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SUPPORT

PROGRAMME PLANNING: THE THIRD PROGRAMMING CYCLE
1982-1986

COUNTRY AND INTERCOUNTRY PROGRAMMES AND PROJECTS

Report on implementation of country programmes, 1982

EUROPE

Report of the Administrator

Summary

This report is submitted in accordance with Governing Council decision 81/15 (E/1981/61/Rev.1). It contains the status of approval of third cycle country programmes in the European region as well as the calendar of country programme reviews in 1982; a commentary on actions taken in 1982 in respect of the commencement of implementation of third cycle country programmes; and a presentation of selected project activities, principally achievements of projects completed during the year.

The focus of the report is the extent to which, and how, country programmes have been or are being adjusted in order to accommodate the planned programmes within the limitations imposed on Indicative Planning Figure resources since the approval of the programmes. Selected examples are given to illustrate links between projects successfully completed in 1982 and the follow-up projects approved for the third cycle, and to report impact of other completed projects.

INTRODUCTION

1. This report is submitted in accordance with Governing Council decision 81/15, paragraph 7, calling for annual progress reports on programme implementation in each region, highlighting significant developments in selected individual programmes.

2. Country and regional programmes in Europe for the 1982-1986 cycle have been submitted to the Governing Council on the following schedule:

June 1981	Bulgaria Poland
June 1982	Albania Czechoslovakia Hungary Malta Portugal Romania Turkey (1983-1987) Yugoslavia Regional
February 1983	Greece (1983-1986)
June 1983	Cyprus (1983-1986)

3. Progress of country programmes in 1982 has been circumscribed by the fluctuating financial thresholds established, often causing new approvals to be delayed. Overshadowing all other considerations was the necessity of immediately replanning programmes approved in 1981-1982 for the third cycle on the basis of reduced IPFs. Programme reviews which normally would have been oriented to more substantive issues, were of necessity focussed on the financial viability of ongoing, newly approved and pipeline projects. Some Governments have not yet been able to complete such reviews, and the result has been a temporary stalemate.

4. Of those programmes approved in 1981 and 1982, formal reviews with Government authorities have been undertaken in Romania, Turkey, Hungary and Malta. Government planning authorities in Bulgaria have reviewed their programmes in order to adapt priorities to the current reduced IPFs. A review of priorities for Albania and Poland is expected to take place in the first quarter of 1983. January 1983 Country Programme Management Plans (CPMPs) reflect decisions taken by Governments in terms of planned projects being postponed, reduced or dropped from the country programmes because of current financial restrictions.

5. There have been only a few cases in which the general orientation of the third cycle programmes has shifted since approval: the configurations reflected in the country programmes were not likely to be revised in six months or one year. Such changes as appear in CPMPs covering the period January-June 1983

sometimes reflect the status of various project proposals at the time resources were reduced more than they reflect any modifications in actual priorities of Governments. The ongoing process of adjustments which will take place in 1983 may result in some cases in sectoral breakdowns different from those originally approved for individual programmes, but will reflect those priorities which can be maintained under the circumstances.

I. IMPLEMENTATION OF THIRD CYCLE COUNTRY PROGRAMMES

6. Prior to the review of the country programme for Romania, five of the six projects foreseen in the energy and natural resources sector as well as all those planned in the transportation and communications sector (four) had been approved. The sixth natural resources project was later approved. These sectors were reflected as priority in the country programme, comprising 42 and 16 per cent, respectively. The Government has determined that the energy sector remains important for the economy: the approved projects in this sector are for assistance in nuclear energy, off-shore oil drilling, geothermal resources, crude oil and gas extraction, solar energy, and a computerized information system concerned with management of coal extraction. The industrial sector, representing 24 per cent of the approved programme, has been by necessity reduced from \$1.4 million to \$600,000 by dropping a \$400,000 project planned to assist the food industry and by reducing the largest single project in the country programme - \$1 million for the chemical industry - to \$600,000.

7. Implementation of the country programme for Albania has been a slower process for a variety of reasons. In effect, the current programme is the first full-fledged country programme for Albania and is composed of a small number of large-scale projects which have called for considerable preparatory assistance. Approvals have also been staggered in order to accommodate the Authorized Budget Level configuration. Close co-ordination has been maintained between the Government in Tirana and the UNDP field office in Geneva in initiating the first major UNDP co-operative venture in Albania. Mutually agreed procedures augur a more speedy implementation in the future. The sectoral breakdown of the country programme reflected 43 per cent in science and technology, 22 per cent in telecommunications and 18 per cent in education. The Government's priorities have been indicated, in order, as telecommunications, computerized information network, higher science education, and assistance to the Higher Agricultural Institute. The telecommunications project, with an allocation of \$2.5 million is now in a preparatory phase. Detailed plans for the network, including financial resource determination, training programmes, equipment specifications and a complete work plan, are being drawn up with a view to full approval in mid-1983.

