GOVERNING COUNCIL
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Agenda item 5 (b)

COUNTRY AND INTERCOUNTRY PROGRAMMES AND PROJECTS

Consideration and approval of country programmes

THIRD COUNTRY PROGRAMME FOR SRI LANKA

Note by the Administrator

Programme period | Illustrative IPF for 1982-1986
---|---
1984-1986 | $76.0 million

I. Nature of the programming exercise

1. The participation of the Government of Sri Lanka, as a member of the Governing Council from 1980 to 1982, in the Council's deliberations on country programming was of considerable benefit in planning for the preparation of its own programme. Two fundamental policy decisions by the Government guided the programming exercise. The first was that the programme should be submitted to the Council for approval prior to its implementation. The second was that the country programme exercise itself, to be consistent with the concept of "continuous programming" and in conformity with the strictures on documentation length, be kept as simple as possible.

* The notes by the Administrator concerning the previous country programmes for Sri Lanka were issued under the document symbols DP/GC/SRL/R.1 RECOMMENDATION and DP/GC/SRL/R.2/RECOMMENDATION.
2. The Government's decision to prepare its third country programme covering the period 1984-1986 was transmitted through the UNDP field office to all specialized and executing agencies of the United Nations system in early January 1982 to ensure that they would have ample opportunity to contribute to the exercise. The programme's limitation to a three-year period was a result of the Government's wish to plan within a reasonably reliable financial framework and to synchronize the country programme with the third indicative planning figure (IPF) cycle (1982-1986) which also coincided with its own latest Public Investment Programme. The Government also made clear its intention to complete the activities of the 1977-1983 country programme as far as possible within the time period allotted, so that 1984-1986 IPF funds would remain unencumbered by ongoing projects and thus be available for new activities.

3. A detailed work programme and timetable for the country programme exercise was prepared by the Department of External Resources, Ministry of Finance and Planning, and sent through the Resident Representative to all agencies at the beginning of February 1982. The Resident Representative prepared an in-house assessment of the current country programme which was used by the Government as background information for the programming exercise. After a round of discussions with sectoral ministries during April-June 1982, a first draft of the document was prepared and sent to UNDP headquarters and all United Nations agencies for comments in August 1982. The United Nations agencies contributed significantly throughout the programming process through their local representatives, through project personnel, through already planned technical missions and, in a number of cases, through written communications. Bilateral donors were kept informed at every stage through the regular monthly donor and Government meetings and many donors ensured that their programming missions visited the Resident Representative for mutual briefings on their respective programmes.

II. Relation of the country programme to national development objectives

4. The Government's development objectives, as described in the Public Investment Programme for 1982-1986, published in May 1982, were the basis for the country programming exercise. This document is updated annually and reflects the Government's wish not to become locked into an inflexible planning framework. Its general economic strategy is to move the economy away from one of rigid state controls to one in which market forces and the private sector would play an increasingly important role. The Government sees this as the only viable strategy for attacking the twin problems of maintaining employment and growth. This change in the basic approach has involved a switch from a heavily protected, import substitution economy to a more liberal, mixed economy based on a strategy of export-led growth. Initially, this necessitated an unprecedented recourse to external assistance which the Government was exceptionally successful in mobilizing.

5. It is important to note that in adopting this more liberal economic development strategy, the Government has clearly indicated its intention not to abandon Sri Lanka's traditional adherence to social welfare policies which have ensured for its population a relatively high standard of living, when compared with countries with the same level of per capita income, as measured by quantifiable social indicators such as literacy, nutrition, longevity, population growth and infant mortality. Indeed, the Government recognizes that it is this solid investment in social development that provides the basic foundation for the present Government's growth-oriented policies. The latest investment programme illustrates the commitment to the principles of providing for the basic needs of the population by substantial shifts in the investment programme away from urban-oriented development and tertiary education towards basic health (primary health care, nutrition and drinking water/sanitation programmes) and rural-oriented primary, vocational and technical education.
6. UNDP assistance very closely relates to the Government's revised development strategy and will be reviewed on a continuing basis to ensure that it maintains its relevance and dynamism. It should be noted that the Government has stressed that the single biggest constraint at present to effective implementation of its development programmes is not a lack of capital or viable investment projects, but a shortage of the human skills necessary to carry them out. In this context, UNDP is seen as one of its most valuable partners in developing the technical know-how, the market information, the management expertise and the trained labour force needed to remove this human constraint to economic growth.

