

**TECHNICAL CO-OPERATION BETWEEN THE
UNITED NATIONS DEVELOPMENT PROGRAMME
(UNDP) AND THE REGIONAL ECONOMIC
COMMISSIONS: ECONOMIC COMMISSION FOR LATIN
AMERICA AND THE CARIBBEAN (ECLAC)**

Prepared by

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and

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Joint Inspection Unit



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I. INTRODUCTION

1. The Joint Inspection Unit included in its work programme for 1986 a report on co-operation between UNDP and the regional economic commissions. The primary purpose of this report is to study the implementation of the various resolutions enabling the regional commissions to act as executing agencies for projects at the regional level, particularly General Assembly resolution 32/197.
2. In the preparation of this report, the Inspectors contacted the relevant UNDP offices in New York as well as the units in Santiago responsible for matters relating to regional projects.
3. A first report on relations between UNDP and the Economic Commission for Africa (ECA) has been prepared by Inspector Kabongo (JIU/REP/86/10). It is hoped that the studies dealing with the other regional economic commissions will be completed in 1987.
4. The Inspectors wish to express their special thanks to the officials of ECLAC and UNDP who helped them by providing information. They hope that the positive outcome of this report (and of the other similar reports) will be to improve, develop and update a relationship of key importance for the regional development process pursued by the United Nations family.

II. CO-OPERATION BETWEEN UNDP AND ECLAC

A. Instruments governing the relationship

5. The fundamental constitutional instrument governing co-ordination and co-operation within the economic and social sectors of the United Nations system is General Assembly resolution 32/197 of 20 December 1977. Part IV of the Annex to that resolution lays down structures for regional and interregional co-operation (paragraphs 19-27). All these paragraphs contain a detailed description of measures to be taken by the regional economic commissions in order to discharge better the responsibilities entrusted to them by the General Assembly and Economic and Social Council.

6. The most important of these paragraphs (at least as far as this report is concerned) is paragraph 23, which states that the General Assembly and the Economic and Social Council should take measures to enable the regional commissions to function expeditiously as executing agencies for intersectoral, sub-regional, regional and interregional projects and, in areas which do not fall within the purview of the sectoral responsibilities of specialized agencies and other United Nations bodies, for other sub-regional, regional and interregional projects.

7. Resolution 2688 (XXV) on the capacity of the United Nations development system, adopted by the General Assembly a few years earlier on 11 December 1970, states that the developing countries should be given, at their request, assistance from the United Nations, including the regional economic commissions, in the formulation of national development plans and objectives (Annex, paragraph 5). The resolution also lays down guidelines for UNDP for country programming as well as for intercountry programming, which is defined as "the programming of assistance for groups of countries on a sub-regional, regional, interregional or global basis" (Annex, paragraph 21). In an earlier resolution, 2687 (XXV), the regional economic commissions were requested to continue and further intensify their efforts in helping to promote, on a regional, subregional or interregional basis, trade expansion, economic co-operation and integration among their member countries.

8. It is also relevant to add that UNDP signed an agreement with the Economic Commission for Africa (ECA) on 1 March 1977 under which the Commission was designated as executing agency for UNDP regional projects. Moreover, on 27 July 1984, the Economic and Social Council adopted resolution 1984/74 on the strengthening of the role of the Economic Commission for Africa as an executing agency.

9. By resolution 33/202 of 29 January 1979, the General Assembly reaffirmed its decision that the regional economic commissions should have the status of executing agencies, in their own right, in respect of categories of projects described in paragraph 23 of the Annex to resolution 32/197; and added that the Director-General for Development and International Economic Co-operation should be responsible for executing the functions entrusted to the Secretary-General by the above-mentioned resolution.

10. As stated above, the same resolution which enabled the regional economic commissions to act as executing agencies for regional projects also laid down guidelines for them to adapt their structures for regional and interregional co-operation and widen their area of competence. Thus, besides acting as the main economic and social development centres for their respective regions, they should exercise team leadership and responsibility for co-ordination and co-operation at the regional level. The most important task of the regional commissions, however, was to establish close co-operation with the United Nations Development Programme so as to participate actively in operational activities carried out through the United Nations system, including the preparation of intercountry programmes, as might be required, in their respective regions. Resolution 34/206 contains a valuable reaffirmation of the above ideas. Document E/CEPAL/G.1174 of 15 April 1981 reports on the way in which the Commission's structure has been adapted as called for by resolution 32/197. Document E/CEPAL/Plen.16/L.6 contains a progress report on restructuring and on the implementation of ECLAC resolution 431(XIX). The Inspectors note that ECLAC-UNDP co-operation takes place primarily at two stages: pre-programming and programming of projects, and project implementation.

