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PROGRAMME PLANNING

Country and intercountry programmes and projects

FOURTH COUNTRY PROGRAMME FOR HONDURAS\*

| <u>Programme period</u> | <u>Actual resources programmed</u> | <u>\$</u>  |
|-------------------------|------------------------------------|------------|
| 1987-1991               | IPF for 1987-1991                  | 8 750 000  |
|                         | Other resources programmed         | 5 914 000  |
|                         | Total                              | 14 664 000 |

CONTENTS

|  | <u>Paragraphs</u> | <u>Page</u> |
|--|-------------------|-------------|
| I. DEVELOPMENT TRENDS, STRATEGIES AND PRIORITIES ..... | 1 - 44            | 2           |
| A. Current economic trends .....                       | 1 - 6             | 2           |
| B. National development strategies .....               | 7 - 11            | 3           |
| C. Technical co-operation priorities .....             | 12 - 29           | 4           |
| D. Aid co-ordination arrangements .....                | 30 - 44           | 8           |
| II. THE COUNTRY PROGRAMME .....                        | 45 - 99           | 11          |
| A. Assessment of current country programme .....       | 45 - 62           | 11          |
| B. New programme proposal .....                        | 63 - 98           | 15          |
| C. Unprogrammed reserve .....                          | 99                | 22          |
| <u>Annex.</u> Financial summary .....                  |                   | 23          |

\* Detailed listings of projects and other related data prepared as part of the country programming exercise are available on request. These listings include: (a) ongoing projects; (b) proposed projects; (c) distribution of resources by objective; (d) planned activities of funds and programmes under the authority of the Administrator; (e) distribution of new country programme by sector.

## I. DEVELOPMENT TRENDS, STRATEGIES AND PRIORITIES

A. Current economic trends

1. At the beginning of 1986, certain positive factors encouraged hopes for moderate economic growth and reduced financial imbalances. It was expected that coffee and banana prices would rise while the price of hydrocarbons and their by-products would fall, and that interest rates on the international market would drop and oil imports would decrease as a result of the starting of the "El Cajón" Hydroelectric Power Station. Given such prospects, the Economic Monetary Programme estimated that, in the short term, there would be a 3.6 per cent increase in the gross domestic product for 1986, a slight increase in the rate of inflation (4.9 per cent), a reduction of the deficit in the current account of the balance of payments from 11.3 per cent of the gross domestic product in 1985 to 7.9 per cent in 1986, and a reduction of the total deficit of the consolidated non-financial public sector from 9.0 per cent to 7.4 per cent in the same years. Moreover, it was estimated that the net international monetary reserves would increase in 1986 between \$5 million and \$25 million.

2. Nevertheless, towards the middle of 1986, various situations altered initial expectations, causing economic stagnation, serious financial imbalances and increased unemployment. Thus, the growth of exports is tending to slacken as a result of the reduction in the international price of coffee and the volume of banana, wood and meat exports. Imports are tending to fall below projections made at the beginning of 1986, and the gross domestic product is tending to register almost zero growth. It will therefore be necessary to reverse the decline of the per capita product to its level in the early 1970s, and to take the necessary steps to prevent a significant increase in the fiscal deficit in order to avoid the resulting pressure on the availability of domestic financial resources, especially when the flow of external financing towards the public sector is becoming negative for the first time. In addition, unemployment, which for 1985 was estimated at 24.5 per cent of the economically active population, could worsen, resulting in a further deterioration of per capita income, which registered an estimated cumulative drop of 13 per cent during the five-year period 1980-1985. In the economic sphere, an attempt will be made to avoid a sag in production, which would result in further unemployment. In this context, the Government's economic policy tends to promote the privatization of certain activities and investment, in particular private investment, taking care to maintain the stability of the rate of exchange with respect to the dollar.

3. In the external sector, an attempt is being made to overcome the present imbalance in the current account of the balance of payments, which registered a deficit of \$350 million in 1985 as a result of the constant deterioration of the terms of trade, which fell by 24 per cent during the five-year period 1980-1985. This situation could continue in view of the slow growth in exportable goods, an expected fall in the competitiveness of export products and increased servicing of factors, chiefly of the external debt, whose interest payments amounted to 17 per cent of all goods and services exported in 1985. That could result in greater pressure on the overall balance of the economy, given the possible trend towards a decreased flow of foreign capital.

4. On the other hand, it will be necessary to find appropriate ways of diminishing the imbalance in public finances, which in 1984 registered a fiscal deficit of \$473 million as a result of slow economic growth, fiscal subsidies and increasing - although at a slower pace - government expenditure. Moreover, government investment, which contributed to the economic buoyance in recent years and rose to 33.9 per cent in 1982 with the beginning of construction of the "El Cajón" Hydroelectric Power Station, would tend first to decrease and then to rise very slowly in subsequent years.

5. In a probable context of low product growth, decreased income and high levels of unemployment, on the one hand, and fiscal austerity, on the other, the standard of living of broad sectors of the population could deteriorate, since government expenditure in the various social sectors would not increase significantly.

6. In short, it will be necessary to reduce the effects of uncertainty - which is the result of the interaction of regional and world economic evolution and of the political tensions in the region - with a view to preventing it from continuing to condition the country's economic performance in the next few years. The persistence of current trends could cause a major slump in production and exports, which would upset the balance of payments and the State budget and lower the population's standard of living.

#### B. National development strategies

7. In order to overcome the above-mentioned negative trends, the Government has formulated a short-term economic and monetary programme and the strategic policy guidelines for the period 1986-1989. The principal objective of that strategy is to raise the well-being of the population through greater economic growth and better distribution of income and wealth in the context of a stronger democracy and peace. The guidelines also include the following objectives for development and stability: (a) with regard to economic growth, to increase and diversify exports and boost private investment; (b) with regard to employment and training, reduce unemployment and underemployment by improving the qualifications of the labour force; and (c) with regard to the achievement of financial stability, to reduce the fiscal deficit, increase efficiency of public enterprises, gradually reduce the foreign trade gap and maintain the stability of the rate of exchange and of the general level of prices.

