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COOPERACION TECNICA

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**FINANCING AGREEMENT BETWEEN THE JUNTA DEL
ACUERDO DE CARTAGENA AND THE EUROPEAN
ECONOMIC COMMUNITY.
FOOD TECHNOLOGY RESEARCH PROJECT**

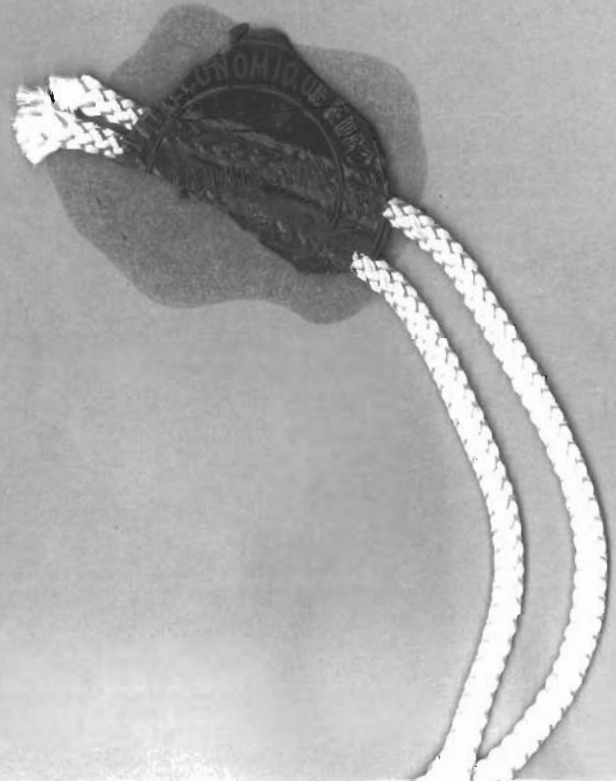
FINANCING AGREEMENT

between

THE JUNTA DEL ACUERDO DE CARTAGENA

and

THE EUROPEAN ECONOMIC COMMUNITY



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

Project : Food Technology Research Project

Brussels, December 1977

A. Objectives of the Agreement

The European Economic Community (hereinafter referred to as "E.E.C."), is prepared to contribute, as a grant, up to a limit of 2.6 million Units of Account (*) (UA), to the financing of the Food Technology Research Project (hereinafter referred to as the "Project"), in the Member Countries of the Acuerdo de Cartagena (hereinafter referred to as the "A.C."), according to the Technical and Administrative Implementation Procedures laid down in section B of the present Agreement.

The present agreement will be implemented for the E.E.C. by the Commission of the European Communities (hereinafter referred to as the "Commission"), and for the A.C. by the Junta del Acuerdo de Cartagena (hereinafter referred to as the "Junta").

B. Technical and Administrative Implementation Procedures

1. Project Description

1.1. General Aspects

The project aims at an improved and more efficient utilization of locally available food products for consumption, notably in the five Member States of the Andean Pact, by applying new and more suitable processing technologies to the transformation of these products, at modest running and investment costs.

These new technologies are designed to :

- enable the population of the region to acquire given quantities of protein equivalent at real costs considerably lower than at present;
- help food producing industries to modernize and adapt their equipment, as the project undertakes to disseminate technological know-how food-technology more fully and more effectively;
- thus reduce the region's dependence on food imports.

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(*) For the purpose of the present Agreement 1 UA shall be the equivalent of US\$ 1.12

1.2. Specific Objectives

The production of foodstuffs from local primary products will be directed more specifically towards :

- a more thorough utilization of dried pulses;
- better use of flour from cotton seeds, obtained by a more rational technology;
- improved and diversified uses of cereals, potatoes and fish products, the latter serving also as a basis for the production of edible protein.

The project will aim, furthermore, at improving the marketing conditions of low-cost foodstuffs offered to the more vulnerable sections of the population, especially concerning :

- additives and substitutes for milk;
- wheat substitutes;

these efforts serving, inter alia, to favour better nutritional conditions for children (children's meals programme).

1.3. Cost Estimates and Financing Plan

1.3.1. Project costs are estimated as follows :

	<u>Costs in Million UA</u>		
	Local currency	Foreign currency	Total
<u>1. Research</u>			
1.1. Dried pulses processing	0.59	0.32	0.91
1.2. Cotton seeds flour, improved technology	0.16	0.24	0.40
1.3. Cereals, potatoes, fish	0.17	0.25	0.42
<u>2. Implementation</u>			
2.1. Milk additives and substitutes	0.72	1.25	1.97
2.2. Wheat substitutes	0.26	0.46	0.72
2.3. Children's meals	0.26	0.28	0.54
Total	2.16	2.80	4.96

- 1.3.2. The EEC grant of 2.6 million UA will be allocated to the foreign currency component of every item of the cost estimate, total costs being estimated at about 5 million UA. Consequently governmental contributions are estimated at 2.4 million UA.
- 1.3.3. The Junta is responsible for the execution and coordination of all parts of the Project and shall provide financing for overhead costs, these costs not being included in the cost estimates mentioned in paragraph 1.3.1.

1.4. Management

The Junta is the Executing Agency responsible for Project implementation.

2. Modes of Execution and Control

2.1. Procurement and Disbursement Procedures

2.1.1. Works, supplies and personnel services 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 document (ref. JUN/Propuesta 83/rev.3) sent by the Junta to the Commission, covering 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 experiences made 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.

2.1.2. The EEC's contribution will be made available to the Junta through an account to be indicated by it to the Commission. The monies in this account will be disbursed for the mutually agreed expenditure programmes. Drawings on the account may be made by an official of the Junta 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 shall be retained by the Junta for possible review by the Commission.

2.1.3. 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 of 2.6 million UA is totally depleted.

2.1.4. In case of procurement of supplies the value of which exceeds US \$ 100,000, procurement will be done through international competitive bidding and contracts will be finalised only after clearance from the Commission. In case of procurement of supplies of up to US \$ 100,000, the procurement will be done following the principle of prudent shopping.

In each case of international bidding, natural and legal persons of the A.C. and E.E.C. Member States, shall be eligible.

2.2. Reporting

In addition to the progress reports mentioned in § 2.1.1., the Junta will provide the Commission with a final report on completion of the entire project.

2.3. Reference to EEC Financing

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

2.4. Controls

Representatives of the Commission shall have the right to inspect the project regarding its overall performance. They may also require such accounting and financial controls, with appropriate documentation, as is deemed necessary.

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.

The Junta will afford all necessary opportunity for representatives of the Commission and the Court of Auditors to visit any part of the project for purposes related to the EEC grant.

2.5. Implementation Procedures

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

2.6. Amendments

Any question not covered by the present Agreement or any amendments of the procedures laid down above which may be required for project implementation may be agreed by exchange of letters between the Junta and the Commission.

2.7. Arbitration

It is understood that any disputes which may arise during the implementation of the EEC's contribution shall be settled according to the arbitration procedure referred to in the attachment to the present Agreement.

2.8. Special Condition

The Commission of the Acuerdo de Cartagena has to approve each individual Research Project prior to its execution.

Done at Brussels

Date 15. XII. 1977

For the Junta



For the Commission



ATTACHMENT

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.