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

**Technical Cooperation Agreement. Signed at Montevideo on
27 August 1993**

Authentic text: Spanish.

Registered ex officio on 27 August 1993.

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

**Convention de coopération technique. Signée à Montevideo le
27 août 1993**

Texte authentique : espagnol.

Enregistrée d'office le 27 août 1993.

[TRANSLATION — TRADUCTION]

TECHNICAL COOPERATION AGREEMENT¹ BETWEEN THE UNITED NATIONS ECONOMIC COMMISSION FOR LATIN AMERICA AND THE CARIBBEAN (ECLAC) AND THE GOVERNMENT OF THE EASTERN REPUBLIC OF URUGUAY

The Economic Commission for Latin America and the Caribbean (hereinafter referred to as “ECLAC”), represented for this purpose by Rafael Diez de Medina, Special Adviser to the Executive Secretary of the Montevideo Office, on the one hand, and the Government of the Eastern Republic of Uruguay (hereinafter referred to as “the Government”), represented by Ignacio de Posadas, Minister of Economic Affairs and Finance, on the other hand, meeting in Montevideo on 27 August 1993, have decided to conclude the following Agreement.

Article 1

BACKGROUND

I. The Agreement between the Eastern Republic of Uruguay and ECLAC, signed at Montevideo on 27 December 1982,² was approved by Decree-Law No. 15477 of 26 October 1983.

II. This Agreement stipulated that ECLAC, through its Office in the city of Montevideo, would develop cooperation activities between the two Parties in the economic and social fields, in conformity with the Agreement (article 2).

III. Furthermore, article 3 of the Agreement stipulated that, as agreed on a periodic basis by the Parties, and in accordance with the resources available to both Parties, the activities might include the analysis of, *inter alia*, foreign trade; human, natural and environmental resources; agricultural and industrial development; transportation and communication; social development; capital movements and technological development; and technical and economic cooperation among developing countries.

IV. Within the framework of the said Agreement, dated 30 December 1988, a technical cooperation Agreement³ between the Government of the Eastern Republic of Uruguay and ECLAC was established for a period of one year, renewable for four subsequent one-year periods, in which the two Parties agreed that ECLAC, through its Montevideo Office, would provide technical assistance services to the Ministry of Economic Affairs and Finance by preparing studies and reports on various thematic areas of mutual interest to the two entities.

V. Within the framework of the Agreement dated 27 December 1982, and in consideration of the benefits derived from the Technical Cooperation Agreement of 30 December 1988 and its renewals, the Government requests ECLAC to carry out various special studies in addition to the usual activities of that organization in Uruguay in the economic and social fields.

¹ Came into force on 27 August 1993 by signature, in accordance with article 8.

² United Nations, *Treaty Series*, vol. 1478, p. 301.

³ *Ibid.*, vol. 1521, p. 317.

Article 2

PURPOSE

By this Agreement the Government and ECLAC agree that the latter, through its Montevideo Office, shall provide to the Ministry of Economic Affairs and Finance of the Eastern Republic of Uruguay statistical and qualitative data and analyses thereof concerning the subjects indicated below, to be organized under five themes to be covered in separate reports. The following studies will be carried out.

(A) *Export activity and survey of the 100 principal exporting firms in Uruguay*

The proposed study will continue the research undertaken by the ECLAC Office with a view to identifying and analyzing the changes that have been occurring in the Uruguayan export sector and periodically monitoring that sector's performance; a substantial amount of work has been done in this area within the framework of the previous Technical Cooperation Agreement. The initial phase of the study will focus on an analysis of export activity during 1992, the aim being to explain the performance of the various branches of export activity in the principal terminal markets and to identify and analyze the introduction of new products.

As was done for the first time in 1992, at the end of the first half of 1993 a survey will be made of the 100 firms whose exports had the highest value during the preceding year to determine their export results and export prospects. The survey will include, *inter alia*, matters related to the values of exports compared with the first half of 1992; terminal markets and changes in those markets; principal factors favourable and unfavourable to exports; the introduction of new products; the introduction of new equipment or processes; and export prospects for the second half of the year.