8. The objectives proposed in the strategy guidelines accord priority to the sectors of farming and forestry and to industry - especially small and medium-sized industry - related to those sectors, which promote employment and its involvement in production; food production for domestic consumption; and, finally, production oriented towards non-traditional export goods.

9. The strategy guidelines are aimed at providing the necessary facilities to help private investment regain its dynamic role, and maintaining the levels of government investment by redirecting them towards the productive and social sectors.

10. The public sector will give priority to programmes and projects which make intensive use of labour and provide incentives for labour-intensive activities in the private sector. The training of the labour force will be favoured in order to meet the demand for technical and professional personnel in priority sectors, and the appropriate use of the country's natural resources will be encouraged with a view to ensuring their conservation and sustained use.

11. In the social sphere, the strategic policy guidelines are aimed at combating social backwardness and poverty by making a determined effort to satisfy the basic needs of the population and by giving special attention to the most vulnerable population groups.

### C. Technical co-operation priorities

12. In the light of the possible scenarios for Honduras in the years ahead and the national strategy and policy guidelines for development for the period 1986-1989, there is a distinct advantage in increasing the labour force in order to facilitate the formulation and implementation of the country's economic and social policies, with a view to achieving the objectives of economic and financial stability and growth, as well as increasing employment and satisfying the basic needs of the population. Through the Technical Secretariat of the Economic Planning Board (CONSUPLANE) and in conformity with the above-mentioned guidelines, the Government proposes that international technical co-operation provided to Honduras should aim at achieving those objectives. To that end, the real potential of the Caribbean Basin Initiative, the opening up of new markets for the export of non-traditional products, and the transformation of the productive structure will have to be taken into account.

13. In view of the Government's role in satisfying basic needs and creating new employment opportunities, international technical co-operation should promote activities which favour the better use of natural resources and the domestic market; which ensure a real transfer of technology and information aimed at improving the national capacity to formulate and implement development programmes and policies, including regional co-operation and, in particular, technical co-operation among developing countries; which promote the integration of women in the country's development process; and which utilize installed national capacity. A very important component of such co-operation will be the training of human resources as a means of promoting production and productivity.

14. The priority areas and activities were identified in accordance with the following criteria: (a) the objectives contained in the Government's strategic policy guidelines for the period 1986-1989; (b) government studies and available reports prepared by regional and international bodies and bilateral funding agencies; (c) the review and analysis of the third country programme conducted in May 1986; and (d) the CONSUPLANE working meeting held on 15 August 1986 to examine the needs and priorities of the fourth country programme. That meeting was attended by 57 representatives from the country's public sector and by observers from UNDP and bodies, organizations and programmes of the United Nations system based in Honduras. The priorities are described below.

Satisfaction of basic needs, social justice and employment

15. International technical co-operation should support the Government's efforts to achieve better integration of social services, especially with regard to food, basic education and health programmes. In general, activities in the social sphere should favour promotional projects over assistance projects, and the training of community leaders who can co-operate effectively in the continuation and consolidation of community organizations. External technical co-operation should, in particular, direct its efforts towards: (a) the sustained growth of food production, especially basic grains, including the establishment of food security reserves; (b) the strengthening and better use of the network of rural storage centres; (c) support for the establishment of a food system with the broad participation of peasants, private entrepreneurs and the relevant State institutions; and (d) the reduction of production costs, the strengthening of technological research and agricultural extension activities.

16. Those efforts should facilitate small farmers' ability to market goods at remunerative prices; the setting up of aquaculture programmes, in particular in nutritionally depressed areas; the study and protection of marine resources; and the strengthening of the national capacity to market farm products.

17. External co-operation could contribute to the improvement of environmental conditions; the availability and quality of health and medical services; the outfitting of health centres, with emphasis on providing medical care to pregnant women and to children under five years of age; the outfitting of mobile units which provide services in the areas of tuberculosis and malaria control, sex and health education and dental care; the construction of sanitary installations (septic pits) and the treatment of solid waste in small communities. Support will be required for the construction of small aqueducts in rural areas and the protection of water sources; the integration of women in production; self-management systems in housing construction; and prevention and social rehabilitation programmes involved with the family and juveniles.

18. In the field of education, there is a need to support the administrative aspects of education, in particular with regard to coverage and quality in the primary sector; planning and the development of priority careers at the vocational, secondary and higher levels; and the administration, quality and scope of programmes for adults, particularly literacy programmes.

Productive structure and growth

Forestry sector

19. The international community can provide effective support for the development of the forestry sector by promoting the general application of the experience gained in forestry organization through demonstration projects dealing with forest management and use, which could lead to the preparation of investment projects. Such support should aim at increasing the income of peasant families. In addition, the forest industry must be rehabilitated, reactivated and developed.

20. On the other hand, sufficiently qualified human resources will be required in the area of forest management and the development of catchment areas. The Honduran Forest Development Corporation must receive the necessary support in order to improve its role in the formulation and implementation of policies, including those related to the system for developing the logging industry, the marketing of logs and sawed wood, and the better use and expansion of the forest industry. Finally, special attention must be given to the protection and conservation of fragile national ecosystems.

#### Industrial sector

21. The international technical co-operation in this sector should contribute to the achievement of the Government's objectives, especially with regard to the development of small and medium-sized industry, including the transfer of the necessary technology to that sector and training in areas such as small-scale agro-industry, tool industries and small agricultural and forestry teams. Such co-operation should help identify industrial linkages and possibilities for integrating the manufacturing industry in agriculture and the forestry sector, and should promote industries related to forest resources, such as the furniture, turpentine and alcohol industries. The area which involves the processes of production and product quality, especially as regards health and food products, can play a special role. Feasibility studies should be conducted on the decentralization of industrial activities towards non-traditional sectors or areas of development.

#### Energy sector

22. The international technical co-operation required in this sector includes support in such areas as energy planning and operational management; the formulation of projects within the forestry system, in particular in the area of charcoal production; the preparation of in-depth studies on rural electrification, the rational use of electric energy in small rural communities and the global demand for electricity; the design of reliable and adequate oil-supply systems; alternatives to the supply of oil by-products. Further, co-operation could be useful in utilizing the present potential of the "El Cajón" Hydroelectric Power Station for the development of the agro-industry, forestry and the Central American electrical network.

