

**COMUNIDAD
ANDINA**

SECRETARIA GENERAL



COOPERACION TECNICA

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**FINANCING AGREEMENT BETWEEN THE JUNTA DEL
ACUERDO DE CARTAGENA AND THE EUROPEAN
ECONOMIC COMMUNITY.
TECHNICAL COOPERATION PROGRAMME-RURAL
SECTOR**

FINANCING AGREEMENT

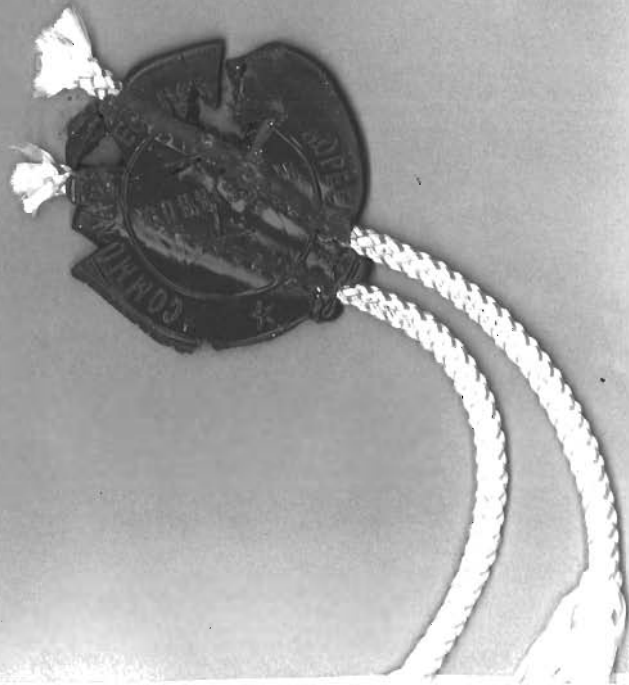
between

THE JUNTA DEL ACUERDO DE CARTAGENA

and

THE EUROPEAN ECONOMIC COMMUNITY

VIII/1257/77-E



Financing Agreement between the Junta del Acuero de Cartagena
and the European Economic Community

Project : Technical Cooperation Programme - Rural Sector

Brussels, December 1977

A. OBJECTIVES OF THE AGREEMENT

The European Economic Community (herinafter referred to as "EEC") is prepared to contribute, as a grant, up to a limit of 1,000,000 Units of Account (*) (UA) to the financing of the Technical Cooperation Programme - Rural Sector (herinafter referred to as the "Project") in the Member Countries of the Acuerdo de Cartagena (hereinafter referred to as "A.C."), according to the technical and administrative implementation procedures laid down in section B of the present agreement, provided that the A.C. member countries have also agreed to make available the national counterpart funds as indicated in §§ 1.2.1. and 1.2.3.

The present agreement will be implemented for the EEC by the Commission of the European Communities (herinafter referred to as the "Commission") and for the A.C. by the Junta del Acuerdo de Caratgena (herinafter referred to as the "Junta").

B. TECHNICAL AND ADMINISTRATIVE IMPLEMENTATION PROCEDURES

1. Project Description

1.1. General Aspects

1.1.1. Institutional framework

According to Article 69, Chapter VIII, of the Cartagena Agreement (Andean Pact) and Article 7, Paragraph 43, of the Internal Regulation of the Junta, and as a contribution to the application of the Resolutions laid down by the first (January 30 to February 1, 1974) and second (November 8 to 10, 1976) meetings of Ministers of Agriculture of A.C. Member Countries, the Project involves providing the Junta with technical assistance, scholarships and training in spheres of common regional interest.

(*) For the purpose of the present Agreement, one UA shall be the equivalent of US \$ 1.12.

1.1.2. Definition

The main objectives of the Project are to contribute to the establishment of a common agricultural policy and to set up a regional mechanism for better exchange of technological knowledge and to intensify inter-regional trade of agricultural products.

More precisely, the Project will permit, inter alia :

- (i) a production network of improved seeds, the implementation of a preservation line (refrigeration and freezing) for perishable agricultural commodities, the uniformization of sanitary rules for animal and vegetable products in inter-regional trade and the establishment of a protection system against the coffee rust ;
- (ii) the exchanging of the technological knowledge acquired by member countries in the more advanced fields of each member country of the A.C.

1.2. Costs and Financing

1.2.1. Summary (in UA Thousands)

	Total costs	EEC Financing	National Counterparts
1. Technical Assistance	694	500	194
2. Scholarships	276	160	116
3. Training	846	240	606
4. Equipment	100	100	-
	1,916	1,000	916

1.2.2. EEC Contribution

The EEC contribution, up to a limit of 1,000,000 UA, will be allocated for :

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- (i) Technical Assistance, up to 90 man-months
- (ii) Scholarships, for post-graduate studies abroad, up to 240 man-months
- (iii) Training periods, both abroad and in the A.C. member countries
- (iv) Purchasing of light equipment for laboratory and sanitary control.

1.2.3. National Counterparts

The Junta will undertake all necessary steps in order to assure that A.C. member countries will provide the counterpart funds as specified in 1.2.1., comprising salaries and fringe benefits, in order to contribute to transfer of knowledge through scholarships and training.

1.2.4. The Junta's Responsibility

The Junta will also be responsible for the execution and coordination of all parts of the Project and shall provide financing for all overhead costs, these costs not being included in the cost estimates mentioned in paragraph 1.2.1.

