

No. 26554

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

Exchange of letters constituting an agreement on conditions under which the Economic Commission for Latin America and the Caribbean will administer a special contribution by the Government of Italy (with annex). Santiago, 28 December 1988 and 4 January 1989

Authentic texts: Spanish and English.

Registered ex officio on 1 May 1989.

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

Échange de lettres constituant un accord sur les modalités de gestion d'une contribution spéciale du Gouvernement italien par la Commission économique pour l'Amérique latine et les Caraïbes (avec annexe). Santiago, 28 décembre 1988 et 4 janvier 1989

Textes authentiques : espagnol et anglais.

Enregistré d'office le 1^{er} mai 1989.

EXCHANGE OF LETTERS CONSTITUTING AN AGREEMENT¹
BETWEEN THE UNITED NATIONS (ECONOMIC COMMISSION
FOR LATIN AMERICA AND THE CARIBBEAN) AND THE GOV-
ERNMENT OF ITALY ON CONDITIONS UNDER WHICH THE
ECONOMIC COMMISSION FOR LATIN AMERICA AND THE
CARIBBEAN WILL ADMINISTER A SPECIAL CONTRIBUTION
BY THE GOVERNMENT OF ITALY

I

[SPANISH TEXT — TEXTE ESPAGNOL]

AMBASCIATA D'ITALIA
SANTIAGO

Santiago, diciembre 28 de 1988

Estimado Señor Jovel,

Por la presente me refiero al proyecto sobre el “Fortalecimiento de la cooperación internacional con América Central, el Caribe y países seleccionados de América del Sur”, para comunicarle que ha sido aprobado por parte del Gobierno Italiano el financiamiento de US\$1.374.850,² monto que comprende la suma de US\$66.000 pertenecientes al proyecto “cooperación para el desarrollo de los países seleccionados de América Latina” en fase conclusiva y para el cual es necesario un financiamiento ulterior a fin de permitir la realización de un seminario más, respecto de los presupuestados inicialmente.

Ruego a usted por lo tanto comunicarnos el n° de cuenta bancaria a fin de proceder al depósito de dicha suma.

Deseo además comunicarle que, en relación a los proyectos:

1. Reconstrucción y restauración como consecuencia de desastres naturales;
2. Planificación y gestión de los recursos hídricos en las cuencas de la alta montaña (II fase);
3. Formación profesional de recursos humanos en la planificación para el desarrollo económico y social;
4. Mejoramiento de las capacidades de gestión de los servicios exteriores de América Latina.

Dichos proyectos se encuentran en proceso de examen de parte de los competentes organismos técnicos.

¹ Came into force on 4 January 1989 by the exchange of the said letters.

² See the table on p. 354 of this volume — Voir le tableau à la page 354 du présent volume.

[TRANSLATION — TRADUCTION]

Santiago, 4 January 1988

ORG 300 (3-7)
ECO 110/5

Sir,

I have the honour to refer to your letter of 28 December last in which you kindly informed us that the Government of Italy had approved financing of up \$US1,374,850¹ for the project entitled "Strengthening international cooperation with Central America, the Caribbean and selected countries of South America".

Please could you inform the Italian authorities concerned that the above-mentioned amount should be deposited to ECLAC's Project Trust Fund Account No. 015-001784 at Chemical Bank, United Nations Branch, New York, New York 10017.

Your letter, this reply and the annex hereto — which sets forth the conditions under which ECLAC will administer Italy's generous contribution to this project — shall, de facto, constitute an agreement between the two parties.

I wish to reiterate to you ECLAC'S profound gratitude for the support which the Government of Italy is giving to activities for the economic and social development of our region.

Accept, Sir, etc.

[Signed]

J. ROBERTO JOVEL
Chief

Division of Operations

Mr. Armando Cevese
Chargé d'affaires a.i.
Italian Embassy
Santiago

¹ See the table on p. 354 of this volume.

