Summary

This report is prepared in accordance with Governing Council decision 81/15 (E/1981/61/Rev.1), which calls for the submission to the Governing Council of an annual progress report on the implementation of the various country programmes, highlighting the significant developments in selected programmes.

The report indicates that the Programme has adjusted to new priorities and requirements emerging in the region owing to the current economic crisis and the reduction of programme resources to 55 per cent of the illustrative IPF. A renewed effort was undertaken in the region to mobilize additional resources and to consolidate the role of UNDP as co-ordinator of technical co-operation at the country level. The report also provides information on the implementation of the country programmes of Colombia, Jamaica, Panama and Saint Christopher and Nevis.
Introduction

1. The Governing Council has approved 37 country programmes in Latin America and the Caribbean for the period 1982-1986. The country programme of Guatemala is being submitted to this session while an extension has been requested for Suriname.

2. At the beginning of 1984, budget commitments in the region had reached about $228 million or 91.2 per cent of IPF resources at the 55 per cent level. Since a clear objective of UNDP in the region has been the mobilization of additional financial sources, it should be noted that cost-sharing commitments for the third cycle totalled about $118 million, or 47.2 per cent of the IPF for the region at the 55 per cent level. For 1984, cost-sharing budgets represented about 51.7 per cent of total budgets in the region.

3. Programme effectiveness is being increased by ensuring that projects are designed properly and that their implementation is evaluated at all stages of the project cycle. In 1984, 132 tripartite reviews, 45 mid-term evaluations and 23 country programme reviews were carried out. A sectoral desk review on planning was also carried out in 1984. It is expected that by the end of the current cycle, UNDP would spend approximately 20 per cent of its resources on planning in the region. The sample of eight projects included projects geared to economic reactivation, investment programmes and social planning. Viewed in an overall context, the pattern of allocation of resources indicated that UNDP had been moving away from institutional support projects to the provision of support for production-oriented projects. This implied to some extent a reorientation of activities towards programmes of economic management and economic reactivation. The desk review provided an assessment of the development planning projects in the region, set forth criteria to streamline activities in this area, with a view to ensuring appropriate co-ordination and complementarity, and contributed to the sharing of experiences and results among the different projects financed by UNDP in this area. The desk review also provided important elements for appraising, reformulating, monitoring and evaluating projects in this sector.

A. Technical co-operation among developing countries (TCDC)

4. During the past year innovative initiatives have been taken to stimulate TCDC within the region and between Latin America and other regions, Africa and the Arab States, in particular in the framework of UNDP-assisted projects and/or with the full logistical support of UNDP field offices. Although other countries in the region such as Panama, Peru and the Dominican Republic had undertaken some preliminary exploratory work, including a limited number of activities along the lines described below, the three main countries in the
region which are breaking new ground in the furtherance of TCDC and economic co-operation among developing countries (ECDC) are Argentina, Brazil and, more recently, Mexico.

5. Within the framework of a country project in Argentina fully funded by the Government under a cost-sharing arrangement, studies were carried out of the capacities of Argentine institutions in the public and private sectors to meet technical and economic assistance demands in selected countries of the region. In addition, the project made recommendations on policies to be adopted by the Ministry of Foreign Affairs for the implementation of the necessary institutional changes. Technical missions to each of the selected countries followed, on the basis of which co-operation agreements have been signed to date with Costa Rica, Nicaragua and Peru. These agreements include the opening of lines of credit for the export of goods and services from Argentina to those countries. Similar agreements are expected with Honduras, where a mission from Argentina has recently completed its work, and with Panama.

6. UNDP reached an understanding with the State of Sao Paulo, Brazil, under which it accepted the State's offer of technical co-operation with other developing countries in the fields of energy and science and technology. To this end, the State of Sao Paulo has pledged to make available for the next two years, and on a yearly basis 100 man-months of consultants, to host 15 study tours, to organize 3 international seminars and to receive 6 trainees for six months. All costs, except for international travel and daily subsistence allowances, will be covered by the State of Sao Paulo. The offer has been extended to other regions and is in the initial stages of implementation. Within the framework of this understanding, the United Nations Financing System for Science and Technology for Development (UNFSSTD) submitted to the State of Sao Paulo job descriptions for consultancies included in various UNFSSTD-assisted projects in Africa and in Argentina. It was agreed that UNFSSTD would finance the costs related to travel and out-of-pocket expenses of the consultants while all other costs would be borne by the State of Sao Paulo in accordance with the terms of its offer of technical co-operation.

