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PROGRAMME PLANNING

Country and intercountry programmes and projects

FOURTH COUNTRY PROGRAMME FOR VENEZUELA*

<u>Programme period</u>	<u>Actual resources programmed</u>	<u>\$US</u>
1987-1989	Total IPF for 1987-1991	4 400 000
	Third cycle IPF balance	486 000
	IPF for 1987-1989	2 640 000
	Other resources	5 453 000
	TOTAL	8 579 000

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* 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 operational 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. The current behaviour of the Venezuelan economy and its prospects cannot be considered without reference to the impact of the policies implemented during the five-year period 1979-1983. The critical economic situation at the beginning of that constitutional period accounts for the short-term economic policies which were implemented as of 1984. Those policies, known as the Global Adjustment Plan, should ensure the viability of the medium-term development plan for the period 1984-1988.

2. After having attained the highest growth rates in its history - between 1973 and 1977 - Venezuela's gross domestic product (GDP) began to decline in 1978. To cope with the imbalances existing in 1979 a stabilization plan was introduced, and its strict adjustment measures were implemented in spite of the fact that the second major increase in oil prices (1979-1980) helped to restore fiscal and balance-of-payments equilibrium. Generally speaking, the stabilization plan had the following results: production stagnated, because of reduced public demand and a drop in private investment at a rate of 20 per cent a year; decreased capital inputs in State enterprises compelled those enterprises to seek short-term foreign credit in order to continue their investment plans; the lifting of price controls reduced the demand for local goods and bolstered imports; and monetary policy led, together with other factors, to a substantial overvaluation of the bolívar.

3. That policy, combined with the fact that the interest rates differential was favourable abroad, encouraged the import of goods, foreign tourism and the flight of capital. Those trends produced a balance-of-payments deficit, which made it necessary to centralize the reserves of Petróleos de Venezuela S.A. in the Central Bank in order to curb the drain on foreign exchange.

4. At the beginning of 1983, the external public debt reached \$29 billion and private debt amounted to \$7 million. The flawed structure of the external public debt, with payments in 1983 exceeding export earnings for that year, made it impossible for Venezuela to meet those commitments.

5. In February 1983, the Government took the following emergency measures: it established a system of multiple exchange rates, which meant devaluation of the bolívar, and instituted price and import regulation and a fiscal policy which reduced public spending by 27 per cent in real terms. As a result, the gross domestic product fell by 4.8 per cent and the non-oil-related gross domestic product fell by 3.5 per cent. Imports were reduced by half as compared with 1982, generating a huge trade surplus exceeding \$8 billion. The status of current account went from a deficit to a surplus of \$4.7 billion. Given the extent of devaluation and the reduction in fiscal spending, inflation dropped to 6.8 per cent. The sharp decline in economic activity in real terms was reflected in the labour market: unemployment rose from 7.6 per cent to 12 per cent in 1983, and real salaries decreased by 3.8 per cent.

6. To cope with that difficult situation, the present Government approved a Global Adjustment Plan aimed at achieving the following objectives: maintenance of the external balance with a surplus of \$1.5 billion in the current account; balance of payments on elimination of the consolidated public sector deficit; correction of the overvaluation of the bolívar; reduction of current inflation by about 18 per cent; stimulation of economic activity; freezing of the unemployment rate; and rise in primary (monetary) liquidity.

7. At the end of 1985, the Venezuelan economy had responded positively to the adjustment measures, as reflected in the elimination of internal and external imbalances resulting in substantial surpluses in public sector accounts (7.7 per cent of the GDP in 1984 and 2.2 per cent in 1985), in the balance of payments on current account (\$4.4 billion in 1984 and \$3.9 billion in 1985), and in the recovery of foreign exchange reserves, which exceeded \$13.7 billion. The external public debt was restructured, the private debt was acknowledged and \$4,982,000,000 was paid in foreign debt servicing. Inflation rose to 12.2 per cent, in spite of a 12 per cent fluctuation in exchange parity between February 1983 and December 1985. The global GDP showed a modest increase of 0.6 per cent; the non-oil-related GDP decreased by 1.1 per cent and the rate of unemployment exceeded 12 per cent. Nevertheless, the adoption of an appropriate price policy, among other measures, resulted in a promising upsurge in farming, mining and industrial activities, which showed a growth rate of 7 per cent, 15 per cent and 3 per cent, respectively.