11. In this report the Inspectors have to deal with the specific problem that arises in connection with the interpretation of the sentence contained in paragraph 20 of the Annex to resolution 32/197. In that paragraph it is stated that the regional commissions should exercise team leadership and responsibility for co-ordination and co-operation at the regional level. It adds that the commissions may convene periodic meetings, as necessary, for the purpose of improving the co-ordination of the relevant economic and social activities of the United Nations system in their respective regions. This provision has been interpreted in a restrictive manner in a document of the Secretary-General (A/35/546) which links that provision to the co-ordinating functions of the General Assembly and the Economic and Social Council under the same resolution 32/197.^{1/} Since all the countries are represented in their respective regional economic commissions, the Inspectors do not share that restrictive interpretation. However, they have no doubt that as far as the co-ordination and programming of regional projects (substantive aspects) is concerned, the functions of the economic commissions are fundamental.

B. Co-ordination/co-operation in the pre-programming/
and programming of regional projects

12. The Inspectors have had the opportunity to read documents dealing with technical co-operation between UNDP and ECLAC during the programming of regional projects for Latin America and the Caribbean for the third programming cycle (RPLAC III, 1982-1986) as well as for the next cycle (RPLAC IV, 1987-1991).^{2/} Consultations on the Regional Programme for the third cycle were repeatedly held between the two bodies and the Governments of the region. A joint meeting was held in Montevideo in May 1981 and the regional programme was adjusted following the guidelines laid down in an ECLAC background document entitled "Regional Programme of Action for Latin America in the 1980s" (see Cuadernos de la CEPAL, No. 40).

^{1/} See also Economic and Social Council resolutions 1978/74 and 1979/64 of 4 August 1978 and 3 August 1979, respectively.

^{2/} In UNDP terminology, the Second Regional Programme for Latin America and the Caribbean corresponds to RPLAC III and the Third Programme, to RPLAC IV.

It should be pointed out that the countries emphasized projects in which co-operation among them was essential as well as projects that involved making increasing use of regional institutions.

13. In the preparation of the fourth UNDP programming cycle, RPLAC IV (1987-1991), the procedure followed took account of General Assembly decision 34/206 on the implementation of section IV of the Annex to resolution 32/197; a recommendation to the Administrator adopted by the Governing Council (80/9); and in particular the recommendations of the Administrator aimed at enhancing the collective involvement of the developing countries in the preparation of the programme and the setting of regional priorities (DP/435, 15 March 1980).

14. According to document DP/RP/RL3 of 21 July 1986, the co-operation and consultation procedure for the preparation of the Third Regional Programme for Latin America and the Caribbean (RPLAC IV) 1987-1991, was basically as follows:

The regional programme is the result of consultations held by the UNDP Regional Bureau, Governments, specialized agencies, regional and subregional institutions and groups of experts:

For the purpose of these consultations, the Regional Bureau prepared a document entitled "Bases of the Regional Programme for Latin America and the Caribbean: 1987-1991" (DP/RLA/3), which was distributed in August 1985;

Two other background documents entitled "The regional programme 1987-1991: the Caribbean Community" and "Central America in the UNDP Programme of Technical Co-operation for Latin America and the Caribbean, 1987-1991" were also prepared for the purpose of studying the specific needs of these regions. The ECLAC Subregional Office for Mexico and Central America prepared a study identifying potential activities and projects to be implemented in the Isthmus as part of RPLAC IV. The above-mentioned documents were discussed at meetings in various Latin American cities in which ECLAC took an active part. One meeting took place at ECLAC headquarters in April/May 1985. The Latin American group (GRULA) at the United Nations in New York also held an information meeting with the Regional Bureau.

15. On the basis of these documents and other principles expressed a document entitled "Framework for the Pacific Regional Programme for Latin America and the Caribbean: 1987-1991" (DP/RLA/3) was prepared and submitted for consideration by Governments at the Special Meeting for Joint ECLAC/UNDP Consultations held in Mexico City in April 1986.

16. The Third Regional Programme for Latin America and the Caribbean has three main objectives: (a) to facilitate the eradication of conditions of extreme poverty while promoting social equity and the creation of employment opportunities; (b) to encourage self-reliant economic growth; and (c) to promote technological change.

17. This report does not seek to evaluate the "transfer" of these objectives to projects forming part of the Third Regional Programme or to comment on whether they properly reflect the unified development concept so often referred to in General Assembly and Economic and Social Council resolutions and recommendations. Suffice it to point out that all the Governments of the region participated fully in the programming of RPLAC IV.

18. According to Governing Council resolution 85/16, the Regional IPF for RPLAC IV was calculated at about \$49 million, or 18 per cent more than the corresponding figure for the period 1982-1986. It was considered that this amount and the programming carried out provide an "ideal framework" for substantial growth in cost-sharing funds.