7. Based on the nature of a project on co-ordination of external assistance and the possibility of reducing its cost through TCDC arrangements with other countries in the region, the Government of Mexico requested the UNDP office to assist in identifying consultants and training institutions in countries with the capacity to provide this assistance. The executing agency, the United Nations Department of Technical Co-operation for Development (DTCD), agreed to assist in the task. By entering into this TCDC arrangement the donor country agreed to provide consultants, with the Government of Mexico absorbing all travel and subsistence costs through an IPF-funded project. With regard to training, the donor country agreed to receive trainees at no cost while the project paid for travel and living expenses.

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8. A paper was prepared which outlined a TCDC scheme involving the 11 countries members of the Latin American Integration Association (ALADI) and which was based on the mobilization of unused air travel capacity. It was proposed that the scheme should be fully financed by the participating countries by making available a number of airline passages to be used by experts, consultants and trainees engaged in a TCDC activity. UNDP would be involved through its field offices in the provision of management support services required for the mobilization of these personnel.

9. An exploratory mission to the 11 countries members of ALADI financed by the Special Unit for TCDC was fielded in April and May 1984 to determine the interest and willingness of these countries to support a regional pilot project, the basic objective of which would be to design the scheme in detail, including the level and manner in which Governments would contribute to the scheme. Most of the countries were interested in principle in the scheme and in receiving a concrete proposal on how the mechanism would work. The countries further agreed to attend an intergovernmental meeting to discuss the matter in greater detail. The mission report has been forwarded to the respective Governments for comments on the recommendations contained therein, on the basis of which a decision will be taken on the future course of action for the implementation of the scheme.

B. Regional meeting

10. The role of UNDP in meeting the changing needs for technical co-operation and pre-investment in Latin America and the Caribbean was the central focus of the meeting of the resident representatives in the region. The meeting was also attended by senior staff from headquarters and representatives from United Nations agencies. Working papers on the different items of the agenda were contributed by resident representatives and their teams, and by headquarters and agencies. In addition, a paper was prepared by the Office of the Director-General for Development and International Economic Co-operation and UNDP headquarters on the question of co-ordination, with special emphasis on co-ordination in practice in the field.

11. The meeting undertook (a) a review of central development issues that might require assistance from multilateral technical co-operation, namely, public policy formulation, implementation and management; critical poverty in the urban and rural areas and the process of transfer of high technology; (b) an analysis of programme management and administration requirements to facilitate the formulation and implementation of programmes and projects within the framework of the above-identified policy objectives and guidelines; (c) an analysis of innovative modalities for resource mobilization and for managing field operations, including practical steps for co-ordination and co-financing among United Nations system agencies with special attention to collaboration with multilateral financial institutions and with major...

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bilateral programmes; and (d) a study of the critical function of TCDC as an integral part of technical co-operation and of ECDC in the context of both country and intercountry programmes.

12. The specific characteristics of the economic crisis in Latin America and the Caribbean were reviewed as reflected in the debt problem, balance-of-payment difficulties, the decline in the inflow of investment capital, deep-rooted structural problems as well as the "crisis of ideas" in development theory itself.

13. It was stressed that there was a need to elaborate a strategy to respond to the current economic situation, and that a concerted effort was required to improve the performance of Governments which has lagged behind the exigencies of the present situation. Similarly, emphasis was placed on the situation of critical poverty which affected one third of the population in the region. There were major social implications of poverty that would require the elaboration of specific strategies to deal with the needs of marginal groups. The role of technical co-operation in assisting Governments to analyse their policy options to deal satisfactorily with the problem of critical poverty as an essential element in the reactivation of economies in crisis was also reviewed. The necessity to give special consideration to a new and more beneficial pattern of integration of the countries of the region in the international economic system was discussed, as well as the increased emphasis needed to be placed on economic integration as a strategy for economic reactivation in the region.

14. Also discussed was the role of the State in the establishment of appropriate strategies and public policies facilitating economic reactivation of higher effectiveness and relevance. The role of the United Nations system in support of technological change and innovation was reviewed, particularly with respect to carrying out an assessment of its social impact.

15. A management plan to follow up on recommendations and findings of the meeting has been elaborated with specific targets and measures to be taken by the concerned parties. Resident representatives are also incorporating the relevant policy guidelines that have emerged from the meeting in a plan of action. The three central development issues, public policy, critical poverty and high technology, are to provide inputs for the notes that resident representatives are preparing for submission to the Governments in the consultation process initiated for the fourth cycle country programme exercise.

16. In selecting specific country programmes for the present review, an attempt was made to choose a sample that shows the varying conditions in which the programme is being implemented in the region, to provide the Council with a perspective of countries at different stages of development, development issues related to island developing countries and countries undergoing...
adjustment processes, as well as to provide the Council throughout the cycle with a complete overview of the implementation of all country programmes approved in the region.

