

No. 30511

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

and

NETHERLANDS

Administrative Arrangement for the implementation of technical cooperation projects (with attachments). Signed at Santiago on 25 November 1993

Authentic text: English.

Registered ex officio on 25 November 1993.

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

et

PAYS-BAS

Arrangement administratif relatif à la mise en œuvre de projets de coopération technique (avec annexes). Signé à Santiago le 25 novembre 1993

Texte authentique : anglais.

Enregistré d'office le 25 novembre 1993.

ADMINISTRATIVE ARRANGEMENT¹ BETWEEN THE NETHERLANDS MINISTER FOR DEVELOPMENT CO-OPERATION AND THE UNITED NATIONS ECONOMIC COMMISSION FOR LATIN AMERICA AND THE CARIBBEAN FOR THE IMPLEMENTATION OF TECHNICAL CO-OPERATION PROJECTS

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 Chile, have agreed to co-operate in the implementation of two technical co-operation projects entitled "Proposals for changing production patterns in the housing sector of Latin America and the Caribbean" and "New emergent actors for technical co-operation among developing countries: linkages between government and the private sector in selected countries in Latin America", which 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 the corresponding 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 cost of the projects;

NOW THEREFORE, ECLAC and the Minister hereby have entered into the following Administrative Arrangement:

Article I

1. The Minister shall, in accordance with the schedule of payments set out in Attachment B of this Administrative Arrangement, deposit the sum of 605,680 United States Dollars (approximately equivalent to Dfl 1,138,678) in ECLAC's Trust Fund Account No. 015-001784 in the Chemical Bank, United Nations Branch, New York, N.Y. 10017.

2. 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, evaluation of funds-in-trust and the provision of Article VI *infra*. 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.

¹ Came into force on 25 November 1993 by signature, in accordance with article IX.

3. 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 projects 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 mentioned in paragraph 1, Article I *supra*, according to the schedule of payments set forth in Attachment B.

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

3. If unforeseen expenditures arise, or if the U.S. Dollar amount received is insufficient due to a difference in exchange rates, 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 Administrative Arrangement may be reduced or, if necessary, terminated by ECLAC.

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 at the end of each semester after the initiation of the project;

(b) A financial statement pertaining to the over-all status of the contribution to each project 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 each project's performance including impact assessment and, where appropriate, a description of follow-up actions 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 infra for the purposes stated thereof.

Article VIII

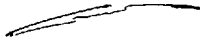
This Administrative Arrangement may be terminated by either party on 30 days' written notice to the other party, subject to the continuance in force of Article IX infra for the purposes there stated.

Article IX

On termination of this Administrative Arrangement under Articles 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 its signature.

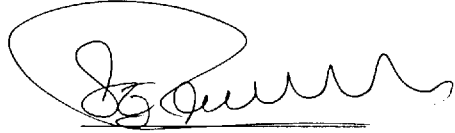
IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, have signed the present Administrative Arrangement in the English language, in four originals, at Santiago de Chile this 25th day of November 1993.



[Signed]

For the Economic Commission
for Latin America and Caribbean:

GERT ROSENTHAL
Executive Secretary



[Signed]

For the Netherlands
Minister for Development Co-operation:

STEVEN E. RAMONDT
Ambassador of the Netherlands

ATTACHMENT A

Project descriptions

1. Title: Proposals for changing production patterns in the housing sector of Latin America and the Caribbean

- a. Project summary

The **immediate objective** of the project is the formulation of concrete proposals for defining and implementing a change in the production pattern of the housing sector in the Latin America and Caribbean region. Such proposals would include the changes and modernization of the different stages of the housing production process: the extraction of raw materials, the industrial processing of construction materials, the fabrication of elements or parts of buildings, the design of housing, and the construction process as such.

The project has been designed to take place over a period of 30 months. It is specifically focused on the production patterns of the **supply** in order to maximize its impact on existing regional profiles of housing demand, stock and deficit, looking both at the physical **output** and at increasing the efficient use of regional and local labour, materials, equipment and enterprises as **inputs** that contributes to overall development with a clear emphasis on reducing equity gaps.

To that end, specific case studies are to be undertaken in countries to be selected at the beginning of the project among those ensuring that they are in different stages of development and that they have already initiated development programmes in line with the overall strategy for changing productive patterns with social equity. The following six countries are initially suggested for inclusion in the project: Brazil, Chile, El Salvador, Jamaica, Mexico and Venezuela. They represent typical conditions prevailing in two of the largest countries of the region (Brazil and Mexico), in two of the intermediate-sized ones as well (Chile and Venezuela), and one each in the smaller countries of Central America and the Caribbean (El Salvador and Jamaica).

The main output of the technical co-operation project will consequently be a series of proposals for the productive transformation for the housing sector in the region.

Intermediate outputs --that will lead to the final output mentioned above-- are also envisaged, which correspond to specific fractions or components of the housing industry. They include the analysis of the present production processes of materials and component elements of housing; the current state of the industrial complex for construction in general and its ability to cope with the housing demand levels (particularly the bottom market) for the next 20 years; an analysis of costs (productive, non-productive and productivity) involved in the production of housing units under prevailing technological conditions and proposals for alternative technologies and ways of production; and an analysis of the preindustrial and industrial processing of construction materials

and components as well as of the intermediate and final assembly stages of the production process.