19. In ECLAC, the Operations Division is responsible for co-operation with UNDP. According to the information supplied, the Division ensures close collaboration and co-operation with the UNDP Regional Bureau for Latin America and the Caribbean in New York. In Santiago, there is also a UNDP-ECLAC Liaison Office headed by the Resident Co-ordinator for Chile, who maintains close contact with regional project co-ordinators. In countries where there is no ECLAC office, the UNDP Resident Representative also represents ECLAC.

20. It should be pointed out that co-operation between UNDP and ECLAC in the event of natural disaster - either to determine the extent of a disaster or to formulate reconstruction programmes - is of particular importance, as in the cases of Bolivia, Ecuador, Peru, Colombia, Mexico and El Salvador.

3/ Document DP/RLA/3 was updated on 11 November 1986.

C. Co-operation/co-ordination in the implementation
of regional projects

21. According to information provided to the Inspectors by ECLAC and UNDP, there have been no major problems in the implementation of regional projects. The recruitment of high-calibre experts and consultants from within and outside the region has been satisfactory. The delegation of authority to the ECLAC Procurement Committee for investments of up to US\$ 40,000 has allowed the timely purchase of equipment. On the other hand, some delay has occurred in the recruitment of experts at the L-6 level and above because of the lack of delegation of proper authority.

22. The list of regional projects implemented by ECLAC in the third cycle with UNDP funds appears in Annex I to this report. The Inspectors were informed by UNDP that the rate of delivery was close to 100 per cent. In addition, ECLAC has implemented or is implementing about 40 regional projects with funds from other sources. It is not the purpose of this report to evaluate the implementation of regional projects by ECLAC, and therefore the Inspectors have confined themselves to a description of the situation.

23. Like the other regional economic commissions, ECLAC does not implement national projects. With respect to some national projects it has had and has the status of associated executing agency, where the executing agency is a specialized agency, the United Nations, UNDP or the government itself. In such cases, ECLAC signs an agreement with the agency or the government concerned. ECLAC is an associated executing agency for about 30 national projects, most of them dealing with development planning. In cases where ECLAC has acted as associated executing agency for projects implemented by the United Nations, considerable delays have occurred in the conclusion of the relevant agreements. The United Nations should take measures to speed up this process.

24. Paragraph 5 of the Annex to the above-mentioned resolution 2688 (XXV) reaffirms that developing countries should be given, at their request, assistance from the United Nations, including the regional economic commissions, in the preparation of their national development plans.

Resolution 32/197 (Annex, paragraph 24) stresses that the regional economic commissions should assist countries in identifying projects and preparing programmes for the promotion of co-operation among those countries.^{4/} ECLAC has had limited participation in the preparation of national development programmes, either through ILPEs or directly, but many of its documents have served as a reference framework for national and regional activities.

25. Such co-operation is highly important, whether or not for the formulation of a national or multinational project. The Inspectors believe that such participation by the regional commissions in the formulation of country programmes is fundamental in the case of multidisciplinary projects or when a project may directly or indirectly be related to the development of other countries of the region. Quite possibly, ECLAC may have logistical and financial difficulties in participating in the preparation of national programmes.

26. At present, the situation is as follows: UNDP field offices and Governments are more or less exclusively responsible for the formulation of national projects; the formulation of regional projects is undertaken by UNDP in co-operation with the regional economic commissions, specialized agencies, the United Nations, regional institutions and Governments. Everything suggests that there is a need for a body in which regional project planning can somehow be linked with national project planning.

27. In order to find a partial solution to this problem, UNDP and ECLAC agreed in January 1986 that ECLAC should, at UNDP's request, co-operate with UNDP in the formulation of national programmes and projects. These two agencies have thus co-operated in country programming for Belize and Venezuela, for example. ECLAC is also taking part in the evaluation of some national projects (Belize, Haiti).

28. Within UNDP, there is co-ordination machinery for national and regional projects (CACP = Committee for the Approval of Country Programmes; PRC = Project Review Committee). Recently, the Administrator set up, on a trial basis, an Action Committee to study projects at the final stage of approval.

^{4/} See also resolution 34/206 of 19 December 1979.

29. Just as traditional development "projects" have evolved towards the "programme" concept, there is increasing interest in linking national development projects or programmes with subregional projects or programmes to an ever greater extent. It is hard to imagine a national project of any importance that does not have some economic and social implications for neighbouring countries. As a result of developed means of communication and transport and advanced technology, the main problems of development have ceased to be exclusively "national" and have acquired a significant subregional or regional dimension. Furthermore, optimum national development can be attained only if there is corresponding development at the subregional and regional levels.

30. This has implications for the use of national IPFs. It may be necessary for Governments to agree to use a larger proportion of IPFs for the execution of subregional or regional projects, especially those aimed at encouraging trade or emphasizing social integration.