#### Water sector

23. Water-related problems must continue to be dealt with until the appropriate solutions are found, particularly with regard to the upgrading of irrigation systems and the identification and design of irrigation projects in selected agricultural regions.

#### External commercial and financial links

24. In this sector, international technical co-operation must be used selectively to develop new products for export and improve the technology of non-traditional products for export, and it must help to analyse, through foreign-market studies

and other means, the exportable supply that can be produced by small and medium-sized enterprises and the potential microeconomic demand for such products. Institutions should be assisted in formulating policies for the development, financing and marketing of exports, with emphasis on non-traditional exports as well. Another priority here is to devise suitable ways of co-ordinating the various activities within the public sector and in both the public and the private sectors, with a view to promoting exports and investment and removing institutional and infrastructural barriers that prevent or limit an increase in exports. It is also important to help strengthen governmental and non-governmental institutions operating in the export sector, especially those providing services to small and medium-sized industrial enterprises that are potentially exporters.

25. Co-operation, particularly in the form of technical co-operation for development, can prove useful in the management of the external debt and in finding methods of renegotiating it, and it can also serve to transfer the necessary know-how for the establishment of an external debt information and monitoring service.

#### Strengthening public-policy planning and co-ordination systems

26. The international community's support is needed to strengthen the national organizations which are responsible for identifying, formulating and executing economic and social development plans and programmes, including training, at all levels. Further areas in which the government organizations concerned need training are disaggregated diagnostic techniques, project formulation and follow-up, and assessment of project results.

27. Other major concerns are the need to maintain a satisfactory national statistical system and to lay the foundations for setting up and operating a national data bank. Consideration should also be given to formulating and executing development projects in border and maritime areas, in the latter case because of their potential for food and energy production and for mining.

28. Where the financial stability of the public sector is concerned, external technical co-operation will have to assist in achieving the objectives of reducing the fiscal deficit, improving the efficiency and effectiveness of public enterprises, gradually reducing the foreign trade gap, and maintaining stable exchange rates and price levels.

#### Regional co-operation

29. In this area, Honduras hopes to take part in activities which, inter alia, can develop and promote greater intraregional trade; the integrated development of selected branches of industry; joint technological research; subregional electrical interconnection programmes; joint marketing and its funding; the promotion and application of compatible or common tariffs; and the development of intraregional tourism. The UNDP Regional Programme for Latin America and the activities carried out by the organizations and institutions of the United Nations system are valuable operational instruments for establishing a linkage between the technical co-operation received by the country and these regional programmes and activities,

thus multiplying the impact of whatever actions Honduras may take in the context of Central American subregional co-operation. Some examples are the Bridge of Peace Programme (Plan of Health Priorities), the Regional Technical Co-operation Network in the agricultural and livestock sector and the ECLAC Regional Integration Programme, among others.

#### D. Aid co-ordination arrangements

30. The Technical Secretariat of the Economic Planning Board (CONSUPLANE) is the agency of the Government of Honduras responsible for co-ordinating both the reimbursable and the non-reimbursable technical co-operation which the country receives from either bilateral or multilateral external sources. For its part, UNDP, together with the institutions, organizations and programmes of the United Nations system, involved in development, advises the Government regarding co-operation extended by the United Nations system to the country.

31. In its advisory capacity, UNDP achieved a high degree of co-ordination during the third programming cycle with the Technical Secretariat of CONSUPLANE and other government offices on the one hand and, on the other, with the United Nations system in general, including the United Nations Children's Fund (UNICEF), the United Nations Fund for Population Activities (UNFPA) and the World Food Programme (WFP). Also noteworthy are the effective contacts made with the Office of the United Nations High Commissioner for Refugees (UNHCR) and the stronger consultative machinery established with the World Bank, the Inter-American Development Bank and bilateral sources of external co-operation. Such systematic and continuous co-ordination made it possible in the course of the third country programme to mobilize a considerable sum of additional money which helped meet the country's technical co-operation needs and priorities during this period.

32. During the 1982-1986 period, UNICEF increased its co-operation under 15 projects in the areas of nutrition and primary health care, including child survival; child social welfare; drinking-water supply and sanitation; rehabilitation of the disabled; pre-school education; integration of women in development; and support for an adult literacy plan. Activities planned by UNICEF for the coming years include continued support for ongoing programmes, in some of which there will be greater co-operation with UNDP, UNFPA, WFP and the Pan American Health Organization (PAHO), the Food and Agriculture Organization of the United Nations (FAO) and the United Nations Educational, Scientific and Cultural Organization (UNESCO).

33. For its part, UNFPA, in close co-ordination with UNDP and the government institutions involved, carried out various projects during the third programme in maternal and child health and formal and out-of-school education. It is also giving substantial assistance to the preparations for the Honduran population and housing census, which was postponed to March 1988. In view of that postponement, UNFPA, working with the Latin American Demographic Centre (CELADE) and with additional support from the Canadian International Development Agency (CIDA), co-operated in carrying out the second national population survey, which took place from 1983 to 1984. The main objective of another UNFPA-financed project was to



establish a population unit within the Technical Secretariat of CONSUPLANE, a unit which went into operation immediately, and to train its staff in matters relating to population and development and the use of population variables for planning purposes. During the fourth programme, the census preparation activities begun in the last five-year period will continue.

34. Working together, UNDP and WFP made major food contributions which were distributed under a work-investment scheme to assist, inter alia, irrigation projects in small peasant communities; basic grain storage; forest development and wooden-bridge construction; humanitarian assistance operations for vulnerable groups; and UNHCR operations in Honduras. In the next programming cycle, WFP will continue to assist projects for the integration of peasant women in production, rural self-help housing construction and forest management, among others.

35. PAHO and the World Health Organization (WHO) focused their activities, on the other hand, on priority areas having to do, inter alia, with the development of health services; sanitary engineering; epidemiology; and human resources development. These areas and other more specific ones connected with health education under the Plan of Health Priorities for Central America, Panama and Belize will have to be reinforced in the future.

36. FAO supported various agencies in the public sector in 1982-1986 by executing 27 projects, many of which were financed by UNDP. They included projects providing assistance in integrated forest development; research into fisheries resources; basic grains; rangeland and seed improvement; promotion of pig-raising; and consolidation of irrigation systems in small rural communities. The subject of food security will be reviewed during the coming five-year period. FAO is also expected to continue providing assistance in the forestry sector.