CONDITIONS UNDER WHICH THE ECONOMIC COMMISSION FOR
LATIN AMERICA AND THE CARIBBEAN (ECLAC) WILL ADMIN-
ISTER A SPECIAL CONTRIBUTION BY THE GOVERNMENT OF
ITALY

Whereas the Government of Italy (hereinafter referred to as “the Government”) and the Economic Commission for Latin America and the Caribbean, on behalf of the United Nations (hereinafter referred to as “ECLAC”), have agreed to co-operate in the implementation of a technical co-operation project on “Strengthening International Co-operation to Central America, The Caribbean and Selected Countries of South America” (Annex A);

Whereas the Government has informed on its willingness to contribute funds to meet the costs of the project on the basis of the project budget (Annex A);

Whereas it has been agreed that ECLAC shall be responsible for the management of the funds contributed by the Government to meet the costs of the project;

Therefore ECLAC will administer the funds under the following conditions:

Article I

1. ECLAC shall establish a trust fund under the Financial Regulations and Rules of the United Nations for the receipt and administration of the aforesaid funds.

2. The trust fund and the project financed therefrom shall be administered by ECLAC in accordance with the applicable United Nations regulations, rules and directives. Accordingly, personnel shall be engaged and administered, and contracts entered into, in accordance with the provisions of such regulations, rules and directives.

3. In accordance with United Nations financial regulations, ECLAC shall invest in short-term deposits the trust fund contribution indicated in Article I of this Agreement until such time as actual cash is required. The income generated from these deposits shall be credited by ECLAC to a general ledger account. The interests accrued in this trust fund shall be used by ECLAC for the purpose to be agreed upon between ECLAC and the Government.

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 Agreement.

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

3. The trust fund will also be charged with an amount equivalent to one (1) per cent of the remuneration or net salary of persons engaged by ECLAC and whose engagement is financed by the trust fund, to provide a reserve for coverage of any claim for service-incurred death, injury or illness, under the applicable United

Nations regulations and rules or contracts which reserve cannot be refunded to the Government.

Article III

1. ECLAC shall commence to conduct operations under this Agreement on the receipt of the contribution of the Government of Italy.
2. ECLAC will not make any commitments above the amounts specified for expenditure in Annex A.

Article IV

Evaluation of the activities financed from the trust fund may be undertaken under the terms to be agreed upon between the Government and ECLAC.

Article V

The 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 Government with the following statements and reports prepared in accordance with the United Nations accounting and reporting procedures:

- (a) An annual progress report and financial statement showing income and expenditures with respect of the funds provided by the Government;
- (b) A final report and financial statement within six months after the date of conclusion of the project.

Article VII

ECLAC shall notify the Government when, in the opinion of ECLAC, the purposes for which the trust fund was established have been realized.

[Signed — Signé]¹

¹ Signed by Roberto Jovel — Signé par Roberto Jovel.

ANNEX A

SUMMARY OF PROJECT STRENGTHENING INTERNATIONAL COOPERATION TO CENTRAL AMERICA, THE CARIBBEAN AND SELECTED COUNTRIES OF SOUTH AMERICA

1. *Objectives*

The long-term or development objective of the project would be to strengthen and increase bilateral and multilateral co-operation to the countries in the Central America and the Caribbean sub-regions, as well as to some selected countries of South America.

Immediate objectives would include:

- i. The identification of national and sub-regional, technical co-operation and investment projects which can be submitted for financing to the international community;
- ii. The preparation of technical co-operation and investment projects to be financed by the Government of Italy and other donors; and
- iii. The training of national personnel in the formulation of technical co-operation and investment projects.

2. *Outputs*

The following outputs will be obtained as a result of the project:

- i. An inventory of national and sub-regional, technical co-operation and investment projects for the Central American countries, prepared directly by the project in close collaboration with the interested governments and sub-regional integration bodies;
- ii. A similar inventory for the Caribbean sub-region, prepared on the basis of the work done by the Caribbean Group for Cooperation in Economic Development;
- iii. Similar inventories for a few selected — to be defined at a later stage — South American countries; and
- iv. An Italian "portfolio" of priority technical and investment co-operation, national and sub-regional projects which can be implemented through bilateral and multilateral channels.

It should be noted that the technical co-operation projects are to be fully defined by the project, including budget and organizational requirements. For the case of investment projects, however, the degree of definition will depend on the information available. Thus, investment project requests will either be for preliminary, pre-feasibility, feasibility, final design or direct investment purposes.