31. The question of regional project costs has some bearing on that of "overhead costs". Like other regional economic commissions, ECLAC receives 13 per cent under this item, although it collects and uses only 16 per cent of the total amount approved by UNDP for regional projects. It is asking, with good reason, to be considered a "small" executing agency like ITU, UPU and others. UNDP maintains that, since the regional economic commissions are part of the United Nations Secretariat, there is no basis for giving them a larger percentage. The Inspectors consider that the main criterion should be that of real costs, which should be granted to the regional economic commissions that are "small" executing agencies. They are also of the opinion that the UNDP criterion of providing "advisory services for regional projects" (RLA/86/016) is not the most advisable one.

32. The Inspectors wish to confine this report to its main objective. In the light of the above-mentioned documents and information, they find co-operation between ECLAC and UNDP entirely satisfactory and therefore

put forward no recommendation in this connection. They also consider that one of the main purposes of co-ordination and co-operation between UNDP and ECLAC in connection with regional projects should be to ensure that the Governments of the region play a more active role in the implementation of such projects.

CONCLUSION

The Inspectors consider co-operation between UNDP and ECLAC to be satisfactory.

ANNEX I

UNDP PROJECTS DIRECTLY IMPLEMENTED BY ECLAC

Project number and title	Duration	Outlay in US\$				1986a/
		Pre-1982	1982-1985			
RLA/77/015 Supply of capital goods in Latin America: situation and outlook	July 1980 December 1986	1979: 1 224 1980: 97 471 1981: 192 563 291 258	1982: 209 531 1983: 168 423 1984: 127 545 1985: 100 960 606 459	Budget: 123 800 Disbursed: 102 476		
RLA/77/021 Implications for Latin America of the situation of the international monetary and financial system	January 1978 December 1986	1978: 127 364 1979: 133 807 1980: 53 859 1981: 157 714 472 744	1982: 120 358 1983: 169 615 1984: 157 714 1985: 161 572 609 259	Budget: 166 800 Disbursed: 123 055		
RLA/77/013 Support for the Latin American system of co-operation among planning bodies through ILPES activities	January 1982 December 1986	-	1982: 1 049 922 1983: 784 546 1984: 646 919 1985: 358 870 2 840 284	Budget: 320 000 Disbursed: 217 800		
RLA/82/014 Resources of the sea and the development of Latin America	September 1982 February 1986	-	1982: 14 960 1983: 72 519 1984: 160 862 1985: 93 588 341 929	Budget: 5 000 Disbursed: 5 000		
RLA/85/003 Support for subregional technical co-operation in Central America	March 1985 February 1987	-	1985: 104 300	Budget: 67 200 Disbursed: 61 700		

UNDP PROJECTS DIRECTLY IMPLEMENTED BY ECLAC

Project number and title	Outlay in US\$		Duration		1982-1985	1986	1987
	Pre-1982	1982-1985					
RLA/86/002 Support for external services in Latin America	-	-	January 1986 December 1986		Budget: 211 500 Disbursed: 200 000		
RLA/86/013 Revision and updating of planning in Latin America	-	-	June 1986 December 1986		Budget: 100 500 Disbursed: 85 907		
RLA/86/016 Advisory services for regional projects	-	-	August 1986 December 1987		Budget: 247 000 Disbursed: 80 000		

a/ Outlay until 30 September 1986.

b/ Includes US\$6,500 for 1987.

The cost of these projects represents roughly 15 per cent of RPLAC III.

N.B. Document DP/RP/RLA.3 of 31 July 1986 contains the projects for the Third Regional Programme.

ANNEX II

UNDP COUNTRY PROJECTS FOR WHICH ECLAC IS ASSOCIATED AGENCY

	TOTAL US\$	1984 US\$	1985 US\$	1986 US\$
1. ARG/84/012 Third international course on regional agricultural planning (Balcarce)	28 815	-	28 815	-
2. ARG/84/013 Second and third international course on planning and projects of rural development	24 542	-	24 542	-
3. ARG/85/022 Priority studies for the formulation of industrial policy	11 599	-	11 599	-
4. BRA/77/005 Regional development planning course	16 950	16 950	-	-
5. BRA/81/011 Rural development planning course	14 825	14 825		
6. BRA/82/017 Agricultural policies in the Panama State	42 600	-	22 600	20 000
7. BZE/84/001 Assistance to the planning system UNDP/ILPES/ECLAC	76 164	31 009	45 155	-
8. COS/82/002 ^{a/} Solution of technical problems arising from the current economic situation	79 907	73 636	-	6 271
9. DOM/83/001 Operational aspects of economic and social planning	27 223	-	24 398	2 825
10. DOM/84/002 III Course on agricultural development planning	14 125	14 125	-	-
11. DOM/85/004 Study of Dominican medium-term economic perspectives in the institutional framework	13 900	-	-	13 900
12. ECU/81/001 Public policies	2 785	2 785	-	-
13. ECU/85/002 Policies formulation and elaboration of plans	9 999	-	3 219	6 780