These analyses will be based on existing and new records of housing projects that are or will be available in the selected countries. They will involve the review of project budgets, their evaluation on the basis of line-item cost and price analyses, the determination of technical coefficients, and the ranking and breakdown of building material costs into the usual categories of wages, salaries, interests, rent, utilities, taxes, raw materials, indirect costs, energy, depreciation/amortization, services, freight and transport, advertising and promotion, imported inputs, bonuses, etc. Such breakdown will enable to trace the destination of expenditures and --in terms of personal income-- to rank them by recipient or social groups.

b) Project budget

The Netherlands contribution to this project is estimated at US\$ 539,010 broken down as follows:

	<u>W.m</u>	<u>US\$</u>
Senior housing development expert	30	226,000
International consultants	13	52,000
Natl. consultants (case studies)	44	110,000
Official missions		40,000
Regional seminar		25,000
Documents and final report		12,000
Sundry		12,000
<u>Sub-total</u>		<u>477,000</u>
Programme support costs (13%)		62,010
<u>Total cost</u>		<u>539,010</u>

c) ECLAC inputs

ECLAC will provide the following inputs in-kind:

	<u>W.m</u>	<u>US\$</u>
Overall orientation and supervision	8	60,000
Economic affairs officers (housing)	15	105,000
Economic affairs officers	8	56,000
Secretarial support		36,000
Computing facilities and support		30,000
Document editing and reproduction		36,000
Communications facilities		18,000
Conference servicing		25,000
<u>Total in-kind contribution</u>		<u>366,000</u>

2. Title: New emergent actors for technical co-operation among developing countries: linkages between government and the private sector in selected countries in Latin America.

a) Project summary

Within the framework of the present market-oriented economic system prevailing in the region, it is recognized that the public sector and private agents are equally important development partners at the national level. Actually this partnership is not an entirely new element. Policies to promote private economic activity in key sectors to counteract cyclical downturn trends have been a recurrent example of this relationship. Other instruments for governmental action which has strengthened the public/private partnership, for instance, refer to the setting up of public enterprises in selected strategic activities; the allocation, through bidding, of major public contracts for the execution of public works; the participation of private agents in the administration of specific public services; the setting up of institutions to transfer productive technologies to the private sector.

In summary, throughout the region there are numerous examples and experiences of operative mechanisms and institutional modalities that have been innovative and successful in bringing together public and private agents in highly relevant sectors for socio-economic development. From a regional perspective, the problem is rather the lack of co-operation flows and networks that would allow for a wider application of these mechanisms and modalities beyond the national boundaries of the countries concerned. It is felt that a project specifically oriented to facilitate the exchange of experiences in public/private partnership, through TCDC modalities, could make a significant catalytic contribution to the implementation of development policies in the region. A project with a duration of 12 months is thus submitted to the Netherlands Government.

The project rests on the following ideas: (i) there is a rich and diversified wealth of experiences linking these agents in a wide range of activities; (ii) certain countries lead the way in this respect, particularly in selected spheres where innovative arrangements have been successfully implemented (the project will select countries on the basis of this criterion but it can be anticipated that countries like Argentina, Brazil, Mexico and Chile will probably be included); (iii) the active involvement of private sector agents according to the specific context of each national case, in all stages of the project.

The specific objectives of the project are: (i) to improve the knowledge that the managers of public policies have concerning the innovative and successful experiences for linking public and private sector agents; (ii) to set up the bases for a cooperative network including private sector participants; (iii) to promote cooperative agreements to adapt experiences of articulation between public and private sector agents.

b) Budget

The Netherlands contribution to this project is estimated at US\$ 66,670, broken down as follows:

	<u>W.M.</u>	<u>US\$</u>
International consultant	4	25,000
National consultants	6	9,000
Regional workshop		20,000
Document reproduction		4,000
Miscellaneous		1,000
<u>Sub-total</u>		<u>59,000</u>
Programme support costs (13 %)		7,670
<u>Total costs</u>		<u>66,670</u>

c) ECLAC inputs

ECLAC will provide the following inputs in kind:

	<u>W.M.</u>	<u>US\$</u>
Over-all substantive orientation and supervision	3	24,000
Secretarial support		10,000
Facilities and services		10,000
<u>Total in-kind contribution</u>		<u>44,000</u>

ATTACHMENT B

1. The Minister shall deposit US\$ 605,680 (presently equivalent to approximately Dfl 1,138,678) from its 1993, 1994 and 1995 contributions to ECLAC, in accordance with the following annual disbursement calendar:

(a) US\$ 214,000 to be deposited immediately after the signature of this Administrative Arrangement by both parties;

(b) US\$ 249,300 during 1994, according to a quarterly deposit schedule to be agreed upon by both parties;

(c) US\$ 142,380 during 1995, according to a quarterly deposit schedule to be agreed upon by both parties.

2. The quarterly deposit schedules mentioned above will be determined in accordance to new regulations in the Arrangement that the Minister and ECLAC will establish for the Co-operation Programme between the Netherlands and ECLAC, valid from 1 January 1994 onwards.

3. The Minister shall deposit the funds from its 1994 and 1995 contributions to ECLAC provided that adequate substantive progress is made in the execution of the projects.