37. During the next five years, the Industrial Development Centre and the Industrial Development Fund will continue to be assisted to develop small and medium-sized industry and handicrafts. The United Nations Industrial Development Organization (UNIDO) and the World Bank will play an important role in this work, as they did during the execution of the third programme. It should be recalled that in May 1986 an agreement was concluded between the Government and the International Bank for Reconstruction and Development (IBRD) on the granting of a third industrial credit, on the basis of which the World Bank, UNIDO and UNDP will be able to continue to support the operations of the Industrial Development Fund and the Industrial Development Centre. The World Bank is, furthermore, reviewing the possibility of financing studies on the restructuring of the energy sector in the light of the conclusions of the sectoral study recently completed under the UNDP/IBRD joint programme. Also noteworthy is the close relation that has always existed between UNDP and the multilateral financing institutions. IBRD, for instance, made valuable contributions in the 1982-1986 period to the projects entitled Regional planning (Aguán Valley) (HON/82/001); small and medium-sized businesses (HON/82/017); and Support to the Industrial Development Fund (HON/82/021). The Inter-American Development Bank (IDB), on the other hand, continued financing during the same period the projects entitled Extensive training (HON/79/001); Reforestation (HON/82/008); Fisheries research (HON/82/010); and Establishment of regional educational centres (HON/82/013).

38. In close co-ordination with UNDP the United Nations Conference on Trade and Development (UNCTAD)/General Agreement on Tariffs and Trade (GATT) International Trade Centre worked with the Foreign Trade Department of the Ministry of Economic Affairs and Commerce and with various private associations in activities to develop and promote certain non-traditional exports. These activities will continue during the next five-year period.

39. Co-ordinated action between UNDP and the United Nations Development Fund for Women (UNIFEM) secured the necessary funding for four projects to promote the integration of peasant women in development. UNICEF, FAO and WFP also took part in activities in this sector.

40. Relations established with the United Nations Financing System for Science and Technology for Development (UNFSSTD) during the third programme led to the financing of a project for the use of wood as a source of energy; and relations with the United Nations Revolving Fund for Natural Resources Exploration (UNRFNRE) led to the financing of another project, currently in progress, on mining.

41. The Government, UNDP and the International Telecommunications Union (ITU) joined forces during the third programme to carry out a project to strengthen the institutional capacity of the Honduran Telecommunications Corporation and to train technicians and administrators on a large scale. The fourth programme includes a project in this sector whose main objective will be to devise and put into practice a planning and monitoring system for the Corporation. As in the preceding project, the Government will continue to take an effective part in the new project through cost-sharing.

42. Efforts were also made to co-ordinate the assistance provided by the United Nations Volunteers (UNV), and as a result this programme provided support for various UNDP projects executed in the last five years in the area of small industries and handicrafts, among others. During the fourth programme, the Government will continue making the maximum possible use of United Nations volunteers in view of the good experience it has had with them in previous years.

43. During the third programme, the Technical Secretariat of CONSUPLANE co-ordinated with UNDP in administering the use of funds from other multilateral and bilateral sources of co-operation for development, amounting to approximately \$12 million. The hope is that in the next cycle this machinery will be used even more extensively, with UNDP contributions towards the indicative planning figure (IPF) for Honduras serving as a catalyst for contributions from such sources.

44. UNDP will continue to try to ensure effective co-operation by subregional and regional agencies, organizations and institutions in both Central America and Latin America generally, particularly the Central American Institute for Public Administration (ICAP), ECLAC, CELADE and the Latin American Institute for Economic and Social Planning (ILPES). Preparations were begun in 1986 for conducting a housing survey, thanks to a non-reimbursable IDB contribution for technical co-operation, ECLAC co-operation, and support from UNDP.

## II. THE COUNTRY PROGRAMME

### A. Assessment of current country programme

45. The third country programme concentrated its activities in three areas, namely: (a) improvement of the standard of living of the least-favoured classes by means of projects with a direct impact at the local level; (b) improvement of the executive capacity of government bodies; (c) establishment of development policies and strategies which respond to the needs of the Plan.

46. The majority of the projects financed during the third programme will be completed within the 1982-1986 five-year period, having met in a relatively satisfactory way the main objective of the national programme and the guidelines set for its execution. The programme achieved some of the objectives established in the National Development Plan 1982-1986 and its corresponding strategy.

47. Mention should be made of the activities aimed at improving the health levels of the population, meeting education needs, co-operating in finding solutions to the housing shortage in rural areas and improving the conditions of employment and income of women. The programme stressed training and transfer of techniques which would help to improve the levels of production and productivity and the use of natural resources which would permit more goods to appear on domestic and external markets. It was also oriented towards support of the development efforts of some priority sectors of the country's economy and the medium-term and short-term policy, in order to promote economic recovery and to lessen the financial imbalances. The programme co-operated with priority sectors such as forestry, agriculture, especially food production, pig-raising, rangeland improvement, quality control of basic grains, fisheries, small-scale industry and handicrafts. In addition, the programme contributed to the preparation of the policy guidelines for making better use of renewable natural resources, especially with respect to irrigation, development of fisheries resources and geothermal prospecting. In the area of external trade, activities were carried out with respect to revision of import and export tariffs and promotion of non-traditional products for export.

48. Other activities connected with the country's development consisted in promoting action aimed at job creation and maintaining and, in some cases, improving the well-being of some small producers in urban and rural areas. With respect to job creation, the programme's activities in the sectors of small-scale and medium-size industry, handicrafts and forestry management and regulation were aimed at promoting activities which could stimulate the creation of new employment, especially in the rural areas.