	TOTAL US\$	1984 US\$	1985 US\$	1986 US\$
14. ELS/83/004 Technical co-operation assistance	4 351	4 551	-	-
15. GUA/81/002 Energy planning	2 700	-	2 700	-
16. GUA/81/008 ^{a/} Programme support	6 445	-	6 445	-
17. GUA/84/015 Development of the national statistics system	122 750	-	19 220	103 350
18. HON/82/002 Technical assistance to CONSUPPLAN	62 158	5 957	44 945	11 256
19. NIC/81/005 ^{a/} Technical support to the development process	28 313	-	28 313	-
20. PAR/82/007 National development plan	13 770	-	13 770	-
21. PAR/83/003 ^{a/} Seminar on planning services for rural regional development	36 015	-	11 096	24 919
23. PER/85/002 Micro-regional planning training programme	11 978	-	11 978	-
24. PER/85/008 Co-operation projects proposals	87 010	-	-	87 010
25. URU/81/001 ^{a/} Consultant on external trade and programme support	81 434	22 600	20 640	38 194
26. URU/85/005 Economic and social analysis	24 860			24 860
27. VEN/84/001 Training programme in preparation and administration of agricultural and integrated rural development projects	249 613	-	130 967	118 646
28. VEN/84/002 Planning system	22 734	-	-	22 734
TOTAL	1 117 585	186 438	450 402	480 745

^{a/} Projects with OPE.

ANNEX III

REGIONAL PROJECTS EXECUTED BY ECLAC IN 1986
WITH BILATERAL, UNEP, UNU AND UNIFEM FINANCING

1.	Project:	Urban development	(WBK/86/S01)	(in US\$)	10 900
		(Related projects: ESP/86/S90-IUL/86/S55)			
2.	Project:	CIDA-CELADE agreement	(CID/81/S01)		2 426 582
3.	Project:	Policies, programmes and mobilization for youth in Ibero-America	(ESP/85/S88)		5 954
4.	Project:	Programme of co-operation between the Government of France and ECLAC/ILPES/ CELADE 1984-85	(FRA/84/S12)		56 610
		Programme of co-operation between the Government of France and ECLAC/ILPES/ CELADE 1985-86	(FRA/85/S20)		56 973
		Programme of co-operation between the Government of France and ECLAC/ILPES/ CELADE 1986-87	(FRA/86/S01)		66 920
5.	Project:	Training in urban development	(ESP/86/S90)		12 203
6.	Project:	Economic co-operation among Latin American countries for the establishment of inland freight terminals	(HOL/84/S03)		93 740
7.	Project:	Strengthening of savings and loan co-operatives in the Central American Isthmus	(HOL/84/S04) (HOL/85/S54)		106 600 28 815
8.	Project:	Measures to improve payment and financing mechanisms to promote the trade of LAIEA countries	(HOL/85/S05)		91 530

9.	Project: Establishment of a conceptual and normative framework for technological development policies	(HOL/85/S40)	(in US\$) 20 905
10.	Project: Economic integration and regional co-operation	(HOL/85/S42)	143 510
11.	Project: Macro-economic policies and the adjustment process in Latin America	(HOL/85/S43)	72 546
12.	Project: Agrarian structures and agricultural policies in Latin America	(HOL/85/S44)	103 960
13.	Project: Promotion of comparative advantages and industrial dynamism	(HOL/85/S53)	25 990
14.	Project: Strengthening of the training capacity of ILPES	(HOL/86/S07)	98 707
15.	Project: Support for the CELADE regional training programme	(HOL/86/S21)	98 707
		SUB-TOTAL	<u>3 520 252</u>
16.	Project: Policy options relating to technological change in the iron and steel industry in Latin America	(IRC/84/S24)	119 000
17.	Project: Computer programme development, goals and distribution for the retrieval of census data in small areas (REDATAM)	(IRC/85/S22)	62 390
18.	Project: Exchange of bibliographic data on microfiches	(IRC/85/S49)	17 125
19.	Project: Data network for the Caribbean	(IRC/85/S50)	273 245
20.	Project: Creole speech and social development in the Caribbean	(IRC/85/S51)	51 300
21.	Project: Data for development and planning policies (INFOPLAN PHASE III)	(IRC/86/S01)	176 370

