

No. 26968

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

and

NETHERLANDS

Administrative Arrangement as regards a special contribution by the Netherlands to the implementation of a technical cooperation project on remittances and family economy in Guatemala, El Salvador and Nicaragua (with attachments). Signed at Santiago, Chile, on 11 December 1989

Authentic text: English.

Registered ex officio on 11 December 1989.

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

et

PAYS-BAS

Arrangement administratif relatif à une contribution spéciale des Pays-Bas pour l'exécution d'un projet de coopération technique concernant les envois de fonds et l'économie familiale au Guatemala, en El Salvador et au Nicaragua (avec annexes). Signé à Santiago (Chili) le 11 décembre 1989

Texte authentique : anglais.

Enregistré d'office le 11 décembre 1989.

ADMINISTRATIVE ARRANGEMENT¹ BETWEEN THE NETHERLANDS MINISTER FOR DEVELOPMENT CO-OPERATION AND THE UNITED NATIONS ECONOMIC COMMISSION FOR LATIN AMERICA AND THE CARIBBEAN AS REGARDS A SPECIAL CONTRIBUTION BY THE FORMER TO THE IMPLEMENTATION OF A TECHNICAL CO-OPERATION PROJECT ON REMITTANCES AND FAMILY ECONOMY IN GUATEMALA, EL SALVADOR AND NICARAGUA (NED/89/003)

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 Co-operation (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 the technical co-operation project on "Remittances and family economy in Guatemala, San Salvador and Nicaragua"

Whereas the Minister has informed ECLAC of his willingness to contribute funds to meet the cost of this project on the basis of the project document, copy of which has 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 project;

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 project, the Minister shall, in the manner referred to in paragraph 2 below, place at the disposal of ECLAC the sum of Dfl. 308,000 (or approximately US dollars 154,000) and ECLAC shall the 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, auditing and evaluation of funds-in-trust. 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.

4. 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.

¹ Came into force on 11 December 1989 by signature, in accordance with article VIII.

5. 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 Minister showing the further financing that will be necessary. If no such further financing is available, the assistance provided to the projects under this arrangement 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.

Article IV

An evaluation of the activities financed from this trust fund may be undertaken at the mid-point of project execution.

Article V

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 of the project will be submitted to the Minister on a six-monthly basis;
- (b) Within six weeks after completion of the project, a final report summarising the results achieved, comparing them with the aims set out initially as well as with any amendments to the aims which had been approved in the course of the project, accompanied by a financial statement of all expenditures of the funds contributed to the project by the Minister.

Article VI

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 VIII for the purposes there stated.

Article VII

This Administrative Arrangement may be terminated by either party on 30 days' written notice to the other party, subject to the continuance in force of article VIII for the purposes there stated.

Article VIII

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 11th day of December 1989.

For the Economic Commission
for Latin American
and the Caribbean:

[Signed]

GERT ROSENTHAL
Executive Secretary

For the Netherlands
Minister for Development Cooperation:

[Signed]

ROBERT FRUIN
Ambassador
of the Netherlands

ATTACHMENT A

THE PROJECT

1. *Title:* Remittances and family economy in Guatemala, El Salvador and Nicaragua.

- (a) *Project summary*

During the last decade, migration from some Central American and Caribbean countries towards the United States has considerably increased. Available data indicates that for Guatemala, El Salvador and Nicaragua, the expatriate population (chiefly in the United States) represents between 7 and 13 percent of their total population and is largely made up of young people. Simultaneously, remittance inflows have been on the rise and, in countries like El Salvador, according to certain estimates, have even become the nation's major source of foreign currency, surpassing earnings from traditional exports, such as coffee. These remittances have increased family income and improved living conditions and to some extent, social status, thus easing economic and social tensions.

However, further in-depth research is necessary to arrive at a thorough understanding of the economic and social impact of remittances on low-income groups, the changes they induce in family consumption patterns, their effect on survival strategies, as well as on capital formation and the development of family enterprises to increase the production and productivity of the poor. The impact of remittances on the national economy should also be considered (changes in income distribution and wealth, etc.). Such an understanding should facilitate the design of policy alternatives and the formulation of projects that directly benefit these groups.

The immediate objective of the project would therefore include:

- i. To examine the socio-economic effects of remittances on low-income groups; and
 - ii. To formulate policy proposals to increase the production and productivity of low-income groups through an optimization of remittances use.

The project will provide the following outputs or results:

- i. Three national studies (El Salvador, Nicaragua and Guatemala) analyzing the impact of remittances on both national economies and family economy and living conditions.
 - ii. Policy proposals to increase the production and productivity of low-income groups through an optimization of remittances use.
 - iii. A subregional comparative study.
 - iv. Identification of social organizations (particularly women's groups) that will benefit — in a second stage — from the implementation of these policies through projects that seek to direct remittances to productive purposes.

It is estimated that a period of twelve months will be required for the attainment of project results and objectives.

(b) *Budget*

The Netherlands contribution devoted to this project is estimated at 140,000 US dollars broken down as follows:

	<i>W/m</i>	<i>US\$</i>
Social affairs expert	6	40,800
National consultants (6)	18	45,000
Poll-takers and survey resources personnel		12,000
National seminars (3)		7,500
Central American seminar		7,500
Publications		5,100
Miscellaneous expenses		6,000
Sub-total		<u>123,900</u>
Project support costs (13%)		16,100
TOTAL		<u>140,000</u>

(c) *ECLAC inputs in kind*

ECLAC will provide the in kind inputs listed as follows:

	<i>W/m</i>	<i>US\$</i>
Substantive orientation and supervision	3	18,000
Social Affairs officer	6	30,000
Office space, secretarial facilities, conference, documentation and other support		<u>4,500</u>
TOTAL		52,500

ATTACHMENT B

The Minister shall deposit Dfl. 308.000 (or approximately US\$ 154,000) within (30) thirty days of the signature of the Administrative Arrangement by both parties.