49. The third programme was executed during a serious world economic crisis which had marked repercussions in the region and, as a result, at the national level also. This crisis, obviously, affected the execution of some projects. Nevertheless, the programme was able to mobilize a considerable amount of resources during the five-year period, executing 33 projects totalling \$21,149,000 of which \$9,026,000 corresponded to the IPF of UNDP and \$12,123,000 represented expenditures by the Government (which used both its own resources and resources from IADB, IBRD and the United States Agency for International Development) and from third-party

bilateral sources, including assistance from the Governments of Australia, Italy, the Netherlands and the United Kingdom. In addition, an amount equivalent to \$1,236,100 in lempiras was provided as the Government's counterpart cash contribution (CGCE). During its execution, the programme assisted, on the one hand, activities related to development planning and policies and, on the other, activities which supported the design and execution of promotional projects of social interest.

50. During the period of the third programme, 33 main projects were executed in 13 sectors, which indicates that there was a dispersion of resources to carry out the activities programmed during the five-year period. Consequently, an effort will be made to ensure that the co-operation extended to the country during the fourth programme is used within a more concentrated framework of projects. This concentration will facilitate not only the effective operational management of the projects both in the Technical Secretariat of CONSUPLANE and in UNDP, but also the necessary control, evaluation and follow-up of the activities carried out under these projects.

51. The training component was given special attention throughout the execution of the programme and was a regular feature of a good number of projects. In that connection, the programme devoted special attention to the training of officials from the various sectors of the central Government and the decentralized public corporations in administrative, technical and operational management questions, through short courses, workshops, seminars and on-the-job training. An example of particular relevance was the training of 7,500 persons, including professional staff, medium-level technicians and workers involved in the construction of the El Cajón Hydroelectric Power Station. Mention should also be made of the training based on manuals and educational materials which were prepared to orient and rationalize projects in some decentralized public corporations, and which helped to improve the technical and administrative efficiency and operational management of those institutions. The use of demonstration plots to improve irrigation in some rural areas and to increase the harvest was another experimental means of training small farmers and peasants, particularly in the area being developed, and thus of teaching them simple and practical cultivation methods. This experiment was used to train 280 individuals.

52. The programme also co-operated in the strengthening and consolidation of the Training Centre of the Honduran Telecommunications Corporation, established in 1980 with UNDP support, and in the preparation of teaching materials, both printed and audio-visual, for various training programmes included in projects executed during the 1982-1986 five-year period. Under these programmes 5,690 officials of the Telecommunications Corporation were trained. It is relevant to mention also the experience gained by the country through horizontal co-operation arrangements with Argentina and Brazil.

53. The training efforts also contributed to the transfer of simple and economic technologies leading to improvement in the self-help capacity of some needy segments of the population, such as small farmers, small manufacturing businesses and artisans. For example, the Industrial Development Centre, supported by the project Small and medium-sized businesses (HON/82/017), provided services to

900 small businesses and supported the establishment of 580 new businesses, as well as the expansion of 2,570 others, all of which generated employment for 1,750 persons and benefited 16,000 indirectly.

54. The programme included technical co-operation to promote the better use and development of some of the country's natural resources such as fisheries (HON/82/010), forestry (HON/82/008), water resources (HON/82/009) and energy (HON/85/003). With respect to the forestry sector, the use of native lumber was promoted for the construction and installation of 14 modular bridges in some rural areas, benefiting some 300,000 inhabitants; co-operation also included the formulation of a forestry development programme. In the fisheries sector, some maritime areas were identified for small-scale fishing of specific varieties. With respect to water resources, various experiments were carried out regarding forms and methods for the rational use of water for irrigation of small agricultural plots and existing water legislation was revised in order to unify it into a water code. In the use of energy resources, activities were concentrated on the preparation of geological and feasibility studies to exploit the country's geothermal energy and to formulate a sectoral study with a view to making structural adjustments and identifying productive investment possibilities in the energy sector in general. In addition, the programme co-operated in promoting and developing non-traditional exports such as cardamom.

55. The integration of women in the development process (HON/82/007) was promoted in some rural areas through projects related to handicrafts production for sale in domestic and external markets and the promotion, financing and execution of small productive projects. Rural self-help housing in selected settlements in the Southern Zone was supported within a framework whose overall objective was aimed at motivating the peasant organizations and enabling them to meet their needs. The project Rural self-help housing (HON/82/030), an ongoing one, is expected to complete the construction of some 700 housing units, train more than 300 peasants in housing construction (an average of six per community), and strengthen the bonds of solidarity which would reflect a greater organizational capacity on the part of the beneficiaries of the project.

56. The use or incorporation of appropriate technologies for the development of the country was a feature of various activities carried out under the programme during the five-year period. Among those, mention should be made of the technology, developed by the United Nations Industrial Development Organization and adapted to the country's conditions, for the construction of wooden modular bridges in various rural areas of the country. Among the simple and economic technologies, which were transferred or developed with the assistance of the programme, mention can be made of those used to build silos for the storing and preservation of basic grains, to preserve food manufactured by small industries, to increase pork production and to improve its quality and to improve rangeland for cattle. Other more advanced technologies were incorporated in order to improve commercial aviation services at the country's airports.

57. In the field of employment, the programme included co-operation in the sectors of small and medium-sized industry and handicrafts (HON/82/017) with a view, inter alia, to encouraging job creation, especially in rural areas. In the health

sector, the programme assisted in the formulation of a strategy for primary health care (HON/81/001), especially in rural areas, and in the food sector there was co-operation with respect to fisheries (HON/82/010) and basic grains (HON/82/011). In housing (HON/82/030), a non-conventional approach was used for the construction of housing units in some rural areas. Priority, in general, was given to the development of economic and social programmes of a promotional nature, i.e. oriented towards the participation and organization of the beneficiaries. They included income-generating projects for peasant women, self-help housing, handicrafts production and, to a lesser extent, forestry development.

58. Budgetary revisions and, consequently, changes in the objectives of some projects occurred, inter alia, as a result, of the reduction in the IPF from \$16 million to \$8.8 million.

59. Social promotion activities did not always have properly trained community leaders to carry out the work programmed. Promotional activities, unlike those of assistance, which are completed with the mere delivery of goods or services, must also incorporate the transfer of know-how to the beneficiaries. This is the task of community leaders with a solid technical training and communication skills. Without these, such activities will probably amount to no more than the provision of assistance.

