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COUNTRY AND INTERCOUNTRY PROGRAMMES AND PROJECTS

Consideration and approval of country programmes

THIRD COUNTRY PROGRAMME FOR EL SALVADOR

UNDP assistance requested by the Government of El Salvador
for the period 1984-1986

Illustrative IPF for 1982-1986: \$15,250,000

INTRODUCTION

1. The third country programme for El Salvador covers the period 1984-1986. The reasons for the period of transition from the second country programme are to be found in this document.

* Note: In accordance with decision 81/15, adopted by the Governing Council on 27 June 1981 (E/1981/61/Rev.1, Annex I), the third country programme for El Salvador is being submitted to the Council without an accompanying note by the Administrator.

The previous country programmes for El Salvador and the accompanying notes by the Administrator were issued under the document symbols DP/GC/ELS/R.1-DP/GC/ELS/R.2 and DP/GC/ELS/R.1/RECOMMENDATION-DP/GC/ELS/R.2/RECOMMENDATION respectively. The extension of the second country programme was issued under the symbol DP/GC/ELS/EXTENSION.

2. This programme was prepared by the Ministry for the Planning and Co-ordination of Economic and Social Development (MIPLAN) in close co-operation with the local office of the United Nations Development Programme (UNDP). MIPLAN was responsible for co-ordinating the technical assistance required by the various government ministries and departments while the UNDP office co-ordinated the various inputs from the United Nations system. The latter consisted essentially of programming and/or project identification missions by the United Nations Industrial Development Organization (UNIDO) and the Food and Agriculture Organization of the United Nations (FAO) and missions by other agencies of the United Nations system which, even if only indirectly connected with the preparation of the country programme, gave rise to numerous recommendations of relevance to the programme's orientation.

3. In addition to its above-mentioned consultations with other government bodies, MIPLAN took into consideration the limited size of the indicative planning figure and the funds which could in fact be programmed for the period 1984-1986. It also made a detailed study of technical assistance that might be financed from other multilateral or bilateral sources. Thus, it gave close consideration to the assistance that might be forthcoming from the United States Agency for International Development, the country's main source of technical assistance, and the Inter-American Development Bank (IDB), the future programme of which sets priorities that coincide with or relate to the priority objectives for UNDP technical assistance.

4. In preparing the programme, the Government decided to adhere closely to the corresponding instructions of the UNDP Administrator which advocate a dynamic and sustained approach to each programme in which the latter only formally predates the ongoing dialogue that must exist at operational level between the various government departments and the different agencies that make up the United Nations system. This dialogue will be the basis for any subsequent revision of the programme, its implementation and the execution of specific projects.

5. The strategy and objectives of the country programme are based on a detailed evaluation of the country's economic, political and social development over the past 10 years, as contained in an ad hoc document the salient points of which served as the basis for the presentation of the country programme at UNDP headquarters. According to that document in 1982 overall production and the per capita gross domestic product fell to approximately 77 per cent and 70 per cent respectively of their 1978 levels. The downward trend in the economic situation which these percentages reveal was accompanied, and to a certain extent caused, by political instability and a succession of plans and strategies aimed at avoiding the adverse effects of rapidly changing economic and political situations. The 1978-1982 National Plan of Well-being for All was interrupted by a political change in 1979 and replaced by the 1980 National Emergency Plan, which was followed in 1982 by a Plan of National Economic Recovery for 1983 and again by a national plan for the period 1984-1985. It was within the context of the strategy and objectives of this last plan that the Government decided to place the third country programme for El Salvador.

6. The rapid economic, political and social changes currently experienced by El Salvador make it advisable to channel the technical assistance available towards projects that will essentially produce results in the short term and have a positive impact on the living conditions of the rural population and of less well-off sectors of the population in general. It is for this same reason that the Government hopes to establish a relationship of interdependence and complementarity between the various projects to be executed by the United Nations system in order to increase their productivity in the short term. As a result, the allocation of UNDP resources envisaged in this programme takes into account current technical co-operation needs at the sectoral, sub-sectoral and multi-sectoral levels. It also paves the way for accommodating future needs through revisions and/or studies which will, as far as possible, be carried out with the participation of agencies of the United Nations system.

7. In addition to emphasizing short-term needs, the Government also stressed the need to concentrate resources on efforts to secure increased investment. This will require that greater attention be given to pre-investment activities.

8. The development strategy underlying this programme could only be defined at the beginning of 1983, once the broad outlines of the 1984-1985 plan and the Government's decision to hold presidential elections in March 1984 became known. This also explains the transitional period between the second and third programmes.