IMPLEMENTATION OF SELECTED COUNTRY PROGRAMMES

A. Colombia

1. Overview of programme implementation and trends

17. The third country programme for Colombia only covers the period 1983-1986 since the first year of the third IPF cycle was covered through an extension of the second country programme. The priorities and objectives of the new Government, which assumed office in August 1982, were reflected in the design of the third country programme. Upon adoption of the Government's development plan for the period 1983-1986, the activities of the programme were more directed toward the social sector. The massive child vaccination programme launched by the Government is an example of this concern.

18. The resources envisaged for programming for the period 1982-1986 amounted to $25,542,000, including a small balance from the previous cycle and $11,133,000 of project cost-sharing from the Government. The reduction to 55 per cent of the IPF affected the scope of some projects and forced the cancellation of others. These reductions also affected project cost-sharing earmarkings; however, the cost-sharing contribution amounted to approximately 85 per cent of the IPF. There were several factors which allowed UNDP to adapt well to the new financial situation. These included UNDP's policy of continuous programming which allowed it to respond promptly to ad hoc and urgent requests, as well as the Government's maintenance of sufficient levels of cost-sharing by which critical threshold levels were preserved.

19. In order to adjust the programme to available resources, a number of projects needed to be cancelled, including (a) the Public Finance Information System (COL/82/036), which aimed at rationalizing the country's management and public finance system in the national, departmental and municipal public sectors; (b) a Livestock Development Programme (COL/82/032), which assisted in providing the agricultural sector with an efficient planning structure for the livestock subsector; (c) Fisheries Development (COL/82/033), geared to assist the National Institute for the Development of Renewable Natural Resources (INDERENA) in formulating development and investment plans, programmes and projects in sea fishing; and (d) the Agro-industrial Development of the National Territories (COL/82/028), which aimed at accelerating the process of extending the country's socio-economic development to frontier areas.

20. The co-financing policy adopted by the Government whereby every national
counterpart agency must contribute in cash at least 30 per cent of the overall cost of the project, or 50 per cent in the case of extension of second cycle ongoing projects, has been an effective mechanism to mobilize resources in support of programme activities.

21. To ensure adequate co-ordination of the programmes and projects of the United Nations system, the Resident Co-ordinator has organized yearly meetings of all the agencies represented in the country to exchange ideas, review co-ordination mechanisms and ensure that the different projects are mutually supportive and complementary. An example of successful co-ordination is represented by a vaccination campaign carried out by the Government with the assistance of the Pan American Health Organization (PAHO), the World Health Organization (WHO), the United Nations Children's Fund (UNICEF) and UNDP in which over one million children between the ages of one and four years were vaccinated against five diseases.

22. The international economic crisis which affected Colombia most seriously in 1983 and 1984 forced the Government to concentrate attention on urgent conjunctural issues, including balance-of-payments and resource liquidity problems. Investments in both productive and social areas were reduced and the Government had to either cancel or slow down implementation of some projects owing to difficulties in meeting the cost-sharing schedule of payments. This situation of budgetary constraints also affected counterpart support to UNDP-financed projects which could not be provided as envisaged, especially in terms of project personnel. A presidential decree was issued to freeze the recruitment of public civil servants.

23. UNDP's flexible approach to programming and new modalities of programme implementation have been successfully applied in Colombia. Short-term, high-level consultants have been favoured over long-term experts, and government execution has been encouraged. By the end of 1984, there were four projects executed by the Government and most projects had incorporated national experts and used high-level national institutions through subcontracts. These modalities of operation have contributed to an increase in the cost-effectiveness of the programme.

2. Completed projects

(a) National Agricultural Regional Planning (COL/79/001)

24. Completed in August 1984 after five years of operations, this project aimed at strengthening the country's capacity for regional agricultural planning by establishing decentralized regional planning units. The project helped to create 22 such units in as many states of the country, which now constitute the core of the national regional agricultural planning system, serving as technical secretariats of the Departmental Committees on
Agricultural Planning. At the central level, the units are co-ordinated by the Regionalization Unit of the Ministry of Agriculture.

25. The units, which are permanent offices staffed by technicians of the different entities of the agricultural sector, have not added to the bureaucracy, but rather have made efficient use of available human and financial resources.

26. The project provided technical assistance required to strengthen the capacity of the units to assess natural resources and to set up a continuous system of direct and indirect statistics, short-, medium- and long-term planning, training and project formulation and evaluation. When the project ended, diagnostic studies of 11 regions had been completed and 5 more were about to be published. Working groups on natural resources were set up and detailed maps for four departments were issued. In three of the departments, pilot statistical programmes by sampling were also carried out with the involvement of over 150 professionals attached to the units.

