netherlands contribution devoted to this project is estimated at 20,340 US dollars broken down as follows:

	<i>w/m</i>	<i>US\$</i>
Short term consultant	3	9,000
Travel on mission		6,000
Publication costs		2,000
Miscellaneous		1,000
	Subtotal	18,000
Programme support costs (13%)		2,340
	GRAND TOTAL	20,340

(c) *ECLAC inputs in kind*

ECLAC will provide the inputs listed in Annex 1.

2. *Title:* Policies for the development of agro-industrial chains in Latin America

(a) *Project summary*

Intensive migration and urbanization have deeply changed the productive structure of the agricultural sector in Latin America, through accompanying changes in the patterns of food demand and exports. Intensified backward and forward linkages related to the

changing effective demand have given rise to a growing number of agroindustrial "complexes" and "chains".

Various kinds of agricultural chains have been formed, characterized as follows: (i) traditional basic commodities chain (wheat, rice, potatoes, etc.) made up of numerous small producers, with low levels of innovation and limited growth rates; (ii) modern commodities chain (oils and oilseeds, dairy products, poultry, etc.) characterized by oligopoly in the agroindustrial phase, rapid growth and large capacity for influencing agricultural production; and (iii) chains related to differentiated commodities or snack foods involving intensive advertising as a growth factor, and also characterized by an oligopolistic agroindustrial phase and limited impact on the growth of agricultural production.

These phenomena have only been analysed in studies of an exploratory nature. Notwithstanding, the growing interdependence between agriculture and the commercial, industrial and services sectors that has been observed in a number of "chains" has not made an impact at the policy design level, where each sector is still being treated as isolated compartments.

Based on the above, the project will attempt to (i) proceed towards a more integral concept of production processes in the main agricultural branches; (ii) detect bottlenecks associated with some links in the chains of production; (iii) detect transfers of surpluses among various kinds of producers; (iv) ensure that the control nucleus of the chain generates stimuli over producers whom the national policy has set to strengthen (e.g., peasant farmers); and (v) evaluate the net effect of the production of the chain as a whole on the net balance of foreign exchange. The project will thus be able to propose economic and technological policies to ensure an improved development of selected agro-industrial chains in the region.

The duration of this project is estimated at 24 months.

(b) *Budget*

The Netherlands contribution to cover the entire duration of this project is estimated at US dollars 256,510 broken down as follows:

Item	Work months	Estimated cost in US\$		
		First year	Second year	Total
Expert in agricultural economics	24	55,000	55,000	110,000
National consultants (for case studies).....	40	38,000	42,000	80,000
Mission travel.....		4,000	6,000	10,000
Regional seminar.....		—	15,000	15,000
Publications		—	8,000	8,000
Miscellaneous costs		2,000	2,000	4,000
Subtotal		99,000	128,000	227,000
Programme support costs (13%).....		12,870	16,640	29,510
GRAND TOTAL		111,870	144,640	256,510

(c) *ECLAC's contribution in kind*

ECLAC will provide the inputs listed in Annex 1.

3. *Title: Social policy proposals to promote processes of productive modernization in Latin America*

(a) *Project summary*

The recovery of economic growth is one of the main objectives of the governments of Latin America, but in order to achieve this goal it is imperative that technological and productive modernization takes place to change an outdated productive structure that is seen as a serious constraint to rapid economic growth.

There are a number of social agents whose behaviour is decisive for the success of productive transformation efforts. These include the entrepreneurs, technical and professional groups and workers in productive enterprises where a large part of the process of modernization takes place. It is necessary to know the attitudes and behaviour that each of these groups will assume when confronted with innovation, in terms of adoption and promotion of technical change as well as of the reconversion of productive capacity and the creation of new capacity.

The style of modernization of production selected and its possible characteristics will depend on factors such as a break with some aspects of the existing situation; a clear concept of social relations and forms of power; the institutionalization of a pattern of relation with the state and with the market which should be capable of influencing [options] for the achievement of equity and democracy; and a clear definition of the role of the enterprise as an agent of change.

Therefore, a technical co-operation project is needed in order to analyze the issues concerned with successful modernization and technological change and, thus, to be able to provide the governments of the region with the conceptual inputs to engage efficiently in the modernization of their productive sectors in the immediate future. Likewise to provide knowledge and information to organizations representing social groups which play an active role in the process of modernization. These project objectives will be attained in terms of practical proposals for increasing the capacity for technological innovation and the transformation of production.

The duration of the project is estimated at 24 months.

(b) *Budget*

The Netherlands contribution devoted to this project is estimated at US dollars 201,253 broken down as follows:

<i>Item</i>	<i>Work months</i>	<i>Estimated cost in US\$</i>		
		<i>First year</i>	<i>Second year</i>	<i>Total</i>
Expert in development sociology.....	24	52,000	54,500	106,500
Short-term consultants.....	10	20,000	5,000	25,000
Travel on mission.....		6,000	4,000	10,000
National seminars.....		6,500	3,500	10,000
Regional seminar.....		—	15,000	15,000
Publications.....		—	6,000	6,000
Miscellaneous costs.....		2,800	2,800	5,600
Subtotal		87,300	90,800	178,100
Programme support costs (13%).....		11,349	11,804	23,153
GRAND TOTAL		98,609	102,604	201,213

c) *ECLAC's contribution in kind*

ECLAC will provide the inputs listed in annex 1.

ATTACHMENT B

1. The Minister shall deposit Dfl. 401,958 (currently equivalent to US\$ 198,989) from its 1988 contribution to ECLAC, within [thirty (30)] days of the signature of the administrative arrangement by both Parties.

2. The Minister shall deposit Dfl. 499,433 (currently equivalent to US\$ 247,244) from its 1989 contribution to ECLAC, one year after the signature of the administrative arrangement by both Parties provided that adequate progress is made in carrying out the projects.

ANNEX 1

PROJECT BUDGETS CORRESPONDING TO ECLAC'S CONTRIBUTION IN KIND
(in US dollars)*Region:* Latin America*Title:* Promotion of technical cooperation through linkages among TCDC national focal points in Latin America and the Caribbean

	<i>Total</i>	
	<i>w.m.</i>	<i>US\$</i>
1. <i>Staff</i>		
Co-ordination of project	2	9,000
Secretarial support	2	3,400
Subtotal		12,400
2. <i>Miscellaneous</i>		
Office space and equipment		1,500
Document reproduction services		1,500
Sundry		500
Subtotal		3,500
TOTAL		15,900

Title: Policies for the development of agro-industrial chains in Latin America

	<i>Total</i>	
	<i>w.m.</i>	<i>US\$</i>
1. <i>Staff</i>		
Substantive supervision	3	19,000
Agricultural economist	12	55,000
Industrial economist	12	55,000
Sectorialist assistant	12	20,000
2. <i>Miscellaneous</i>		21,000
TOTAL		170,000

Title: Social policy proposals to promote processes of productive modernization in Latin America

	<i>Total</i>	
	<i>w.m.</i>	<i>US\$</i>
1. <i>Staff</i>		
Project coordination	4	23,000
Social affairs officer	8	37,000
Industrial affairs officer	4	18,500
Secretarial support	12	20,000
2. <i>Miscellaneous</i>		
Office space and equipment		12,000
Document reproduction services		5,000
Conference services		2,000
Sundry		2,000
TOTAL		119,500