8. When this stage of economic recovery was completed, the Government took up the challenge of revitalizing the economic system and reducing unemployment as its principal objectives. To that end, and aware of the importance of increasing overall demand in order to achieve those objectives, the Government approved an increase in the base salaries of public officials protected under the Administrative Careers Act, and put into operation a supplementary investment plan amounting to 6.5 billion bolívares, and a triennial investment plan (1986-1988) amounting to 38 billion bolívares, the latter financed by extrabudgetary domestic resources and loans from multilateral financial institutions.

9. Economic projections for 1986, based on an expected \$12.6 billion in oil revenues showed an increase of 0 to 2 per cent in gross product, depending on the pace of implementation of public investment programmes; inflation averaging under 10 per cent; a current account surplus of \$2.5 billion; a stabilization in public sector accounts; and a levelling off of the unemployment rate. The collapse of the oil market in January 1986, which represented a probable loss of \$5 billion in foreign income (10 per cent of the gross domestic product) brought about changes in those projections. In mid-April the Government reacted by invoking the contingency clause and requested a review of the time-limits for refinancing the external debt.

10. Beginning in July 1986, the Government implemented a package of 21 measures, the most noteworthy being the increase in the exchange rate from 4.30 bolívares to 7.50 bolívares to pay the principal of the private external debt and the debt of State enterprises; reform of the Foreign Investment Act; approval of a plan to support public housing (5 billion bolívares), and initiation of a programme to support the tourism infrastructure (3 billion bolívares). Aware of the importance

of stimulating the economy and diversifying the structure of production, the Government reiterated its intention to carry out approved public investment plans and continue to implement measures to promote non-traditional exports and expand selective import substitution primarily to facilitate implementation of the national medium-term development strategy contained in the Seventh National Plan (1984-1988).

B. National development strategies

11. The Seventh National Plan (1984-1988) introduced a new concept in planning, known as strategic planning. The process of formulating the Plan began by identifying 26 priority problems facing the country. By analysing those problems, the Government determined the target situation it wanted to reach in 1988, taking into consideration potentialities and restrictions. In order to arrive at the target status of the 26 problems, three central strategies, two support strategies and, initially, 21 action projects were identified. Later, those projects were consolidated into 12 projects consisting of modular operations, that is, operations with built-in flexibility allowing for changes. The aforementioned strategies and action projects are:

(a) Growth strategy: overall consolidation of agriculture as a priority economic activity; new impetus to industry and mining; transformation of tourism into a dynamic activity generating employment and foreign exchange; development and modernization of the monetary and financial system; strengthening of the oil sector as a strategic lever for national development; rationalization of the energy sector;

(b) Social strategy: measures to combat critical poverty and improve the quality of health care;

(c) Political strategy: protection of citizens and defence of the Nation; privatization of public enterprises and creation of the system of associate enterprises;

(d) Renovation of the State sector: modernization and administrative streamlining of selected public institutions;

(e) Reorganization of the territory: rational use of space, decentralization and redistribution of economic activities.

12. The Seventh Plan does not specify Venezuela's priorities in science and technology. Nevertheless, the National Council for Scientific and Technological Research formulated the Plan of Action in Science and Technology (1986-1989), which establishes policy guidelines in that area in terms of three strategies:

(a) internal strengthening of the science and technology sector; (b) linking of the science and technology sector with the sectors producing goods and services in order to solve problem areas identified as critical; and (c) regionalization of the science and technology sector.

C. Technical co-operation priorities

13. In level of development, Venezuela ranks in the medium-to-high category among developing countries. Following the 1973 oil boom, Venezuela was a relatively heavy contributor in the field of international financial and technical co-operation. At the same time, and based on criteria such as population and per capita income, Venezuela, as a recipient, suffered a drastic reduction in technical co-operation assistance from both bilateral and multilateral sources. Even though per capita GDP fell by more than 25 per cent between 1979 and 1985, this trend has not been reversed, despite the efforts made by the Government to obtain more assistance from the international community.

14. The condition of the Venezuelan economy described at the beginning of this chapter confronts the country with a new challenge: to increase production and diversify its structure with relatively limited external resources. In this context, the Central Office for Co-ordination and Planning redefined the priorities of international technical co-operation as follows:

- (a) To strengthen the management capacity of the State, both the central Government and decentralized entities such as State and municipal governments;
- (b) To help increase and diversify agricultural production;
- (c) To reactivate, rationalize and diversify the production of manufactures with a view to achieving selective import substitution and creating a growing and self-sustaining flow of non-traditional exports;
- (d) To promote the development of the capital goods industry;
- (e) To develop tourism as an activity generating employment and foreign exchange;
- (f) To strengthen research and training in applied sciences and state-of-the-art technology with a view to overcoming the priority problems of the productive sectors;
- (g) To stimulate the generation of endogenous technologies required by the sectors producing goods and services;
- (h) To give impetus to projects for research in basic sciences to meet the requirements of technological development;
- (i) To improve the quality of health care;
- (j) To generate employment in the modern sector and support programmes aimed at increasing income in the urban informal sector;
- (k) To cope with critical poverty;
- (l) To help elaborate and implement programmes for the draining and reclamation of watersheds.