60. The valuable instrument of tripartite review meetings was not always used. In some cases, joint in-depth evaluations were not made, although they would have been desirable for some projects. In addition, there were delays in the cash payment of the quotas from national counterpart funds and, sometimes, the obligations to assign national counterpart staff were not met. Another problem was the frequent changes in counterpart staff, with the result that such personnel did not have the opportunity of acquiring adequate skills and techniques from the international experts or consultants.

61. The Government did not always take the opportunity to evaluate more than one candidate, a procedure which would have permitted the selection of the best-qualified experts or consultants, as is the norm in the recruitment process of the United Nations personnel system. On the other hand, the hiring of national technicians, whose services were financed by the IPF, is commendable since it encourages the use and development of the country's existing capacities. Nevertheless, this method should be used only in cases in which those services are required for co-operation in certain short-term activities and should not be used as a way of supporting the public budget.

62. During the execution of the third programme, Honduras benefited from TCDC. During the fourth programme, UNDP will stimulate more intensive use of this method and will promote the use of short-term advisory services approved in 1985 by the Governing Council. In addition, it will give due attention to the support which the country programme could receive from regional, interregional and global UNDP projects, through close co-ordination with the executing agencies of the United Nations system.

B. New programme proposal

63. The objectives of the fourth programme are the following:

(a) Support for the activities of basic organizations with a view to improving the social conditions of the low-income population segments;

(b) Establishment of alternatives for the rationalization of productive and financial structures;

(c) Support for public-policy planning, co-ordination and management systems.

Support for the activities of basic organizations (\$3,550,000)

64. This objective is linked to the aspects of the national development strategy which are aimed at improving the well-being of the population through increased economic growth and better distribution of income. In particular, support will be given to national programmes concerning human settlements, integration of women in the development process, food security, appropriate technology and training for productive employment.

Ongoing projects (\$1,140,000)

Integration of peasant women in the development process (HON/82/007)

65. The purpose of this project is to complete the training and promotional activities for the integration of peasant women in the production process through group organization and the initiation of small projects for employment and income generation. The sum of \$600,000 is earmarked for this programme: IPF - \$200,000; WFP - \$100,000; and Netherlands Government - \$300,000.

Rural self-help housing (HON/82/030)

66. This project, a demonstrative experiment related to housing construction through the self-help system, will complete the activities being carried out by peasant communities to improve their capacity for organization to meet their housing needs. The project includes support for reforestation and income generation through small productive projects. IPF - \$40,000.

Co-ordination of external co-operation for the development and generation of projects, MODULE II: planning, co-ordination and consolidation of strategies, policies and programmes for the integration of women in development (HON/86/005)

67. The purpose of this project is to formulate a national plan for the integration of women in the development process and its corresponding plan of action to be executed over a three-year period. A sum of \$500,000 is earmarked for this project: IPF - \$150,000; UNIFEM - \$350,000.

New projects (\$1,810,000)

Integrated rural settlements with self-help rural housing construction

68. This project will support the management capacity of the Honduran Co-operative Movement in order to repeat the experience gained, with additional resources to be mobilized, in a different region from the one in which project HON/82/030 is being executed. IPF - \$460,000.

Food security programme

69. The main objectives of this project are the strengthening of the national food security system, including the establishment and operation of a national emergency basic grains reserve, the strengthening and better use of low-capacity rural storage centres, study of possible food emergency situations at the national level, formulation of a national State preparation plan for emergencies, and training of officials of the institutions concerned.

Strengthening of the technical and research activities of the National Vocational Training Institute

70. The purpose of this project is to improve the quality of the vocational training programmes of the Institute so that it can contribute more effectively to job creation, increase of production and productivity, and the socio-economic development of population sectors. IPF - \$350,000.

Programmed reserve

71. A reserve of \$600,000 has been programmed for this purpose.

72. During the execution of the fourth programme, the Government will study the possibility of receiving support in order to seek, among other initiatives, new operational ways of strengthening the national capacity to generate productive employment. It will give special attention to the role of the national co-operative movement and the training which the National Vocational Training Institute can provide, particularly with respect to training in businesses and in carrying out infrastructural work through the use of wood and other local products in the construction of bridges, houses, schools and so on. The item on the integration of women in the development process will be included in the design of projects under the programme. With a view to giving effect to these and other ideas in the future, relevant projects will be formulated for inclusion in the fourth country programme.

Linkages

73. Efforts are being made to ensure that the projects identified here complement both one another and the technical co-operation received from other funds and programmes of the United Nations system and from other sources operating in Honduras. Projects concerning activities in support of human settlements are closely linked to the child survival activities supported by UNICEF and PAHO, and



to projects concerning production of basic grains, food-for-work and adult education supported by WFP.

74. In the areas of education and public health, in recognition of the key role played by UNICEF, UNFPA and WFP and the availability of resources from bilateral (USAID and others) and other multilateral sources (IDB and IBRD), UNDP will be assigned, in case it is necessary for timely action, a support role for the identification, preparation and efficient implementation of projects.

75. With respect to food security, UNDP's technical co-operation activities will be closely linked with the food contributions which the Government receives from various sources including WFP (for example, the production of basic foods project (HON/2283)), and those it receives from the European Economic Community and from bilateral sources such as the United States of America, the Federal Republic of Germany and Spain. It will be particularly important to link this project with the silo-building activities supported by EEC, and with technical and financial co-operation provided by other multilateral and bilateral sources in respect of basic grains and marketing of agricultural products. The regional UNDP project concerning agro-food technology will also be tied in.

76. With respect to programmes designed to include women in development, national policies and technical co-operation operations to be supported by UNDP will be designed bearing in mind the broad possibilities provided by a plan of joint operations to be carried out with contributions from UNIFEM (HON/86/W01), UNFPA (HON/78/PO1 and others) and UNICEF (support for programmes of child survival, development and nutrition and for social promotion and basic services programmes). The linkage between the project for integrating peasant women in the production process (HON/82/007) and the training project being financed by bilateral co-operation from the Netherlands, via the programme with FAO concerning promotion and training of women (GCP/HON/013/NET), will be continued. Also in this area, efforts will continue to be made to co-operate with other bilateral and multilateral assistance to the public and private sectors, for instance, the co-operation between Honduras and the Federal Republic of Germany concerning food-for-work, Swiss development co-operation, some non-governmental organizations and other sources. Links will also be established with activities aimed at including women in development in the regional project on critical poverty, equity and employment (RLA/77/018), which is the module for Central America.