8. After careful consideration by the Government, UNESCO and UNDP, it was decided to approve first and second phase assistance to the information network project in the Academy of Sciences. The allocation for the project is \$3,325,000, and it was felt that details on the planned network, including selection of pilot programmes, systems analysis, preliminary training, and review of equipment specifications, should be determined prior to approval of the full project. The first phase is now under implementation and the second phase is expected to be approved in late 1983. Assistance to the Nuclear Physics Institute of the Academy of Sciences, for which \$2 million was allocated, and to the industrial sector, may have to be postponed by the Government due to financial constraints on the IPF.

9. The country programme for Portugal has not been revised in sectoral content, nor in terms of the majority of specific project proposals. But in order to maintain this integrity, extensive replanning and refinancing procedures are underway in order to retain four second phase projects foreseen in the country programme. The exercise, which has necessitated delay in approvals for further assistance to rural extension, management training, drainage and soil conservation in Alentejo, and water pollution control in the Tejo estuary, involves reducing the allocations foreseen from the IPF and in some cases offsetting the reduced amounts by cost sharing. A new export promotion project is under similar scrutiny. Thus far, two projects have been eliminated and two have been indefinitely postponed due to financial constraints.

10. The country programme for Bulgaria proceeded as planned until the end of 1982, with the Government placing equal priority on all projects included in the programme. As approved, the programme was strongly weighted to the industrial sector which made up 65 per cent, while one large-scale livestock health project brought the agriculture sector to 16 per cent. Under present constraints the industrial sector has been reduced to 44 per cent of the reduced IPF, a reduction in real terms of \$1.5 million, and the agriculture sector is, at least temporarily, unrepresented. Second phase assistance to the Centre of Phytochemistry has been reduced by \$200,000. The Government now anticipates maintaining the original structure of the programme as well as the objectives of the approved projects in the programme by increasing the Government contributions, or possibly by cost sharing, while reducing by necessity the UNDP allocations to some of the approved projects.

11. The programme for Czechoslovakia is proceeding as planned, with the exception that the large-scale project - National Training and Consultancy Centre - foreseen to be costed at \$1,350,000 (65 per cent of the then available resources) will be reduced to \$720,000. Three small-scale fellowship projects were approved in 1982: the remaining project proposals - \$254,000 - are being held in abeyance.

12. In Malta, not all decisions have yet been taken with regard to the scope of the programme under the reduced resources, but the orientation of the ongoing programme remains to the transportation sector, i.e. port and harbour development. Commitments to the ongoing programme in Malta, at the time of approval, amounted to \$936,000. Under the reduced IPF - \$1.6 million - extension to the Marsaxlokk Harbour project and small-scale projects in diabetes prevention and civil aviation will encompass almost all available resources.

13. As a consequence of the review held in January 1983, the country programme for Turkey has been adjusted to the lower resource situation primarily by spreading expenditures on specifically identified projects over a longer period of years, and utilizing funds originally set aside as a reserve for as-yet unidentified projects. Only two projects specifically mentioned in the country programme have been deleted, one a second phase of assistance to the Cement Research and Development Centre and the other a project in tourism promotion. Proposed expenditure on one major new project, export promotion, has been substantially reduced, while lesser adjustments have been made and will continue to be made in other projects, both ongoing and new. Thanks to the existence of the above-mentioned reserve, the sectoral priorities shown in the third country programme have been maintained with minimal change.

14. In Poland and Hungary, however, the general orientation of the third cycle programmes has been revised. In the approved programme for Poland, some 45 per cent of the then available IPF funds was allocated to large-scale projects in the energy and health sectors, and 23 per cent to agriculture. Increased priority has now been given to the agriculture sector, and projects in plant breeding and dairy production have been approved, comprising 28 per cent of the reduced IPF. In order to accommodate this priority the energy and health sectors will be reduced to approximately 23 per cent of the reduced IPF.