27. A second phase of this project, COL/83/012, has been approved, and by 1986 it is hoped that the country will have at its disposal an institutionalized system of agricultural planning.

(b) Basic Metals (COL/76/030)

28. The project lasted eight years with a UNDP contribution of approximately $1.8 million and a cost-sharing contribution of over $2 million. The project had two basic objectives: (a) to estimate the mining potential of selected areas with special reference to basic metals for industry such as copper, molybdenum, lead and zinc; and (b) to strengthen two national counterpart agencies, the National Institute for Geological and Mining Research (INGEOMINAS) and the Colombian Mining Enterprise (ECOMINAS) through integral training of its personnel in the different phases of mining exploration.

29. These objectives were satisfactorily reached. The project has demonstrated the potential of the central and western mountain ranges of Colombia, especially with reference to the presence of copper and molybdenum deposits. The discovery of a gold deposit in Mocoa with a potential of 250 million tons and over 1 per cent of equivalent copper was the most important achievement. The currently depressed world price of metals, however, has prevented investments in the project areas for the time being.

30. When the project started, Colombia had little experience in mining exploration. Emphasis was thus given to training national personnel at all levels.
31. At the technical level, institution-building was helped through direct on-the-job training under the supervision of international project personnel, particularly in the areas of drilling, analytical geochemistry and cartography. The success obtained enabled the project to be implemented during the last three years of operations by Colombian nationals, one of whom filled the post of chief technical adviser.

32. The project also made available sophisticated equipment, including powerful drills and equipment for chemical analyses and computers, to ensure that the national counterpart personnel would have the necessary infrastructure to continue the work.

(c) Investors' Forum (COL/83/020)

33. In July 1984, Colombia, with the technical support of the United Nations Industrial Development Organization (UNIDO) and the financial co-operation of UNDP, organized for the first time a forum for international investors. The forum had short- and long-term objectives. It urged national managers and entrepreneurs to present projects, to be developed jointly with foreign investors, that required foreign capital, technology or access to international markets. It offered the opportunity to national managers and investors to discuss their projects with potential investors.

34. UNIDO and UNDP assisted the Government in promoting the forum abroad and in preparing and publishing documents outlining the Government's policies and the potential as well as the particularly promising areas for investment. Similarly, international expertise was provided for the selection, classification and evaluation of projects. A total of 267 projects were presented during the forum, and 250 potential investors, mainly from Europe, Japan, the United States and Canada, representing 210 firms from over 27 countries, attended.

35. In fulfilling the long-term objectives of the forum, the Government is following up the projects presented by writing to the potential investors with the assistance of the different chambers of commerce. A campaign has been initiated to promote abroad many other projects presented. One concrete result is the establishment, within the National Planning Department, of an office for the information and promotion of foreign investments, which will follow up on investments identified and will provide information at both the national and the international levels on investment opportunities.

3. Additional resources for the implementation of the country programme

36. The main source of additional financing constitutes project cost-sharing. In spite of the economic difficulties, the country has increased its cost-sharing contribution to projects, demonstrating increased
confidence in UNDP assistance. In addition, UNDP is closely associated with
the World Bank in many areas of development in the country, and technical
assistance components of loans have been channelled through UNDP.

B. Jamaica

1. Overview of project implementation and trends

37. Projects identified as being of priority under the third country
programme of Jamaica (1982-1986) were selected on the basis of their potential
for contributing to the Government's programmes of economic recovery and
structural adjustment which primarily aim at earning foreign exchange and
creating employment. Other projects were given greater or lesser priority
depending on how they would contribute to these goals. Most projects now
being implemented therefore fall within this framework.

38. The reduction in 1981 of the resources available to UNDP to 55 per cent
of approved IPFs threatened a significant cut-back in the country programme.
To cope with this situation a series of ad hoc cost-sharing arrangements were
established during the first part of the programme cycle in order to finance
key projects which could not have been launched given UNDP's diminishing
resources. In early 1983, the Government of Jamaica agreed to participate on
a more systematic basis in the co-financing of projects and accordingly
contributed $J8.9 million to a cost-sharing programme. In addition to this,
efforts which were made to attract third-party cost sharing permitted the
implementation of important projects which would otherwise not have been
realized.