D. Aid co-ordination arrangements

15. The co-ordination and better use of external co-operation is a priority item for the Central Office for Co-ordination and Planning (CORDIPLAN). Indicative of this interest is the launching in January 1987 of a project for support of the International Technical Co-operation Office (VEN/86/006).

16. Taking into account the various studies carried out, including the assessment of the Third Country Programme and the recommendations contained in the note by the Resident Representative, the Central Office for Co-ordination and Planning recently laid down the following policy guidelines for external co-operation:

(a) To achieve better articulation, conceptually and substantively, of the objectives and expected results of multilateral and bilateral technical co-operation projects and activities with a view to solving strategic problems and in keeping with the action projects of the Seventh Plan;

(b) To optimize the use of scarce resources through cost-sharing by the Government and third parties;

(c) To ensure closer links between non-reimbursable technical co-operation and financial co-operation;

(d) To promote self-sufficiency by optimizing the use of national human resources;

(e) To broaden co-operation with the private sector in activities and/or projects whose objectives and results are of strategic importance;

(f) To mobilize co-financing resources from the private sector;

(g) To promote technical co-operation among developing countries (TCDC) in both the public and private sectors.

II. THE COUNTRY PROGRAMME

A. Assessment of the previous country programme

17. The Third Country Programme (1982-1986) covers two Government administrations during which two national plans were prepared, the Sixth Plan (1979-1983) and the Seventh Plan (1984-1988). As a result, it is divided into two phases: the first, when the original programme was established (1982-1984), which underwent modifications in execution; the second phase, covering the two-year period 1985-1986, during which new projects were identified and approved in accordance with the priorities of the Seventh National Plan.

18. Venezuela's indicative planning figure (IPF) approved for the third cycle was \$10 million, subsequently reduced to \$5.5 million (55 per cent of the total). It is expected that the total expenditure of the third programme will be \$13,293,000,

of which \$5,091,000 (38 per cent) will come from IPF funds, \$7,406,000 (56 per cent) from cost-sharing and \$796,000 (6 per cent) as the Government counterpart contribution. It is expected that the unspent IPF balance at the end of the cycle will be \$486,000.

19. In the context of the preparatory activities for the Fourth Country Programme, an exhaustive assessment was made of the Third Programme based on the following criteria: relevance or germaneness in terms of the priorities reflected in the development plans; effectiveness, the intrasectoral coherence of projects and the extent to which the activities, findings and objectives were implemented; adherence to UNDP policies; linkages with other projects. The principal conclusions drawn from the assessment of the Third Country Programme were as follows:

(a) High degree of relevance or germaneness to the sectoral objectives and global and specific policies of the Seventh Plan and the 26 problems and 12 action projects covered by the Seventh Plan.

(b) Positive results with respect to the 30 projects assessed. Only one project, "Strengthening of agricultural planning" (VEN/79/009) can be regarded as a failure and it was cancelled. Three projects partially achieved the results expected: one of those "Promotion of non-traditional exports" (VEN/82/004) was completed, and the other two "Internal municipal development planning" (VEN/82/009) and "Support for the sectoral planning office of the Ministry of Development" (VEN/84/004) have been reformulated.

(c) Very substantial financial resources mobilized in addition to the IPF: cost sharing and Government counterpart contribution. Similarly, a contribution in cash was received from third parties with resources from the International Fund for Agricultural Development (IFAD).

(d) In the field of hydrometeorology, and as a complement to the project "Hydrometeorological support for development programmes" (VEN/86/002), the Federal Republic of Germany contributed 2 million marks to strengthen the activities of the Water Resources Department of the Ministry of the Environment and Renewable Natural Resources.

(e) Increase in the hiring of national experts, including four project chiefs, which contributed to achieving self-sufficiency. National personnel for the period January 1982 to February 1986 represents 21.9 per cent of the total. If to that is added the 10 projects begun in the three-year period 1984-1986, the figure would be 37 per cent.