9. The third programme is also based on the experience gained with the second programme, 1978-1982. As was indicated in the relevant programme document, the five main objectives for the second programming cycle led to the formulation of 17 specific projects the implementation of which was begun and/or completed during the second cycle. While the programming approach to the second programme was affected by the institutional and short-term economic pressures mentioned above, its implementation was also hampered by the relatively large number of programmes and projects which, because they involved a considerable number of national institutions and international executing agencies, were implemented more slowly than anticipated. The achievements made were significant when compared with the original programme, but there are still some needs which remain to be met, particularly in the areas of fisheries resources, agro-industry, small business and handicrafts, basic industries and exports.

10. The resources available for the country programme total \$US 5,880,000. This figure is made up of \$US 8,387,500, representing 55 per cent of the illustrative indicative planning figure (IPF) from which actual expenditures for 1982-1983 will have to be deducted as appropriate, and \$US 927,000 from the surplus IPF for the previous programming cycle. \$US 500,000 in cost-sharing activities are also envisaged which, in so far as the country's difficult economic and financial situation permits, the Government hopes to implement in and through a detailed study of new projects. The Government also hopes to submit for consideration by the United Nations in due course a request for the allocation of funds normally reserved for countries which might be considered to be relatively less developed economically. The Government is earnestly hoping for an increase in contributions to UNDP so that during the third cycle, the level of programming matches the full IPF.

11. The Government also expects the total resources available for programming to be distributed as follows: agriculture, 28 per cent; industry, 28 per cent; housing, 12 per cent; and general development questions and education, 27 per cent. The remaining 5 per cent will be used as a reserve to finance: (a) joint inputs into the six priority sectors; (b) emerging needs; and (c) other activities. This distribution, which reflects the priorities of the Programme of National Economic Reconstruction and the 1984-1985 National Plan will make it possible to support basically institution-building projects, direct support projects including investment-oriented projects, pilot projects and special support projects. In turn, 22 per cent of the resources taken into account for the programme represent allocations approved for ongoing projects, 48 per cent represent allocations for new projects and the remaining 30 per cent represent sectoral allocations which will have to finance the identification of projects during the programming period.

DEVELOPMENT OBJECTIVES SELECTED FOR TECHNICAL ASSISTANCE THROUGH UNDP

12. In accordance with the UNDP Administrator's instructions to the effect that country programmes should be geared towards very clearly defined objectives which enable projects to be identified later and during the implementation of the programme, and in accordance also with the development strategy for future years, the Government chose the following development objectives for the third country programme for El Salvador, 1984-1986:

A. Agricultural sector

13. The main objectives are: (a) to strengthen the institutional and operational capacity of the Centre for Livestock Development so that livestock extension services reach users in an appropriate form; reactivates national livestock production through genetic improvement and artificial insemination; and increase co-ordination to ensure proper use of credit; (b) to support fisheries development by strengthening small-scale fishery concerns in the areas of social organization, conservation and preservation, harbour administration and marketing; and (c) to increase food production with emphasis on products to support the agro-industrial sector and the production of raw materials for industrial use and export. The sector will be covered up to the end of 1984 by the project Conservation and Development of Renewable Natural Resources in the Northern Basin of the Cerrón Grande Reservoir (ELS/78/005) with a budget allocation for 1984 of \$US 129,200 and up to the end of 1983 by the projects Master Plan for the Development and Use of Water Resources (ELS/78/005) and Training of Agricultural Producers and Workers (ELS/78/013). The new projects to be begun in 1984 include those for the Development of Goat Farming (ELS/83/005) with an allocation of \$US 80,000 for 1984, and the Development of Small Scale Fisheries (ELS/83/006), with an allocation of \$US 130,000 for 1984. Artificial insemination and livestock development projects are being planned for 1985 and subsequent years. Food production will be covered by the project Integrated Agro-Industrial Development (ELS/82/006). As part of the FAO programme of technical co-operation, the agricultural sector is also covered up to the end of 1983 by the project Rehabilitation of Agricultural Production in the

Western Part of El Salvador (TCP/ELS/2203) and up to the mid-1984 by the project Development of Rabbit Breeding (TCP/ELS/2305), with an FAO input for 1984 totalling \$US 105,000. The sector is also receiving assistance from the World Food Programme (WFP) through the project Development of the Production of Basic Food Crops (PMA/ELS/2146/Extension). The total WFP contribution to the project is estimated at \$US 8,587,300.