39. In view of the priorities established by the Government, training,
employment and income-generating projects have come to be the highlights of
the country programme. The project covers such diverse sectors as industry
and craft, tourism, secondary and tertiary education, public health and
population. Other projects, while not directly related to the above-mentioned
fields, directly contribute to the achievement of the Government's two major
goals. Examples of such projects are (a) forestry schemes that protect vital
sources of water and provide wood for the construction industry; (b) soil
conservation for agricultural production; and (c) water planning to
rationalize the use of water and energy programmes designed to reduce
Jamaica's dependence on imported fuel, which currently stands at 90 per cent
of its total consumption.

2. Results of completed projects

40. Export industries in Jamaica have benefited considerably from the
project, Establishing a Packaging Research and Development Centre
(JAM/77/008). The centre's services to the local and regional industry extend
beyond providing research facilities and improving the standard of all types of packaging. The provision of advice and training for routine packaging problems on a regular basis has been supplemented recently by the development of a plastics technology centre. In addition, expertise provided by UNIDO consultants has been recorded for use and re-use on videotapes. This operation is currently meeting the needs of industry in such a way that a potential extension to the entire Caribbean region is being promoted with the help of a fully equipped visual aids unit. This Government initiative, when completed, will respond to requests for special instructional materials throughout the region.

41. The utilization of timber from diseased tall coconut trees for furniture and other wood products is not only making use of a diminishing resource as a result of the lethal yellowing disease that has affected these trees, but is also contributing to the country's goal of utilizing indigenous materials in the construction industry. Recently, economic difficulties have slowed down the construction industry which was particularly vigorous in 1982. Modelled after a project sponsored by UNDP and the Food and Agriculture Organization of the United Nations (FAO) in the Philippines, the Jamaican effort in utilizing this coconut wood to manufacture lumber for construction under the project, JAM/73/001, was completed in December 1983, and the tall coconut trees are now being replaced by smaller disease-resistant varieties.

42. Projections have shown that investors using a $15,000 mobile sawmill to supply wood to existing factories could realize up to 30 per cent on their investment. In 1983, Jamaica hosted a workshop in which various types of wood products from coconut trees were displayed. The workshop was so successful that a subregional workshop was organized with 27 participants from Grenada, Saint Vincent and the Grenadines, Saint Lucia and the Dominican Republic. This led to the shipment, in January 1985, of a large sample of coconut timber for display at a trade show in Dallas, Texas. An allocation from project INT/83/904 is permitting extensive sharing of the approach and technology throughout the Caribbean within the framework of technical co-operation among developing countries.

43. A UNDP/FAO effort, started approximately 20 years ago, resulted in the establishment in 1979 of the State-owned Forest Industries Development Company (FIDCO), which produces wood and wood products for the island's construction industry. With FIDCO's new $5 million sawmill and processing facility operating with an initial capacity of 35,000 cubic metres annually, the Government hopes to reduce the amount of imported lumber which accounts for about 75 per cent of the total forestry products consumed. Forestry development contributes to many aspects of the Jamaican economy by providing employment opportunities, conserving topsoil, supplying local lumber and protecting the water supply. Since the establishment of FIDCO, a number of trained government personnel from the Department of Forestry and Soil
Conservation have assumed duties with the company. Accordingly, the ongoing UNDP/FAO project, Institutional Strengthening of the Department of Forestry and Soil Conservation (JAM/82/006), is now assisting Jamaica in further training staff at the reorganized Department of Forestry and Soil Conservation. FIDCO is also considering the commencement of a national wood energy project to reduce fuel imports.

3. Additional resources for the implementation of the country programme

44. The formulation of the programme co-operation between Jamaica and UNDP for the period 1982 to 1986 started out with project proposals totalling $36 million, resulting in a painful selection process aimed at bringing the total down to the allocated IPF of $7.5 million. A further reduction made necessary by the subsequent establishment of ever-decreasing expenditure ceilings (down to $4.1 million) would have made it impossible to maintain the integrity of the programme. To cope with the situation, a series of cost-sharing arrangements referred to above was entered into to finance important activities which otherwise would not have been included in the programme. To date, such Government cost-sharing stands at $1.3 million, which in turn was instrumental in generating an additional $12.9 million in third-party cost-sharing.

45. The willingness of the Government of Jamaica to participate in this arrangement to support its collaboration with the United Nations system was demonstrated by its contribution of $J 8.9 million from Caribbean Basin Initiative counterpart funds in 1983 and a further contribution of $J 8 million in 1984. It is hoped that a similar amount will be made available for 1985.

(a) Implementation of the World Bank's technical assistance loan to Jamaica

46. In 1982 an agreement was reached among the Government of Jamaica, the World Bank and UNDP for the latter to recruit and support consultants under the World Bank technical assistance loan to Jamaica. This technical assistance loan was prepared by the Government and the Bank with a view to assisting the Government in the execution and monitoring of its structural adjustment programme. In the first such arrangement of this kind world-wide, UNDP was subsequently requested to provide services related to about half of the technical assistance loan (of over $6 million), since the Government agency responsible for executing the loan felt that it lacked the resources to undertake the necessarily rapid international recruitment on such a large scale.