(f) Use of the executing machinery by the Government (two projects).

(g) Significant impetus to technical co-operation among developing countries (TCDC) through the project "General programme for promotion, identification and execution of activities for technical co-operation among developing countries" (VEN/82/016) specifically approved for this purpose.

20. Among the projects which achieved their objectives, the following should be highlighted.

Planning sector

21. The project "Support for the national planning system - Phase II" (VEN/84/002) provided very substantial help in applying the strategic planning theoretical-methodological approach in formulating the Seventh Plan. The project "National planning system" (VEN/82/001) helped to develop the research which sustained this new approach and to train approximately 1,500 officials.

Public sector

22. The project "Development of new budget systems" (VEN/79/006) succeeded in strengthening the Central Budget Office in performing its function as the governing body for the national budget system with technical responsibility for the central administration of the resources of 104 public enterprises and 123 autonomous institutes.

Industrial sector

23. The project "Development of the capital goods industry" (VEN/80/003), which supports the capital goods industry, has helped the National Council to develop that industry, State enterprises requiring equipment (Petróleos de Venezuela, S.A., Compañía Anónima Nacional Telefonos de Venezuela, Compañía Anónima de Administración y Fomento Eléctrico and so on), and 268 private businesses. Today, the country has, among others, a development strategy for this sector, development programmes for the production of equipment for the petroleum and electrical industries, and a nucleus of industry co-ordination units in various State enterprises. The project "Restructuring and modernization of the Industrial Property Register" (VEN/82/011), which assists the Industrial Property Registry, completed a full-scale reorganization and modernization of the internal activities of the Registry. That permitted the establishment of a data bank based on patent certificates and the publication and distribution to 600 public and private institutions of a bulletin on industrial property.

Science and technology sector

24. The project "Strengthening of hydrometeorological activities and development of an operational pilot system for hydrometeorological forecasting" (VEN/82/007), laid the foundation for the operation of a hydrometeorological network at the national level and produced the hydrometeorological information required in the agricultural development process in priority areas such as the Rio Tuy basin and the Unaro basin. In those areas, three State Governments, five development corporations and four State bodies benefited. It is estimated that some 4,300 farmers, including small and medium-scale farmers, had access to those data.

B. New programme proposal

25. The Fourth Country Programme covers the period 1987-1989 so as to coincide with the duration of the Seventh Plan and the term of office of the present Government. Besides reflecting the priorities of the Plan and the technical co-operation requirements, the programme proposal takes into account the findings reached after assessment of the previous programme. The Fourth Country Programme has focused on four objectives in order to concentrate resources and have a greater impact.

26. IPF funds for this 1987-1989 period come to \$2,640,000. However, a total amount of \$8,579,000 will be available. This sum includes \$486,000 representing the unspent balance from the third cycle; \$4,802,000 in Government cost-sharing, of which \$2,008,000 are already committed and \$2,794,000 under negotiation; and \$651,000 from the regular programme of the International Atomic Energy Agency (IAEA) for the project "Centre for the Application of Nuclear Research to Agriculture" (VEN/86/007). Furthermore, talks will soon begin on arrangements for the Government of Venezuela to share in the costs of extending the following projects: "Meteorology" (VEN/83/004) and "Regional investment" (VEN/85/007), which will cost \$300,000 and \$400,000 respectively.

27. The four objectives of the Fourth Country Programme are the following:

(a) To modernize and rationalize the management of selected public agencies and make the monitoring and management of public investment more efficient and effective;

(b) To co-operate in rationalizing the priority sectors of the economy - agriculture, industry and tourism - through targeted activities;

(c) To promote research and technological development, with emphasis on the requirements of the productive sectors;

(d) To assist in formulating and executing sanitation plans.

Modernization and rationalization of public management and investment

Ongoing projects

Support for the national planning system (Phase II) (VEN/84/002)

28. Under this project, advice is being provided to the Central Office for Co-ordination and Planning (CORDIPLAN) on revising and updating econometric models; designing an input-output matrix; and overseeing the conduct of the country's economic policy. IPF: \$169,000.

Monitoring and management of regional investment (VEN/85/007)

29. The aim of this project is to co-operate with the Governments of 10 States in administrative and financial reform; in the establishment of a system for

monitoring and managing State investments; and in the monitoring of those investments by the central Government. IPF: \$220,148.