B. Industrial Sector

14. The main objectives are: (a) to contribute to the process of industrial reactivation by reducing idle time and selectively rehabilitating undertakings which are experiencing difficulties, preferably in the textile and engineering sectors; (b) to carry out prefeasibility studies specifically for agro-industrial projects in the areas of the setting-up and administration of agro-industrial concerns and in production and marketing; (c) to support the country's industrial and technological base by strengthening the administrative structures responsible for industrial property and the transfer of technology. This objective will be met by the project Integrated Agro-Industrial Development (ELS/82/0006), aimed at the rehabilitation and sustained development of the national agricultural industry and with an allocation for 1984 of \$US 400,000, and the project Modernization of the Industrial Property and Transfer of Technology System (ELS/83/002), which will help to develop the country's industrial and technological base by modernizing and co-ordinating the machinery for granting and registering industrial property and for which the budget allocation for 1984 is \$US 91,000. In connection with objective (a), the Government has decided to launch the project Reactivation of the Textile Industry (ELS/83/003) in 1984, with an allocation of \$US 175,000 for that year.

C. Building sector

15. The main objectives are: (a) to develop new and more appropriate technical solutions and procedures to help increase efficiency through more appropriate evaluation and selection of technical, economic and financial alternatives for building rural and urban housing; (b) to promote, in rural areas, the involvement of peasants in programmes and/or projects for building their own homes; and (c) to encourage marginal urban communities to participate in self-help housing construction projects which also emphasize education, health and a proper diet. This objective will be met by the project Urban and Rural Housing Development (ELS/83/001) which was launched in September 1983 with preparatory assistance aimed at defining technical assistance methods to activate the construction of rural and urban housing with emphasis on home construction by potential occupants. The 1984 allocation for this project is \$US 100,000.

D. Education sector

16. The main objective is: to integrate the formal services of the education system with a view to community development, as part of the regionalization of education. The education sector will continue to receive assistance up to 1984 under the project Strengthening of the Education System (ELS/007) relating to the introduction of a system of advanced on-the-job training for school teachers, with a budget allocation for 1984 of \$US 50,000. The sector is also receiving assistance from the United Nations Fund for Population Activities (UNFPA) through the project Curricula Planning for Population Education (ELS/82/P02), with an allocation for 1984 of \$US 31,490, and the project National Programme of Training in Population Education (ELS/83/P01) with an allocation for the period 1984-1986 of \$US 63,640.

E. Foreign trade sector

17. The main objectives are: (a) to promote non-traditional exports; and (b) to promote investment in export industries. The sector will continue to receive assistance in 1984 under the project Promotion of Exports (ELS/78/006) in connection with the promotion of non-traditional exports and in close co-operation with project ELS/82/006. The budget allocation for 1984 is \$US 100,000.

F. Economic and social planning sector

18. The main objective is to strengthen the mechanisms for monetary and financial programming and annual operational programming. The sector will continue to receive assistance during 1984 under the project Development Planning and Administration (ELS/82/005) with regard to short- and medium-term budgetary and monetary programming aspects, the budget allocation for 1984 being \$US 350,000.

G. Miscellaneous

19. In addition to the sectors mentioned above there are other sectors which will receive assistance other than the IPF from the United Nations system: (a) UNFPA, through the projects Population Policies (ELS/78/P04), with an allocation of \$US 96,000 for 1984, and Maternal and Child Health Programme (ELS/74/P01), with an allocation of \$US 775,375 for 1984-1985; (b) WFP through its projects Food Assistance to Displaced Persons in El Salvador (PMA/ELS/1239), with a total project input of \$US 2,720,800; Nutrition Education and Supplementary Feeding for Vulnerable Groups (PMA/ELS/2317), with a WFP input into the original project and Extension I totalling \$US 16,315,300; Community Development (Extension II) (PMA/ELS/776), with a total input estimated at \$US 7,761,000; (c) World Health Organization/Pan-American Health Organization, as part of its regular programme for 1984-1985, through the projects Disease Prevention and Control, with a budget allocation of \$US 138,500; Epidemiological Programme, with an allocation of \$US 250,100; Environmental Sanitation with an allocation of \$US 260,900; Development of Health Services, which includes \$US 273,000 for the administrative

costs of the local office and \$US 673,400 for the development of health services; and Human Resources, with a budget allocation of \$US 61,000; and (d) United Nations Children's Fund (UNICEF) through its projects Diarrhoea Prevention and Control; Breastfeeding; Child Growth and Development; Basic Service in Poor Urban Areas; Basic Education; Food Production; Promotion of Social Projects; and Support for Programme Execution, with a total allocation for 1984 of \$US 806,000.

20. The Government believes that the priority objectives selected for this programme coincide with a number of the overall objectives of the International Development Strategy for the Third United Nations Development Decade, proclaimed by the General Assembly on 5 December 1980. The programme will be promoting at the national level a more equitable distribution of the national income; rapid expansion and diversification of international trade; a substantial reduction in inflation; a reduction in malnutrition; increased industrial production; expansion of the physical institutional infrastructure; strengthening of the public sector's capacity to mobilize domestic resources, formulate and implement national development plans and establish priority needs; the reduction and elimination of poverty; improved health levels in accordance with the plans for the year 2000; and a contribution to the provision of minimum housing structures for the rural and urban populations.