47. As a result of this agreement, UNDP is providing support in the following fields: (a) the planning and monitoring of public enterprises, and the improvement of government accounting systems; (b) improved techniques for
evaluating and initiating investment projects; (c) technical support to enable the two newly established development banks to do their job efficiently from the start; (d) the development of better land-use programmes and procedures, and restructuring of several agricultural marketing organizations; (e) management audits of several key public enterprises and agencies; and (f) studies for the phased elimination of quantitative import restrictions and their replacement by suitable tariffs. In all, UNDP services were provided in respect of 10 long-term and 14 short-term consultants.

(b) Co-operation with the Industry Council for Development and the United Nations Volunteers

48. The UNDP office has embarked on a number of innovative arrangements with the Industry Council for Development (ICD), a non-governmental organization, and the United Nations Volunteers (UNV) in responding to Jamaica's developments. In the case of ICD, project Things Jamaican (JAM/81/002) benefited from short-term consultancies provided by the Council to assist in the packing of jams and jellies produced in Jamaica for the export market and also in carrying out an appraisal of the overseas market for marmalade and pepper sauce.

49. The UNV programme has also been extremely dynamic in Jamaica in view of the shortage of local skills in a number of areas. At present there are 18 volunteers serving in the following fields: medicine (10) (working mostly in rural areas); surveying (2); environmental education (3); chemistry (1); cartography (1) and computer science (1). The programme will be further expanded with the expected arrival of 20 medical doctors during the next few months.

(c) The proposed human resources facility

50. In recognition of the overall shortage of a number of critical skills, the Government of Jamaica has been very active in pursuing a policy of human resources development and has worked closely with UNDP in seeking to achieve this objective. As a follow-up to the initiative taken by Prime Minister Seaga during the thirty-first session of the UNDP Governing Council in 1984, Jamaica hosted in February 1985 a meeting of representatives from a number of developed and developing countries, as well as from United Nations agencies and non-governmental organizations, to discuss the operational and financing requirements for a human resources facility. The results of this meeting have served as an important input in the Administrator's recommendations to the Governing Council on the subject.
C. Panama

1. Overview of programme implementation and trends

51. The third country programme of Panama focused on four main objectives, namely, (a) to improve the management and administration of development plans and programmes; (b) to integrate in the domestic economy these resources returned to Panama as a consequence of the Canal treaties; (c) to develop human resources and improve living conditions of the lower-income population; and (d) to provide support to agricultural production, industrial investment and exports. In all these areas, 16 projects were identified.

52. The basic thrust of the programme was maintained to a large extent during its implementation. Taking into account ongoing projects as at December 1984 and pipeline projects under negotiation, it can be concluded that there were no changes in the content of the country programme; however, the share of resources among the above-described areas varied somewhat. The first two were kept at the same level (22 per cent and 30 per cent), while the third sector of concentration increased to 25 per cent and the fourth was reduced to 23 per cent. It is also important to point out, however, that of the 16 projects originally identified, 14 have been implemented. The five pipeline projects are fully concurrent with objectives established in the country programme.

53. The programme showed a high degree of co-ordination and complementarity of projects at the operational level. Cost-sharing resources were mobilized, particularly for pre-investment activities. The advisory services provided through a telecommunications project (PAN/82/016), for example, led to an investment in equipment of $12 million. Cost-sharing resources financed 40 per cent of the programme, with recipient institutions accounting for 70 per cent of the total cost of those projects.

54. The importance attached by the Government to UNDP activities is seen in the identification and formulation of seven projects directly or partially related to strategic and complex development issues arising from the implementation of the Canal treaties.

55. The main factor affecting the implementation of the programme is the acute financial crisis which Panama is currently experiencing. This situation severely affected the programme in 1983 and has had an even more serious impact in 1984. Since no immediate financial and economic improvement is expected, it is therefore assumed that the programme will be implemented under financial constraints for the rest of the third IPF cycle.

56. The financial crisis experienced by the Government is evident in the difficulties encountered in mobilizing counterpart resources required for the implementation of projects and in obtaining timely payments of cost-sharing
resources. The situation also affects the quality of the programme, since the Government is not in a position to implement the technical recommendations made by projects owing to a lack of budgetary resources for the provision of recurrent costs and reduced investment flows. These financial constraints affect similarly all bilateral and multilateral technical co-operation projects.