22.	Project: Planning and management of water resources in high mountain basins	(ITA/84/S83)	(in US\$)	255 513
23.	Project: Co-operation to promote technological development in Latin America	(ITA/85/S30)		717 714
24.	Project: Urban planning	(IUL/86/S55)		10 000
25.	Project: Strengthening of the ECLAC Environment Unit	(PMA/78/S01)		116 417
26.	Project: Integration of environmental factors in development projects, programmes and policies	(PMA/86/S01)		210 000
27.	Project: Course on environmental management in development planning	(RFA/84/CD2)		37 518
28.	Project: Horizontal co-operation in the management of water resources projects - Phase 1	(RFA/84/S10)		118 511
29.	Project: Environmental systems and strategies for agricultural development in Latin America	(RFA/85/S85)		188 179
30.	Project: Export potential of and restrictions on small and medium-sized enterprises in relation to the European market	(RFA/86/S80)		116 984
31.	Project: Women and trade in the Caribbean	(RLA/84/W03)		20 005
32.	Project: Women and national budget resources	(RLA/84/W02)		20 439
SUB-TOTAL				<u>6 030 962</u>

33. Project:	Statistical analysis of the status of women in Latin American countries by means of household surveys	(RLA/85/W05)	(in US\$) 17 500
34. Project:	Training for the integration of the population in socio- economic development	(RLA/86/P01)	841 270
35. Project:	Training in information on population and technology for development	(RLA/86/P02)	217 680
36. Project:	Training in demography, population and development	(RLA/86/P03)	322 980
37. Project:	Teenage pregnancy	(UNL/85/PS1)	15 000
38. Project:	Urban development policies	(UNU/86/S01)	10 000
39. Project:	Latin American development co-operation in selected areas and countries in the Andean subregion	(ITA/85/S84)	326 000
Total			<u>7 781 392</u>

19 June 1985

ANNEX IV

INTER-AGENCY SUBCONTRACT

Letter of Agreement

1. Reference is made to consultations between officials of our Organization with respect to the association of your Organization in the implementation of UNDP assistance to project No. GUA/81/008 - Programme Support for which the Office for Projects Execution of the UNDP is the Executing Agency.
2. In accordance with the Project Document and with the following terms and conditions we confirm our acceptance of the services to be provided by your Organization towards the implementation of this project.
3. The Economic Commission for Latin America and the Caribbean (ECLAC) (hereinafter referred to as the "Associated Agency") shall, under the general supervision of the Office for Projects Execution of the UNDP (hereinafter referred to as UNDP/OPE) assume responsibility for providing those services and facilities as described in Annex I of this letter and in accordance with the terms of reference included therein.
4. The UNDP/OPE shall retain the over-all responsibility for the implementation of UNDP assistance to the project through the Office of the Resident Representative (hereinafter referred to as the Resident Representative) who shall be the representative of UNDP/OPE and Associated Agencies vis-à-vis the Government.
5. The personnel assigned by the Associated Agency to the project shall work under the general supervision of the Resident Representative, the OPE Project Management Officer and Project Co-ordinator if applicable, with the technical supervision of the Associated Agency.
6. In the event of disagreement between the Project Co-ordinator and the project personnel of the Associated Agency, the matter under dispute shall be referred by the Resident Representative to the Director of OPE who shall consult with the Associated Agency for the purpose of finding a satisfactory solution. In the meantime, in order to ensure the smooth working of the project, the decisions of the Resident Representative shall prevail.

7. Upon acceptance of this letter and pursuant to the project Budget of the Project Document, and the Work Plan, the UNDP/OPE shall reserve funds in the amounts set out in Annex II, subject to the following:

- (i) Expenditures for personnel services as may be provided in Section I of Annex II are limited to salaries, allowance and other emoluments including the reimbursement of income taxes, due to the Associated Agency's personnel under its rules and regulations, including travel costs on appointment to the project, duty travel within the project country or region and repatriation. The UNDP/OPE shall budget for the costs of such experts on the basis of estimated actual costs. The UNDP/OPE shall reimburse the Associated Agency for the provision of such services on the basis of actual costs for Category I cost elements and the Associated Agency average cost for Category II cost elements effective at the time of provision of such services. Adjustments in the expert months of services, referred to in Annex II, may be made in consultation between UNDP/OPE and Associated Agencies, if this is found to be in the best interest of the project and if such adjustments are in keeping with the provisions of the project document.
- (ii) Expenditures for subcontracting as may be provided in Section II of Annex II are limited to expenditures made under the Associated Agency's rules and regulations.
- (iii) Expenditures for fellowships, or other training facilities, as may be provided in Section III of Annex II, are limited to expenditures made in accordance with the fellowship or other relevant regulations of the Associated Agency. Within such total allocation, adjustments with respect to the training component may be made in consultation between the Associated Agency and the UNDP/OPE, if this is found to be in the best interest of the project and if such adjustments are in keeping with the provisions of the project document.
- (iv) Expenditures for purchase of equipment as may be provided in Section IV of Annex II are limited to expenditures for procurement of such equipment, under the Associated Agency's rules and regulations.