The results of the survey will be processed and analyzed and a seminar will be conducted during the first week of September 1993 with officials of the Ministry for Economic Affairs and Finance and businessmen; prospects for the latter will be discussed on the basis of comments by qualified speakers on the document to be presented by ECLAC.

(B) *Research on the determinants of private investment in Uruguay*

The inadequate level of investment over the past three decades is considered one of the clearest signs of the difficulties which the Uruguayan economy has encountered in seeking to achieve sustained growth. With a view to identifying the principal determinants of private investment from the standpoint of entrepreneurial decision-making, data from the third national economic census relating to manufacturing industry, trade and services which have recently been made available will be used for the first time.

The acceleration of the process of trade liberalization and, in particular, of regional integration, will have various effects at the enterprise level. In this context, an analysis from the earlier (microeconomic) point of view serves as a starting point for an evaluation of the consequences of the aforementioned investment process. In a second stage, indicators of the macroeconomic situation will be included in order to evaluate the impact of the global risks of the economy on decisions concerning private investment. It will be possible to identify the various groups of firms affected in different ways in this regard because data broken down by unit are now available

for the first time. Although the data refer to 1988, the global figures will be analyzed through various estimates of investment over the past three years.

Two reports will be presented, one entitled “Determinants of investment in Uruguayan manufacturing industry in the light of the data provided by the third national economic census and recent trends” and the other entitled “The relationship between private investment and macroeconomic evolution in Uruguay”.

(C) *Identification and study of the situation of low-income households*

Previous studies undertaken by the ECLAC Montevideo Office on the subject of poverty and unmet basic needs, methodologically modelled on the Uruguayan basic needs map created by means of an agreement with the National Institute of Statistics (formerly the Department of Statistics and Censuses), have demonstrated their effectiveness in characterizing the heterogeneous phenomena comprising poverty and low income.

From 1984 — the date of the first studies — to the present, there has been perceptible and positive social development in Uruguay, as a result of which the number of people living below the poverty line has considerably decreased. Nonetheless, due to the phenomena of “chronic poverty” and “inter-generational perpetuation of poverty”, there are still poor people in Uruguay, constituting social categories which are very little affected by the macroeconomic recovery of the country.

The ECLAC Montevideo Office plans to update the available indicators of poverty, to consider new methodological adjustments to be applied to statistical series from 1981 to the present, and to identify accurately the types of households which tend to become chronically poor.

The methodological study of poverty levels in Uruguay will be pursued by contrasting absolute measures (poverty line and indigence line, basic needs indices) with distributions relating to household incomes and the socioeconomic status of the households and individuals making up the different levels of poverty will be analyzed by updating the available indicators. This analysis will make it possible to consider new criteria for identifying the groups on which policies are targeted.

(D) *Report on the evolution of the urban labour market, the income of wage earners and the demand for labour*

This study continues the research and monitoring of the functioning of the urban labour market which the ECLAC Montevideo Office has been carrying out on a regular basis since 1986 under the previous Agreement. In this study, special emphasis will be placed in the evolution of salaries in various sectors of the work force in order to elucidate levels of concentration, sectoral dynamics, and the evolution in real terms of remuneration for work.

To date, studies of the industrial sector have been carried out from the standpoint of the manpower supply, on the basis of the ongoing household survey and the population and economic censuses. The ECLAC Montevideo Office worked closely with the National Office of Human Resources of the Ministry of Labour and Social Security on the planning, execution and analysis of the human resources survey initiated in 1992. This survey has made it possible to analyze the demand for manpower in industry and is therefore considered an extremely useful complement to the supply approach.

On the basis of an identification of the characteristics of the various categories of workers, the dynamics of entering and leaving the work force will be analyzed by

category and branch of industry in order to identify the characteristics of trends in the demand for manpower. Particular emphasis will be given to the study of needs in terms of jobs and their characteristics in the light of the restructuring which is planned in certain branches of industry.