2. Completed projects

(a) Civil Aviation (PAN/82/007)

57. The project was designed to support the Directorate of Civil Aeronautics in planning and massive training of technical personnel. The results included: (a) the formulation of a national civil aviation development plan within the framework established by air transport regulations and provided by aeronautical infrastructure and services; (b) the design of a programme to strengthen the School of Aeronautics, by assessing the current status of the General Directorate of Civil Aviation, determining principles by which civil aeronautics and air transport could be co-ordinated, organized and administered and formulating a proposal for the legal implementation of aeronautical policies in Panama; and (c) the preparation and implementation of the national training plan through fellowships granted to 90 technicians for study abroad.

(b) Forestry Development (PAN/81/004)

58. The project, which provided support to the Directorate of Renewable Natural Resources in the Ministry of Agriculture, led to the (a) restructuring of the Forestry Services Department and issuance of the corresponding procedural manual; (b) preparation of the national plan of reforestation and partial implementation of the same in a pilot area of the Anton Valley; (c) formulation and implementation of a management plan for the plantations of the Caribbean pine tree in the Yeguada Forestry Reserve; (d) formulation of a pre-feasibility study for the management and development of industrial forests in the Darien province with a view to establishing an industrial plant and other pre-feasibility studies for reforestation of the area of Santiago, Tole, in the province of Veraguas; (e) assessment of the possibility of establishing communal forests in Panama; and (f) establishment of nurseries in Piriati and Meteti pilot areas of approximately 10 hectares which were reforested with different species.

(c) Planning, Administration and Management of Regional Development (PAN/82/001)

59. This project aimed to strengthen the institutional capacity of the national planning system through the establishment of regional directorates...
centrally and at the provincial levels, the decentralization of basic institutions for regional development and the training of 500 staff. The main results of the project included (a) the design of a methodology for identifying problems and priorities at the provincial level, with community participation; (b) studies geared to incorporate the regional dimension in the national development process, namely, by strengthening national and regional integration; (c) a regional strategy for medium- and long-term development; (d) national programmes for implementation of regional policies, the establishment of a capacity to mobilize financial resources for the implementation of regional projects and programmes such as the establishment of a community investment programme; and (e) a constitutional reform which established provincial budgets.

3. Additional resources for the implementation of the country programme

60. A main feature of the third country programme for Panama is the considerable amount of cost-sharing resources that the Government has provided. IPF account for 41 per cent of the total programme, while programme cost sharing represents 26 per cent and project cost sharing totals 33 per cent. Panama is not a priority country for most bilateral programmes and, therefore, few multi-bilateral opportunities could be mobilized.

(a) Implementation of the World Bank's technical assistance loan to Panama

61. In 1983, the Government of Panama embarked on a programme of growth requiring several major economic and social policy measures. The programme included increased efficiency in the allocation of resources in the public sector and reduction of its scope, measures to stimulate export earnings and increased employment, and increased efficiency in the agricultural sector so as to produce export surpluses. For this purpose, it signed a $60.2 million structural adjustment loan agreement with the World Bank to provide funds to assist it in adjusting its policies and economic structure. The Government needed to carry out a number of studies to put into practice the policy changes linked to World Bank financing. Some of these studies were financed through a World Bank technical assistance loan of $5 million.

62. The proposed studies were aimed at providing the Government with the necessary information for decision-making in priority sectors in support of its structural adjustment programme as well as with the technical assistance needed for the implementation of such decisions. The studies would address policy options, medium-term strategies for carrying out agreed policies and the rationalization and strengthening of important public sector agencies in priority areas of the economy.

63. The loan consisted of the following studies and technical assistance activities: (a) trade and price policies in the agricultural sector;
(b) strengthening of agricultural institutions, including training; (c) effective protection in the industrial sector; (d) actuarial, financial, administrative and managerial studies of the Social Security Agency and technical assistance to strengthen it, including staff training; (e) a study of the health system; (f) a multi-modal transport study of the Panama City-Colon Corridor; and (g) other unidentified studies related to the Government's structural adjustment programme.

64. The Government, in agreement with the World Bank, decided to request UNDP to act as its procurement agent. In selecting this type of modality the Government of Panama was concerned with the expeditious approval and start-up of activities. As such, and in view of the concern, UNDP through its Office for Projects Execution (OPE) subcontracted the studies which started in early 1984 and most of which are now completed at a total cost of approximately $3 million. The implementation of the recommendations of the studies and/or follow-up activities are currently being studied by the Government.