(v) Within the budgetary limitations of the Project Document, the UNDP/OPE shall be responsible for providing miscellaneous services such as secretarial assistance, postage and cable services and transportation, as may be required by the Associated Agency personnel in carrying out their assignment. However, expenditure for these services may be incurred by the Associated Agency and reimbursed by the UNDP/OPE within such amounts as may be specified in Section V of Annex II.

(vi) The amount provided for in Section VI of Annex II will, from 1982 normally represent 13 per cent (13%) of the total amount as provided for in Sections I, II, III, IV and V of this Annex.

8. A statement of expenditure shall be submitted by the Associated Agency to the UNDP/OPE in accordance with the forms attached hereto as Annex III(a) and Annex III(b). The statement covering the period of 1 January to 30 June (Annex III(a)) shall be submitted by 31 July and shall include only expert months served and disbursements made during that period. The statement covering the period of 1 January to 30 June (Annex III(a)) shall be submitted by 31 December and shall include all expert-months served through 31 December and unliquidated obligations as at that date, and may include an estimate in respect of December if actual amounts cannot be determined by the time the report is submitted. The UNDP/OPE shall arrange to have the Associated Agency reimbursed upon receipt of these statements, it being understood that charges for expenditures outside the limitations set out in paragraph 5 above and the units of assistance to be provided in accordance with Annex II shall not be accepted unless the prior authorization of the UNDP/OPE has been obtained. Reimbursement by the Executive Agency to the Associated Agency shall be handled centrally by the Accounts Section of UNDP on the basis of summary statements presented semi-annually by the Executing Agency in the form of Annex IV. The Associated Agency's Operation Fund shall be credited and the Executing Agency's Operating Fund debited accordingly.

9. The Associated Agency shall recast and rephrase the schedule of services and facilities (the project budget, Annex II) as necessary when submitting the statement of expenditure referred to in paragraph 8. The UNDP/OPE shall adjust its records and confirm the revision submitted by the Associated Agency.
10. The Associated Agency shall include in its expenditure statement to to UNDP/OPE covering the first six months of the year (Annex III(a)) an estimate of its projected expenditure for the next six months and, in its expenditure statement covering the second half of the year (Annex III(b)), it shall include an estimate of its projected expenditures for the next twelve months.
11. The Associated Agency shall submit such reports as may be reasonably required by the UNDP/OPE in connection with its obligations to submit reports to the Government and to UNDP.
12. The Associated Agency shall provide the UNDP/OPE, at the end of each calendar year with a statement listing all equipment purchased by the Associated Agency for the project. Such equipment shall be included by the UNDP/OPE in its main inventory for the project.
13. The Associated Agency shall provide the UNDP/OPE with curricula vitae and job description of the personnel assigned to the project.
14. The Associated Agency shall be responsible for obtaining clearance by the Government of the personnel assigned to the project and shall keep the UNDP/OPE informed.
15. The privileges and immunities to which the Associated Agency and its personnel are entitled may be waived only by the Secretary General of the United Nations or the Director-General of the Associated Agency.
16. Any changes to the Project Document which would effect the work being performed by the Associated Agency in accordance with Annex I shall be recommended only after consultation with the Associated Agency.
17. Any amendments to these arrangements shall be effected by mutual agreement through an appropriate supplementary letter of agreement.

18. For matters not specifically covered by this arrangement, the appropriate provisions of the Project Document and amendments or adjustments thereto, and the appropriate provisions of the Financial Regulations and Rules of UNDP, shall mutatis mutandis apply.

19. All further correspondence regarding the implementation of this agreement other than signed letters of agreement or amendments thereto, should be addressed to:

Mr. Bernt Bernander,
Director,
Office for Projects Execution
304 East 45th Street, 9th Floor
New York, N. Y. 10017
Telex: 645 495 UNDPPE

If you are in agreement with the above, kindly sign and return to this Office two (2) copies of this letter. Your acceptance shall thereby constitute the basis for your Organization's association in the execution of this project.

(Signed): Bernt Bernander
 Director
 Office for Projects Execution

Signed on behalf of:
ECLAC
Associated Agency
J. Roberto Jove, Officer-in-Charge
Division of Operations

ANNEX V

LETTER OF AGREEMENT CONCLUDED BY THE GOVERNMENT OF URUGUAY
AND THE ECONOMIC COMMISSION FOR LATIN AMERICA AND THE
CARIBBEAN (ECLAC) AS THE CO-OPERATING AGENCY (ASSOCIATED
AGENCY IN A PROJECT TO BE EXECUTED BY THE GOVERNMENT