15. The approved programme for Hungary showed a high priority in the sector of science and technology, i.e. \$1.5 million, or 49 per cent of the programme. Of this, \$775,000 was allocated for fellowships in various scientific fields. The Government of Hungary has in the past utilized the larger part of UNDP assistance for training. Under present circumstances, and given the status of approvals at the time of the resource reduction, some \$600,000 for training in science and technology has been indefinitely postponed. The natural resources sector presently makes up the largest proportion of the programme, representing 35 per cent, while the science and technology sector has been reduced to 29 per cent, as a result of the sharp cut in the training component. With the approval in January 1983 of a small-scale project in pollution prevention the available IPF is now fully committed for this cycle.

II. SELECTED PROJECT ACTIVITIES - 1982

16. A notable feature of several European third cycle country programmes was the number of second phase projects. These projects, reflected in the programmes for Portugal, Romania, Poland, Bulgaria and Yugoslavia, are based on successful completions in 1982 of first phase projects. For example, innovative technology applied to the extraction of oil from oil shale in Aleksinac, Serbia, Yugoslavia, proved to be sufficiently promising to carry into its second and final experimental stages. A first phase project aimed at resuscitating the olive and olive oil industry in the economically depressed coastal regions of Croatia and Montenegro has led the Government to expand pilot plantation areas, continue the rehabilitation of old orchards, and modernize its production mechanisms in a second phase. This second phase, approved in March 1983, is to be monitored by the FAO Investment Centre as well as the UNDP/Investment Development Office, since it is expected to lead to large-scale investment in the industry at its completion.

17. In Bulgaria, a first phase telecommunications project begun in 1976 and completed in 1982, successfully sets into operation a Research Centre for Telecommunications, comprised of Divisions for Traffic Engineering, Network Planning, Electronic Switching Systems, Optical Fibre Line Systems, Supervision and Maintenance. The second phase of the project will focus on a computer-aided maintenance system, developing a data communication network, and training the research and engineering staff of the Centre in the field of digital switching and transmission.

18. One major project which was completed in 1982 in Cyprus was the Khrysokou Watershed Irrigation scheme. Located in an economically depressed area, the watershed was identified under earlier UNDP assistance as having a considerable potential for providing irrigation of some 7,000 hectares of arable land. The UNDP project resulted in feasibility studies and engineering designs, completed

in November 1982. The follow-up investment for implementation of the full scheme is expected to be \$47 million. A World Bank project appraisal mission resulted in a recommendation for approval by mid-1983 of a loan of \$14 million for implementation of the first phase of construction - the Evretou dam and associated irrigation works which will provide for irrigation of some 2,000 hectares. It is expected that 70 per cent of the farm production of the newly irrigated areas will be exported, resulting in a significant increase in foreign exchange earnings as well as a valuable injection of economic activity into this depressed area.

19. A number of projects were completed in Turkey in 1982, the last year of the second country programme. Among them were the second and concluding phase of assistance to the Marmara Scientific and Industrial Research Institute, which provides a broad range of materials testing services to industry, in addition to demonstrating methods of producing locally a number of components, particularly in the metallurgical field, which are currently being imported, conducting research aimed at optimizing production processes and improving quality control procedures. This project has developed operational links with a second project completed in 1982, in development of the iron and steel industry. Designed at a time when large-scale new investment in this sector was foreseen, the latter project was subsequently re-oriented in the face of an altered economic climate, to concentrate on improving productivity at existing steel plants, and in particular two integrated steelworks at Karabuk and Iskenderun. After initial difficulties, the project has been very successful in diagnosing problems, identifying solutions and assisting in implementing them, while at the same time conducting related training programmes. In its later and most dynamic stage, the assistance took the form of repeated short visits by consultants provided under subcontract with a prominent firm of international steel consultants, a mode of execution which proved to be highly effective when working with well-motivated and active national staff.

20. A project in Portugal, the National Programme for Co-operative Development, approved in 1978, began in 1980 to employ the services of local consultants in assisting to elaborate pre-investment projects in the co-operative sector. Up to mid-March 1982, some 630 co-operatives had been contacted and over 350 investment ideas identified, for which 182 pre-feasibility studies were completed. This research was carried out by technicians of the Government co-operative agency under guidance of the ILO international chief technical adviser. The local consultants provided support services in terms of technical back-stopping and revision/evaluation of their reports. The result, in 1981 and 1982, was an investment of some \$23.4 million from Portuguese firms for such purposes as building a warehouse for rice; construction of premises for a furniture factory, a plant for milk processing and packing, a facility for storing and freezing vegetables; enlargement of a wine cellar; and, for several co-operative institutions, credit for equipment substitution. The creation or enlargement of such facilities is expected to provide considerable employment.

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