III. Content and phasing of the country programme

7. If a comparison is made between the sectoral shares of the second country programme and those of the third programme, it is apparent that shifts have taken place in the intersectoral distribution of UNDP resources which closely follow changes in the Government's development priorities. In the third country programme, the agricultural sector (including forestry and fisheries) continues to have the highest proportion of the programmed resources, with 23.4 per cent of the total. This reflects the predominant role of the agricultural sector in the Sri Lankan economy and the Government's continued emphasis on increasing agricultural production and raising the standard of living in the rural areas. The area with the second largest proportion of UNDP resources in the new programme is the transportation and communications sector, with 12.3 per cent of the total programmed resources compared with 7 per cent in the second country programme. This is in line with the Government's objective, considered a prerequisite for continued development, of extending and strengthening the country's economic infrastructure. As a corollary to this, the share of the UNDP resources allocated to the industrial sector (11.6 per cent of the total) reflects the government policy aimed at modernizing and increasing the manufacturing industries' contribution to the economy and at developing export-oriented industries.

8. The increase in UNDP resources applied to the education sector from 4 per cent in the second country programme to 10.4 per cent of the new programme reflects the Government's objectives of improving primary and secondary education and of redressing the present imbalance between general education and technical education. The shift in emphasis towards the health sector is disguised by virtue of the fact that $3.5 million of the $4.3 million spent in this sector in the 1977-1983 period went to finance over 200 doctors provided by the United Nations Volunteers (UNV) Programme as a temporary, direct support measure. In the third country programme, the allocation of $3.3 million to the health sector is exclusively for manpower development, both technical and managerial, in support of the Government's primary health care programme. Finally, there is a major shift away from development planning and administration in the third country programme with the termination in 1983 of the large $3.75 million World Bank-executed "umbrella" project for project preparation and the completion, also in 1983, of an even larger urban, physical planning project.

9. During 1977-1978, in terms of major project components, 34 per cent of the UNDP resources was spent on equipment, while only 39 per cent was spent on expert services and 13 per cent on training. By 1981-1982 these proportions had changed dramatically, with 51 per cent devoted to technical advisory services, 17 per cent to training and only 22 per cent to equipment. There is every reason to suppose from the design of the third country programme that this new balance will be maintained. It is the Government's
intention that all of the equipment provided will be in support of the research and training activities envisaged. The fact that the Government does not look to UNDP for the provision of capital assistance was stressed repeatedly by the External Resources Department to the sectoral ministries during the programme discussions.

10. A measure of programme concentration has also been achieved by bringing the number of operational projects down from 60 in 1977 to 42 in 1982, while increasing the average size of disbursement per year per project from $66,000 to $212,000. While no project-by-project allocations for the next programme have been finally established (the Government had decided that it only makes sense to do this at the time of project formulation), it is apparent from the programme discussions that the progress made in achieving some concentration of resources on areas of key importance will be maintained in the future. The Government, with the encouragement of UNDP, has also succeeded, by diligent monitoring and rigorous insistence on adherence to time schedules by project authorities and executing agencies, in initiating the third country programme with relatively few ongoing projects. The second country programme began in 1977 with 110 ongoing projects with an estimated cost of $29.8 million, representing 59 per cent of the total IPF resources. The third country programme will begin with only 12 ongoing projects, costed at $4.1 million, representing only 14 per cent of the programmed resources. It was a cardinal principle of the third country programme exercise that ongoing projects were to compete for scarce IPF resources on the same terms as new projects.

11. The country programme document addresses itself to a number of interesting policy issues and concepts; some are novel and others are reflective of the Council's deliberations. These are, roughly in order to appearance in the country programme document, the following: (a) the continuous programming approach; (b) the conservative calculation of IPF resources available for programming; (c) the intention to pursue cost-sharing approaches despite Sri Lanka's low per capita income; (d) the commitment to global priorities and basic needs; (e) the pre-investment versus technical co-operation mandate of UNDP; (f) the marked improvement in the intercountry programming process; (g) the long-term nature of certain technical co-operation and the implications this has for the duration of UNDP supported projects; (h) the link, usually indirect between institution-building and pre-investment; (i) the obvious supportive role that UNDP technical co-operation plays vis-à-vis the capital aid projects of other donors; (j) the introduction of a proposal for technical co-operation among developing countries (TCDC) for the first time, with UNDP resources limited to financing external costs; and (k) a "new perspective in collaboration" which envisages the special role that United Nations Volunteers can play in the UNDP technical co-operation programme.