Two reports will be drafted, one entitled “Manpower needs in manufacturing industry” and the other entitled “The evolution of the labour market, incomes and the risk of job loss”.

(E) *Characteristics of human resources, particularly young people*

In recent years, ECLAC has compiled a great deal of data on the characteristics of human resources, from education received to current labour performance, including positive experiences such as training and negative ones such as unemployment.

The report to be drafted by the Ministry of Economic Affairs and Finance will cover the following topics: (i) The relationship between the education received and the jobs held by young people; (ii) The particular situation of the students and graduates of the former Universidad del Trabajo (Technical University); (iii) The use of human resources by the export industry, based on ECLAC surveys of the top 100 firms in Uruguay; (iv) Company policies concerning vocational training; and (v) Identification of the category of prematurely unemployed young people, who account for one quarter of the national unemployment rate.

Article 3

The aforementioned studies will be prepared by ECLAC specialists in Montevideo.

Article 4

The Government undertakes to provide the resources required to prepare the studies envisaged in this Agreement, which shall be set at US \$70,000 (seventy thousand United States dollars), payable as follows: US \$35,000 (thirty-five thousand United States dollars) when the work is begun; US \$17,500 (seventeen thousand five hundred United States dollars) 180 days after the initial payment; and the balance of US \$17,500 (seventeen thousand five hundred United States dollars) 360 days after the initial payment. ECLAC, for its part, shall establish a technical cooperation trust fund to receive and administer the resources.

Article 5

ECLAC undertakes to provide the studies envisaged in this Agreement in accordance with the following schedule:

(I) The report referred to in article 2, paragraph (A): 120 days following the date of this contract.

(II) The reports envisaged in article 2, paragraph (B): 120 and 360 days, respectively, following the signing of this Agreement.

(III) The study envisaged in article 2, paragraph (C): 120 days following the date of this Agreement.

(V) The reports envisaged in article 2, paragraph (E): 240 days, respectively, following the signing of this Agreement.

Article 6

ECLAC shall administer the funds contributed in accordance with the provisions of its Financial Rules and the detailed Financial Regulations of the United Nations, in particular, in accordance with the provisions contained in the Secretary-General's bulletin ST/SGB/188 and administrative instruction ST/AI/285, both dated 1 March 1982.

Article 7

The studies, reports and other documents prepared within the framework of this Agreement shall become the joint intellectual property of the Government and ECLAC. Although professionals involved in their preparation may not use them for profit, they may cite them or describe them as earlier examples of their technical and professional activities and may present them at conferences or other academic events, provided that they indicate the organizations to which the intellectual property belongs.

Article 8

This Agreement shall be valid for a period of one year from the date of its signature by both Parties. However, unless one of the Parties informs the other in writing, 90 days prior to the termination of the original period or renewals thereof, of its decision not to carry out further special cooperative studies similar to those envisaged in this Agreement, this contract shall be deemed to be renewed on the same terms for successive periods of one year, up to a maximum of four renewal periods. In such cases, within 60 days prior to the end of each year, ECLAC shall present the programme of work to be carried out during the following period, specifying the reports and studies to be prepared and the schedule according to which they will be provided. The Ministry of Economic Affairs and Finance may propose changes in this programme within 45 days of receiving it, including the addition of new items or the elimination of others and may indicate priorities for the provision of the reports and studies, the final version being that agreed by the Parties.

Article 9

Upon the expiration of this Agreement or upon its termination in accordance with the foregoing article, the funds shall remain under the control of ECLAC until all disbursements made by ECLAC pursuant to this Agreement have been reimbursed. Any remaining funds shall be disbursed as agreed by the Parties, and neither Party shall be entitled to request reimbursement from the other Party by virtue of the non-renewal of this Agreement.

This Agreement is signed at Montevideo in three identical copies serving the same purpose, on 27 August 1993.

RAFAEL DIEZ DE MEDINA
Special Adviser
to the Executive Secretary

IGNACIO DE POSADAS