D. Saint Christopher and Nevis

1. Overview of programme implementation and trends

65. The first country programme for Saint Christopher and Nevis focuses on agricultural planning, agricultural diversification, agricultural production, transport and communications. To these two sectors, (agriculture and transport and communications) the Government respectively allocated 44 per cent and 23 per cent of the resources assigned to projects reflected in the country programme approved by the Governing Council in May 1982.

66. The implementation of the programme continues to reflect the concern of the Government in its continuing efforts to diversify its non-sugar agricultural base and to establish an infrastructure which will generate new employment opportunities, particularly in tourism and agro-industry. This thrust is illustrated by the fact that almost 66 per cent of resources approved are clearly related to agricultural diversification and employment generation.

67. Consistent with the Government's policy, the project, Agricultural Planning (STK/80/003), which is being executed by FAO, has assisted in diversifying agriculture by promoting the production of vegetables, fruits, cotton, oil-seed and fisheries. Other important activities include afforestation, soil conservation and irrigation. For example, in fisheries, the project was instrumental in evaluating existing fish stocks, assessing the potential yields of the various species, studying present exploitation practices and recommending handling, processing and marketing practices. This provided the basis for a fisheries investment programme which is already reflected in the current public sector investment programme of the country.
The project also produced such useful results as (a) a forecasting system for such crops as tomatoes, carrots, cabbage and peppers; (b) a livestock census; (c) the agricultural component of the national development plan; (d) legislation for the recently established Land Development Corporation in Nevis; and (e) a soil conservation project. A second phase of this very useful and major project (comprising 55 per cent of the IPF) is likely to assist with training in such areas as planning, fisheries and agricultural statistics. Mention should also be made of the close co-operation in this sector between UNDP and such major bilateral donors as the United States Agency for International Development (USAID) and the United Kingdom Development Division (ODA), which are providing technical co-operation in the agricultural sector.

68. Another project which has made a useful contribution in assisting the country to adjust to its new independent status is Legislative Drafting (STK/82/002). Although not specifically mentioned in the country programme document, the Government requested this project in light of the scarcity of experienced national staff in the specialized field of legislative drafting. It is expected that with a further extension, the project will comprise almost 20 per cent of the IPF resources budgeted to date. The outputs of this project include, among other things, legislation pertaining to (a) the Constitution of the State; (b) the Labour Code; (c) the Age of Majority Act; (d) vehicle and traffic codes; (e) demarcation of territorial waters; (f) fisheries; (g) the status of children; and (h) the conclusion of international agreements to reflect the country's participation in the Caribbean Community (CARICOM).

2. Completed projects

(a) Civil Aviation (STK/72/004)

69. As a result of this project, which consisted primarily of fellowships in such areas as air traffic control, airport maintenance and management, firefighting and meteorology, an adequate number of nationals were trained to permit Saint Christopher and Nevis to operate an airport which meets international standards. This has stimulated the growth of tourism and has facilitated the development of export-oriented, assembly-type industries which have made an important contribution to employment generation in the economy.

(b) Shoe Manufacturing (STK/76/001)

70. This project, executed by UNIDO, was instrumental in the Government's efforts to generate employment, effect import substitution and promote the efforts of the CARICOM countries to become more self-supporting in consumer goods. The project provided training in many operational and managerial aspects of the shoe manufacturing industry. The company, Caribbean Shoe
Manufacturers Limited, has secured a market outside Saint Christopher and Nevis for 80 per cent of its production. Since 1983, the industry has consistently generated profits and has provided employment for a stable workforce. The company has also benefited from inputs provided by the Caribbean Development Bank and a major foreign shoe manufacturer.

(c) **Agro-Industry (STK/80/002)**

71. The project, executed by UNIDO, assisted in improving the operational capacity of a small mill to process corn, flour, coconut and cottonseed grown by small farmers. The plant is operating well and now provides employment for about 90 people.

(d) **Indigenous Banking (STK/82/001)**

72. This project terminated in 1982. Activities were geared to assist the Saint Christopher and Nevis National Bank, 60 per cent of which is controlled by the Government, in the reorganization of its management structure and operations.

3. **Additional resources for the implementation of the country programme**

73. Faced with the constraint of a reduced IPF, the Government of Saint Christopher and Nevis, along with other Governments in the Eastern Caribbean, has allocated a modest portion of its resources for the joint implementation of priority activities in vocational training, curriculum development and small farmer development. Such "pooling" arrangements have proven to be advantageous (a) by making expertise available to all of the countries on a shared basis, thus significantly reducing the cost to each; and (b) by attracting contributions from other interested donors. The Government has also benefitted from RLA/82/004, a project uniquely designed to assist the smaller islands of the eastern Caribbean, which lack a sufficient number of specialized staff, to prepare their public sector investment programmes and to improve the monitoring of their economic performance.