Establishment of alternatives for rationalizing production and financial structures (\$6.5 million)

77. This goal ties in with the strategic outlines for development, which assign priority to agriculture, forestry and industry, particularly small and medium-scale industry, which is to be integrated with the others. Efforts will be made, in particular, to give preference to support services for the introduction of modern agricultural methods, forestry development, small and medium-scale industry and structures linked to the production of energy. Emphasis will also be given to the development and promotion of non-traditional exports.

Ongoing projects (\$3,730,000)

Programme concerning water resources for small-scale farmers (HON/84/004)

78. By increasing the acreage under cultivation and increasing the productivity of irrigated crops, agricultural food production will increase as will the employment and income of agricultural workers. IPF - \$200,000.

Pre-feasibility study on geothermal resources in the central region of Honduras (HON/85/001)

79. This study will complete the geoscientific research and prospecting activities now under way to determine if there are geothermal resources which could be used to generate electrical energy on a commercial basis. An amount of \$1.1 million is planned for this project: IPF - \$400,000; cost-sharing (Government of Italy) - \$700,000.

Other projects (\$2,430,000)

80. This includes operations being carried out in respect of (a) exploration for precious minerals financed by UNRFNRE (\$1,430,000), and (b) export development and promotion, which is being implemented by the Government with support from the UNCTAD/GATT International Trade Centre (\$1 million).

Ongoing projects - new phase (\$1,320,000)

Support for the Industrial Development Fund, Phase II (HON/82/021)

81. This project will continue the activities designed to enhance the operational capacity of the Industrial Development Fund by including new areas of activity now considered to be of high priority, for example, consideration of new mechanisms for financing small and medium-scale industries. An amount of \$700,000 is planned for this project: IPF - \$200,000; cost-sharing - \$500,000.

Promotion and development of, and assistance to, small and medium-scale industries (HON/86/003)

82. This project will continue to strengthen the operational and management capacity of the Industrial Development Centre, by improving the technical assistance services which the Centre offers to improve the technical and administrative capacity of small and medium-scale industries, and as a government tool for supporting co-ordination of other co-operation intended for small and medium-scale industries. An amount of \$620,000 is planned for this project: IPF - \$420,000; cost-sharing (IBRD) - \$200,000.

New projects (\$1.1 million)

National forestry development programme (HON/86/007)

83. The project provides for the establishment, within the Honduran Forestry Development Corporation, of a mechanism for planning forestry development and for identifying, preparing, following up and monitoring projects.

Development and servicing of exports and joint investments in export-oriented agribusinesses

84. The main goals of this project are: to identify exportable supplies of goods which could be exported in the short-term and to determine what promotional measures must be taken; to investigate production and external market opportunities for goods that use national agricultural raw materials; to formulate profiles for investment in export projects and encourage support for such projects, internally and externally; and, to provide institutional support for the specialized bodies of the Government and the private sector so as to strengthen their ability to provide services to meet the identified needs of exporters. IPF - \$300,000; cost-sharing - to be determined.

Programmed reserve

85. A reserve of \$350,000 has been programmed for this purpose. The Government is interested in providing support for the development and promotion of non-traditional exports, including goods from agribusiness, for a possible energy programme and for the construction of irrigation systems for small farmers. Accordingly, it has been deemed advisable, to set aside IPF funds in case proposals on these or other matters are submitted, which might require formulation of projects for inclusion in the fourth programme.

Linkages

86. With respect to natural resource surveys, the project between the Government and UNRFNRE (HON/RN/83/001), concerning the investigation, in three areas of the country, of the economic availability of precious metals, is an integral part of this programme. With respect to geothermal energy, the Government of Italy is sharing the costs of executing the project concerning prospecting for geothermal resources, which, in turn, is closely linked, and contributes to, similar activities being carried out by the National Electrical Power Company with the support of USAID through its project entitled "Regional co-operation for Central America and Panama". Also in the area of energy development, the findings of the recent sectoral study on energy carried out by UNDP and IBRD, with co-financing by the Government of Canada, through the relevant interregional project, may serve as a framework for starting a new national programme in this area with external assistance. The Government is currently considering the study's conclusions and recommendations.

87. In the agricultural sector support activities for the introduction of modern farming methods by establishing irrigation systems for small farmers are closely

linked to the projects also being executed nationally with the support of, inter alia, the Governments of the Federal Republic of Germany, Israel, Japan and the United States of America. Also in respect of the introduction of modern agricultural, agribusiness and industrial methods, the support which UNDP has provided and can continue to provide in respect of the promotion and development of agribusiness and import-substitution and export industries is closely linked to the contributions made directly and via the UNCTAD/GATT International Trade Centre by (a) the Government of the Netherlands through its export promotion project (HON/47/14) for cardamom, palm oil and other products; (b) the Government of Switzerland through its export promotion project (HON/61/20) for wood products, ornamental plants and artificial flowers; (c) the Government of Norway through its support for regional activities; and (d) the Government of the United States of America through its export promotion project (HON/85/004) for cardamom and other products. It will also be linked to the following interregional UNDP projects: commercial information system on trade barriers (INT/81/005); interregional studies on supply and demand (INT/81/006); interregional service concerning market news regarding multiple projects (INT/81/017).

88. Concerning forestry, UNDP's technical co-operation activities will be closely linked to the support provided, via FAO, in respect of forestry development by the Government of Norway, and that which it is hoped the Government of Canada will continue to provide in respect of the development of woods of broad-leaved trees and a forestry industry. The activities to be developed will also have to be linked to those supported by IDB in respect of reafforestation and protection of river basins, and with those of the Governments of the Federal Republic of Germany and the United Kingdom in respect of forestry research and vocational training. Finally, UNDP's technical co-operation should be an additional basis for support to programmes of reafforestation and support for the national forest system, including rural energy aspects, being executed by the Honduran Forestry Development Corporation with food supplied by WFP.

Support for public policy planning, co-ordination and management systems  
(\$3,714,000)

89. This goal ties in with those identified in the national development strategy, which are designed to enhance the efficiency of public enterprises. It is linked to the following technical co-operation priorities: strengthening national capacity to formulate and execute economic and social policies and to draw up and execute plans, programmes and projects at the national, sectoral and/or regional or local level.