21. After detailed study, the Government has also identified among the broad range of regional and interregional projects those which reinforce its priority objectives. These projects are as follows: Current Situation of and Future Prospects for the Supply and Production of Capital Goods in Latin America (RLA/77/015); Regional Employment Programme for Latin America and the Caribbean (RLA/79/006); Assistance in the Preparation of Agricultural and Rural Development Projects in Central America and Panama (RLA/79/008); Assistance to the Central American Institute of Public Administration (RLA/79/017); Strengthening of Systems of Technical Co-operation and Promotion of Co-operation among the Countries of Central America and Panama (RLA/79/028); Commercial Fisheries Information Service for the Latin American Region (RLA/79/058); Assistance to Developing Countries in Making Full Use of the Generalized System of Preferences (INT/77/002); International Centre for Tropical Agriculture (GLO/79/013); and International Centre for Maize and Wheat Improvement (GLO/82/007).

22. At the same time as preparing the third country programme, the Government requested assistance from the Voluntary Fund for the United Nations Decade for Women in executing a project for the integration of rural women into economic activities, for which it also hopes to receive assistance from UNICEF, WFP and UNFPA. The Government has also submitted, or intends to submit during the third programme, formal requests to the United Nations Financing System for Science and Technology for Development, in connection with research into geothermal resources, and to the United Nations Capital Development Fund. An allocation of \$US 400,000 is envisaged for this purpose.

23. The programme will also serve as an effective frame of reference for co-ordinating all technical assistance received by the country and involving other sources of multilateral and bilateral assistance. This programme envisages the joint execution of co-ordinated projects, in the areas of agro-industry and pre-investment, with the Inter-American Development Bank and the World Bank and with other financial institutions in the subregion.

24. Support will continue for action initiated under the second country programme in connection with technical co-operation among developing countries (TCDC). The Government also hopes to introduce projects for execution by some of its agencies. In accordance with UNDP's new policy of recruiting national professionals, and in conformity with the principles of additionality, competence and efficiency set forth in the current instructions, there are three projects for which 23 national professionals have been recruited in various fields of specialization. These projects are: Conservation and Comprehensive Use of Renewable Natural Resources (ELS/78/004), Development Planning and Administration (ELS/82/005), and Integrated Agro-Industrial Development (ELS/82/006). As in the second country programme, special emphasis will be placed in the third programme on the objective of self-sufficiency and other mechanisms envisaged under the heading "New Dimensions", namely greater attention to the training of nationals so that they can rapidly acquire the expertise to execute the activities envisaged in technical co-operation projects.

Annex

FINANCIAL SUMMARY

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A. <u>IPF and other resources</u>	
(i) Illustrative IPF for 1982-1986	15 250 000
(ii) Minus non-programmable balance <u>a/</u>	(6 863 000)
(iii) Minus expenditures for 1982	(2 073 000)
(iv) Minus estimated expenditures for 1983 <u>b/</u>	(1 861 000)
(v) Surplus IPF from the previous cycle	927 000
(vi) Other resources (Government cost-sharing)	<u>500 000</u>
Total resources available for programming	<u>5 880 000</u>
B. <u>Use of resources</u>	
(a) <u>Programmed</u>	
(i) Ongoing projects	1 293 200
(ii) New projects and new phases included in the country programme	2 800 000
(iii) Funds earmarked for specific objectives and activities for which the corresponding projects will be submitted at a later stage	<u>1 492 800</u>
Subtotal	5 586 000
(b) <u>Reserve</u>	294 000
Total programmed resources plus reserve	<u>5 880 000</u>

a/ Representing the 45 per cent of the illustrative IPF which has not been taken into account for programming.

b/ Estimated expenditures as of 4 November 1983.

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C. Financial distribution of programme, by sector

<u>Sector c/</u>		<u>Ongoing projects</u>	<u>New projects</u>	<u>Sectoral allocations</u>	<u>TOTAL</u>
		\$	\$	\$	\$
02	General development, policy and planning questions	350 000	100 000	196 800	646 800
04	Agriculture, forestry and fisheries	129 200	1 000 000	517 200	1 646 400
05	Industry	491 000	1 000 000	155 400	1 646 400
07	International trade and development	100 000	200 000	111 600	411 600
09	Housing	100 000	500 000	105 600	705 600
11	Education	50 000	-	361 600	411 600
17	Other	<u>73 000</u>	<u>-</u>	<u>44 600</u>	<u>117 600</u>
TOTAL		<u>1 293 200</u>	<u>2 800 000</u>	<u>1 492 800</u>	<u>5 586 000</u>

c/ According to ACC classification.