Dear Mr. González

1. Following consultations by officials of the Government of Uruguay (hereinafter referred to as "the Government") and officials of the Economic Commission for Latin America and the Caribbean (hereinafter referred to as "the co-operating agency") concerning the agency's participation, through the Latin American and Caribbean Institute for Economic and Social Planning (ILPES), in the provision of UNDP assistance to project URU/85/005 "Economic and social analysis and forecasting", which will be implemented by the Government, the Government will, for the purposes of such implementation, be represented by the Planning and Budget Office.
2. In accordance with the project document and the following terms and conditions, we hereby confirm our acceptance of the services which will be provided by the co-operating agency for the implementation of this project. The instructions will include appropriate provisions for the holding of detailed consultations by the co-operating agency and the Government on all aspects of the services which the co-operating agency is to provide.
3. The co-operating agency will provide the services and equipment referred to in Annex I (Description of services) of the present letter of agreement, in accordance with the terms of reference described therein.
4. The Government will assume overall responsibility for the provision of UNDP assistance to the project through the project co-ordinator it will appoint.
5. The staff assigned to the project by the co-operating agency will work under the supervision of the project co-ordinator. The co-operating agency will give the staff the necessary technical guidance and administrative support. Although such staff is answerable to the co-operating agency for the way in which it performs its functions, it is under an obligation to co-operate closely with Government staff and to offer assistance for the implementation of the project in accordance with the general guidelines laid down by the Government in consultation with the co-operating agency.

6. In the event of disagreement between the project co-ordinator and the co-operating agency's project staff, the project co-ordinator will refer the dispute to the co-operating agency in order to find a satisfactory solution. In the meantime, the decisions of the project co-ordinator will be binding.

7. In accepting the present letter of agreement and in accordance with the draft budget of the project document and the programme of work, the Government agrees that the co-operating agency should request an advance directly from UNDP and make disbursement within the limits established in Annex II (Programme of services and equipment), subject to the following conditions:

(i) Expenditures for staff services which may be provided under section 1 of supplement 2 are limited to the payment of salaries, benefits and other emoluments, including the income tax reimbursement owed to the staff of the co-operating agency in accordance with the rules and regulations, as well as travel expenses. The budget of the co-operating agency will provide for expenditures for these experts on the basis of estimated real costs. Changes in expert-service months, as referred to in supplement 2, may be made following consultations by the Government and the co-operating agency if it is determined that they are in the best interests of the project and if they are effected in accordance with the provisions of the project document.

(ii) Within the budget limitations set in the project document, the Government will be responsible for providing various services, such as secretarial, post, telegraph and transport services, which may be required by the staff of the co-operating agency to perform its functions. However, the co-operating agency may make disbursements for such services within the limits set in section 5 of supplement 2.

8. The co-operating agency will submit an accumulative statement of expenditures on 30 June and 31 December. The statement, which will be prepared according to the format shown in Annex 3, will be submitted to the

Government through the UNDP Resident Representative within 30 days of those dates. The Government will include the expenditures report in the project implementation report.

9. The co-operating agency will revise costs and the services and equipment schedule (supplement 2) as and when necessary in submitting the statement of expenditures to the Government, subject to the provisions on flexibility as to expenditures allowed by UNDP to executing agencies. The Government will readjust its books and confirm the revision submitted by the co-operating agency.

10. The co-operating agency will submit any project reports that may reasonably be necessary to enable the project co-ordinator to perform his functions, as well as any other reports required by the Government in connection with its obligation to submit reports to UNDP.

11. The co-operating agency will propose candidates for the posts referred to in section 1 of supplement 2 and will request government approval for the staff to be assigned to the project.

12. The co-operating agency will provide the Government with job descriptions for the holders of the posts to be filled by the co-operating agency and will request Government approval.

13. Any changes in the project document which affect the work of the co-operating agency to be carried out in accordance with supplement 1 will be recommended only following consultations with the co-operating agency.

14. Any change in these arrangements will be made by mutual agreement in an appropriate additional letter of agreement.

15. The relevant provisions of the project document and the revisions thereof and the relevant provisions of the financial Regulations and Rules of the co-operating agency will apply mutatis mutandis in respect of any matter not specifically dealt with in these arrangements.

16. Any further correspondence relating to the implementation of the present agreement, with the exception of signed letters of agreement and amendments thereto, should be forwarded to the Director of the Planning Division of the Planning and Budget Office.

17. The Government and the co-operating agency will keep the UNDP Resident Representative fully informed of any measures they have taken with regard to the implementation of the present agreement.

If you agree with the foregoing, we request you to sign and return two copies of the present letter to this Office. Your acceptance will thus serve as a basis for your Organization's participation in the implementation of the project.

Yours sincerely,

On behalf of the
Government of Uruguay
6 November 1985

(signed) Agustín F. Canessa
Deputy Director
Planning and Budget Office
Office of the President of
the Republic

On behalf of the
Economic Commission
for Latin America
and the Caribbean
6 March 1986

(Signed) Ruben Katzman
Acting Director
ECLAC