Ongoing projects (\$534,000)

Population and housing census (HON/85/006)

90. This project will continue to support the preparation and subsequent processing of the next population and housing census, which is scheduled to be conducted in March 1988. An amount of \$534,000 is planned for this project: cost-sharing - \$259,000; UNFPA - \$275,000.

Ongoing projects - new phase (\$1,780,000)

Improvement of the systems of administration and management, management control, planning, radio communications and training of the Honduran Telecommunications Enterprise, Phase II

91. The goals of this project are: (a) to design and put into practice a system of planning and control at the corporate level over the long, medium and short term; (b) to train the staff to use the system and to improve the auxiliary systems, for example, accounting, budget, administration and information. IPF - \$1.2 million.

Review of the project concerning import and export tariffs (HON/85/002)

92. This project will continue to support execution of the central goal, namely, preparation of basic studies to facilitate consideration of a preliminary bill to change the list of customs tariffs and ad valorem customs duties, and of another bill concerning an instrument for tariff protection, and then to put them into effect. An amount of \$230,000 is planned for this project: IPF - \$80,000; cost-sharing - \$150,000.

Strengthening of air navigation services

93. The purpose of this project is to improve the aeronautical infrastructure and the capacity for regulation, operation and maintenance of air transport, and to provide the means and instruments for developing a safe, efficient and economic air transport system. IPF - \$350,000; cost-sharing to be determined.

New projects (\$750,000)

Planning and public management

94. The purpose of this project is to direct efforts to enhance the sectoral management capacity of the central Government, of decentralized bodies, regions and local governments in the formulation and execution of development plans, policies, programmes and projects.

Programmed reserve

95. The Government wishes to improve the management capacity and the technical quality of certain infrastructural services, including the postal service, the meteorological service, civil aviation, energy and water resources. The timely support provided by UNDP to the CONSUPLANE Technical Secretariat and to other national agencies for meeting specific technical co-operation needs, including the design of new projects, will continue to be used. Accordingly, it has been decided that a reserve of \$650,000 should be programmed; these funds would be actually committed if proposals are prepared on these or other issues relating to this development objective, which might require the formulation of projects for inclusion in the fourth programme.

Linkages

96. With respect to information services, UNDP's technical co-operation will have to continue to be linked both with that of UNFPA and with that of IDB, IBRD and USAID in the support provided to the General Statistical and Census Bureau for the execution of the household survey and of the industrial, agricultural and, very specifically, the population and housing censuses. The programme may also continue to support the implementation of basic studies for the preparation of a new import and export tariff as part of the short-term economic and monetary programme adopted by the Government in 1986.

97. With respect to support for infrastructural services, UNDP's technical co-operation in the area of telecommunications will continue to use available services through the TCDC plans, particularly with other countries in the region, and will operate in a co-ordinated manner with the aid which the Honduran Telecommunications Enterprise receives from friendly Governments such as the Governments of Spain, France and Japan, inter alia. Concerning civil aviation, the postal service and the meteorological service, efforts will be made to complement the support which the United Nations system may provide through the regular programmes of the International Civil Aviation Organization (ICAO), the Universal Postal Union (UPU) and the World Meteorological Organization (WMO), and that which UNDP may finance through such agencies, with the support which has been negotiated in these areas with the Government of France and any which may be negotiated with other friendly Governments.

98. In the area of public administration, the technical co-operation provided by UNDP will be of particular relevance, since it is linked to the proposed goals of the previously mentioned economic and monetary programme of 1986, which reveal the links between the efficiency of the agencies of the centralized system and the autonomous enterprises. In this connection, the linkage with general and specific programmes for specified agencies and enterprises supported by such financial sources as the development banks and other bilateral sources will be of particular relevance. The regional capacity of the Central American Institute for Public Administration (ICAP) may also be used (RLA/84/005).

C. Unprogrammed reserve

99. An unprogrammed reserve of \$900,000, or 10 per cent of available IPF resources for the fourth programme has been set aside to cover any priority needs for technical co-operation which may arise during the programming period as a result of economic situations resulting from the dynamics of the country's development process.

Annex

## FINANCIAL SUMMARY

## I. ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING

| <u>A. UNDP-administered sources</u>  | <u>\$</u>   | <u>\$</u>                    |
|--|-------------|------------------------------|
| Third cycle IPF balance  | (1 056 000) |                              |
| Fourth cycle IPF (1987-1991)   | 9 806 000   |                              |
| Subtotal IPF   |             | 8 750 000                    |
| Special Measures Fund for the Least<br>Developed Countries   |             |                              |
| Special programme resources  |             |                              |
| Government cost-sharing  | 259 000     |                              |
| Third-party cost-sharing   | 2 150 000   |                              |
| Operational funds under the authority<br>of the Administrator: UNRFNRE   | 1 430 000   |                              |
| UNIFEM   | 400 000     |                              |
| UNDP special trust funds   |             |                              |
| Subtotal, UNDP non-IPF funds   |             | 4 239 000                    |
| <br><u>B. Other sources</u>  |             |                              |
| Funds from other United Nations agencies or<br>organizations as a result of the country<br>programme exercise: WFP | 100 000     |                              |
| UNFPA  | 275 000     |                              |
| Parallel financing from non-United Nations<br>sources: Netherlands   | 1 300 000   |                              |
| Subtotal, other sources  |             | <u>1 675 000</u>             |
| <br>TOTAL ACTUAL RESOURCES TAKEN INTO ACCOUNT<br>FOR PROGRAMMING   |             | <br><u><u>14 664 000</u></u> |

## II. USE OF RESOURCES

|                                |           |                              |
|--------------------------------|-----------|------------------------------|
| Ongoing projects               | 8 154 000 |                              |
| New project proposals          | 3 010 000 |                              |
| Programmed reserve             | 2 600 000 |                              |
| Subtotal, programmed resources |           | 13 764 000                   |
| Unprogrammed reserve           |           | <u>900 000</u>               |
| <br>TOTAL USE OF RESOURCES     |           | <br><u><u>14 664 000</u></u> |

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