It should also be noted that the scope of the projects will be either national or sub-regional. National projects will enable a specific government to undertake specific activities of its sole interest. Sub-regional projects may enable several countries to undertake integration or co-operation schemes or to tackle common problems based on common methodologies and thus achieve economies of scale.

3. *Inputs required*

A contribution of US\$1,374,580 is requested to the Government of Italy to finance the following project components: 40 work-months of a Senior Expert in Project Formulation and Assessment, 36 work-months of an Expert in Project Identification, 76 work-months of sectorial consultancies, official travel within the region and to/from Rome, a subcontract with an Italian institution specialized in technical co-operation design, training workshops, coordination meetings, a regional seminar, computing equipment and supplies, and miscellaneous and document reproduction costs. (See Table 1).

As executing agency for the project, ECLAC will make an in kind contribution which amounts to US\$500,000. It will include the time of its personnel for the over-all orientation

and supervision of the project, substantive participation in project identification and evaluation, coordination with national governments and subregional integration bodies; and the provision of space, office, secretarial, communications and documents reproduction facilities which the project may require.

The governments of the region and the sub-regional co-operation institutions which will be direct beneficiaries of the project will provide the personnel, project and economic information and physical facilities which may be required for the project.

4. *Institutional framework*

The project will be directly executed by the Economic Commission for Latin America and the Caribbean (ECLAC) through its Division of Operations, in close co-operation with the Sub-regional Offices in Mexico City — which has geographical jurisdiction over Central America — and in Port of Spain, which covers the English-speaking Caribbean. ECLAC headquarters in Santiago, under the guidance of the Deputy Executive Secretary, will retain over-all project supervision and will undertake the project activities envisaged for selected countries in South America.

At the country level, project counterpart will fall within the national ministries of planning and the national development banks. Sectorial ministries will be contracted to define specific project schemes falling within their sphere of competence.

In Central America, the Central American Bank for Economic Integration — and other sub-regional integration bodies — will cooperate fully with the project for the identification of sub-regional integration and co-operation schemes.

In the case of the Caribbean sub-region, contacts will be established with the Caribbean Development Bank and the Caribbean Group for Cooperation in Economic Development (CGCED) to enable the collection of existing project proposals.

The Senior Expert of the project will be stationed in Mexico City and will travel through the whole project area and to/from Rome. A second expert is to be based in Rome to establish a very close liaison with the Italian Ministry of Foreign Affairs; this expert will also travel throughout the project area.

A specialized institute will be subcontracted to define — in close coordination with Italian public and private entities — the interest in and the technological, economical and financial requirements for each co-operation project, as well as to prepare — in close co-operation with the Directorate General of Cooperation for Development of the Italian Ministry of Foreign Affairs — the “portfolio” of priority national/subregional co-operation projects which can be financed by the Government of Italy through bilateral or multilateral channels.

TABLE 1. PROJECT BUDGET COVERING THE CONTRIBUTION
OF THE GOVERNMENT OF ITALY

<i>Component</i>	<i>Work-months</i>	<i>Cost, US \$</i>
<i>Personnel</i>		<u>625,000</u>
1101 Senior Expert Project Formulation	36	280,000
1102 Expert in project identification	36	200,000
1151 International consultants	10	70,000
1700 National consultants	30	75,000
<i>Official travel</i>		<u>125,000</u>
1500 Official travel		125,000
<i>Subcontracts</i>		<u>330,000</u>
2100 Specialized Italian Institute		330,000
<i>Meetings, seminars</i>		<u>106,000</u>
3201 Coordination and evaluation		10,000
3202 National and subregional training		30,000
3203 Regional seminar		66,000
<i>Equipment and supplies</i>		<u>10,000</u>
4200 Computing equipment and costs		10,000
<i>Miscellaneous</i>		<u>20,442</u>
5200 Document reproduction, reports		10,442
5300 Communications, supplies		10,000
Sub-total		<u>1,216,442</u>
Administrative support costs (13%)		158,138
TOTAL PROJECT COSTS		<u>1,374,580</u>