2. Modes of Execution and Control

2.1. Procurements

All goods and services shall be procured from Member Countries of the Acuerdo de Cartagena and the EEC.

2.2. Expenditure Programme

All items referred to in §§ 2.3.1. and 2.3.2. below to be financed under the EEC Grant, will be specified by the Junta in a cost estimate (expenditure programme) drawn up on the basis of the project documents sent by the Junta to the Commission on July, 5th 1977 (JUN/CEE) and on the October, 5th 1977 (Telex JT/1947), concerning the entire programme, broken down in yearly estimates, taking into account the limits of the total amount available. This expenditure programme has to be accepted by the Commission and will be subject to a yearly review on the basis of the experience acquired during each preceding year. In preparation of this review, the Junta will provide the Commission with a yearly progress report covering the execution of the entire project.

2.3. Disbursements

2.3.1. Direct Disbursements by the Commission

2.3.1.1. Technical Assistance

The Junta will define the terms of reference for technical assistance personnel. These terms of reference will be submitted to the Commission. The selection of consulting firms and/or individual experts is to be agreed upon by the Junta and the Commission.

Payments will be made directly by the Commission, on request of the Junta, according to the technical assistance contracts to be entered into between the Junta and the firm or expert(s) chosen. These contracts have to be approved by the Commission prior to their entry into force.

2.3.1.2. Scholarships in EEC Countries

The Junta will present to the Commission a list of candidates for scholarships, specifying the field of training for each case. The Commission will appraise the candidatures on this list, determine the location within the EEC it thinks best fitted to accommodate each student and shall cover all foreign exchange costs, according to procedures to be spelled out in the Memorandum of Understanding referred to in § 2.7.

2.3.2. Disbursements via the Junta

The EEC's contribution for items of the project not covered in paragraph 2.3.1. above, will be made available to the Junta through an account to be indicated by the Junta to the Commission. The monies in this account will be disbursed for the relevant parts in the mutually agreed expenditure programme. Drawings on the account may be made by a Junta official, appointed to this effect. The supporting documents, in the form of a detailed statement of expenditure, approved by this official, will be sent directly to the Commission, showing expenditure incurred. The full documentation for the statement of expenditure will be retained by the Junta for possible review by the Commission.

The first instalment advanced will be equivalent to the financial needs of the first six months of the first year and will serve as working capital. Subsequent instalments will be made, after each period of three months, on the basis of supporting documents (in the form of a detailed statement of expenditure) for the preceding quarter, beginning at the start of the second quarter, and so on, until the amount referred to in the present § 2.3.2. is entirely spent.

2.4. Reporting

In addition to progress reports mentioned in paragraph 2.2. , the Junta will provide the Commission with a final report on completion of the Project.

2.5. Reference to EEC Financing

The Junta will mention EEC financing in all documents and publications pertaining to the Project activities benefiting from the EEC contribution.

2.6. Monitoring Procedures

2.6.1. Representatives of the Commission shall have the right to inspect the project regarding its overall performance and shall also have the right to inspect any documentation and accounts pertaining thereto.

2.6.2. The Court of Auditors of the European Communities shall have the right to carry out accounting and financial verifications with regard to records, accounts and relevant documents maintained by the Junta concerning the utilisation of the EEC Grant.

2.6.3. AC Governments will afford all necessary opportunity for representatives of the Commission and the Court of Auditors to visit any part of the territory of the A.C. Member Countries for purposes related to the EEC Grant.

2.7. Implementation Procedures

Detailed Implementation Procedures will be agreed on, at the beginning of 1978, by authorized representatives of the Junta and the Commission, if this should prove desirable in the interest of speedy and satisfactory project implementation.

2.8. Amendments

Any question not covered by the present agreement or any amendment to it will be dealt with by mutual consent between the Junta and the Commission. To this end, adequate contacts shall take place between the two parties concerned.

2.9. Cost Overruns

The Junta shall provide the necessary resources that may be required in addition to the EEC Grant for the complete and uninterrupted execution of the project.

2.10. Arbitration

Any dispute relating to this Agreement which cannot be resolved by applying the procedure laid down in paragraph 2.8., shall be settled according to the arbitration procedure referred to in the attachment to the present Agreement.

Done at Brussels

Date 15. XII. 1977

For the Junta



For the Commission



ARBITRATION

- (a) Any controversy between the parties to the present Agreement, which shall not be settled by applying the procedures laid down in the present Agreement, shall be submitted to arbitration by an Arbitral Tribunal as hereinafter provided.
- (b) The parties to such arbitration shall be the Junta on the one side and the EEC on the other side.
- (c) The Arbitral Tribunal shall consist of three arbitrators appointed as follows : one arbitrator shall be appointed by the Junta , a second arbitrator shall be appointed by the EEC; and the third arbitrator (hereinafter sometimes called the Umpire) shall be appointed by agreement of the parties or, if they shall not agree, by the Secretary-General of the United Nations. If either side shall fail to appoint an arbitrator, such arbitrator shall be appointed by the Umpire. In case any arbitrator appointed in accordance with this Section shall resign, die or become unable to act, a successor arbitrator shall be appointed in the same manner as herein prescribed for the appointment of the original arbitrator and such successor shall have all the powers and duties of such original arbitrator.