Integrated planning of municipal development (VEN/82/009)

30. This project provides collaboration in restructuring the public services in eight pilot municipalities; reinforcing administrative and financial reform in those municipalities; setting specific objectives for municipal planning; and strengthening counterpart institutions. IPF: \$386,119; cost-sharing: \$19,942.

Reinforcement and modernization of public investment procedures (VEN/85/010)

31. This project will design and establish at the Central Office for Co-ordination and Planning an up-to-date system for monitoring and assessing public investment. IPF: \$202,563; cost-sharing: \$198,828.

General programme for promoting, identifying and implementing technical co-operation among developing countries (VEN/82/016)

32. This project will continue to assist institutions in Venezuela and other developing countries to carry out activities that promote technical co-operation by means of short-term internships and training programmes as well as exchange missions. IPF: \$90,000.

New projects

Assistance in establishing a system for agreed assessment of the performance of public enterprises (VEN/85/011)

33. The aim of this project is to co-operate with the Central Office for Co-ordination and Planning in designing and setting up a performance information system for public enterprises and an agreed assessment system organized in conjunction with efficiency incentives. IPF: \$110,000.

Promotion and organization of labour and service co-operatives (VEN/86/004)

34. The objective of this project is to define policy guidelines and proposals for the development of co-operatives in the country, as well as ways of putting policy into practice. IPF: \$94,680.

Programme for the change of the base year for the national accounts of Venezuela (VEN/86/005)

35. The objective of this project is to help make available to the Central Bank of Venezuela, on a regular basis, projections of the major macro-economic variables, using the new base year of 1984. IPF: \$113,250; cost-sharing: \$331,750.

Strengthening of the Department of Technical Co-operation of the Central Office for Co-ordination and Planning (VEN/86/006)

36. This project aims to strengthen the administration of the Department of Technical Co-operation with a view to making the best use of multilateral and bilateral resources. IPF: \$75,400.

Budget systems of decentralized agencies (VEN/86/010)

37. The aim of this project is to co-operate with the Central Budget Bureau in setting up budget systems in independent agencies and non-financial public enterprises that make for greater efficiency in allocating and managing financial resources. Cost-sharing: \$403,078.

Development of a system of agricultural production statistics (VEN/87/010)

38. The project will consolidate a system of agricultural statistics within the Ministry of Agriculture and Livestock. IPF: \$21,038; cost-sharing: \$72,542.

Support for the Telecommunications Study Centre of the National Telephone Corporation of Venezuela (VEN/87/008)

39. The objective of this project is to assist the Telecommunications Study Centre to offer technical training to telecommunications personnel both at the Centre and through extension courses. IPF: \$66,188; cost-sharing: \$240,000.

Linkages

40. In the achievement of this objective, the complementarity between the information systems to be designed under projects VEN/85/007 and VEN/85/010 must be borne in mind. Projects VEN/85/011 and VEN/86/010 are also involved since both help to strengthen the system for monitoring the quantified economic programme of the public sector. The UNDP regional programme supports this objective through the projects "Support for the Latin American Centre for Development Administration" (RLA/86/020); "Support for the external services of Latin American countries" (RLA/86/002); and "Strengthening international trade negotiations" (RLA/86/012).

41. The Latin American Institute for Economic and Social Planning (ILPES) will continue to provide support in this sector by designing a macro-economic model and financing training grants in the field of planning. The Organization of American States (OAS) will continue to help improve the management of public agencies through its project "Strengthening of municipal institutions".

Revitalization of the economy

Ongoing projects

Support to the Sectoral Planning Office of the Ministry of Development (VEN/84/004)

42. The objective of this project is to prepare methodologies and analytical, technical and economic documents for five production chains; to propose ways of carrying out industrial policy; to assess the experience of the pilot programme for modernizing industry with a view to designing a global medium-term industrial strategy. IPF: \$300,000; cost-sharing: \$516,928.

Support for the development strategy for the capital goods industry (VEN/86/001)

43. The aim of this project is to co-operate with the National Council for the Development of the Capital Goods Industry in designing a regulatory and legal framework for implementing the development strategy and programmes in the sector. IPF: \$175,541; cost-sharing \$148,709.

New projects

Foreign Investment Administration (VEN/87/002)

44. The aim of this project is to collaborate with the Foreign Investment Administration in carrying out a round of negotiations in which representatives of selected foreign enterprises will participate with a view to encouraging foreign investment in priority sectors. IPF: \$500,000.

Programmed reserve

45. A reserve of \$240,000 has been programmed for a project in the tourism sector and a project in support of the agricultural development of the State of Sucre, which is linked with an investment project funded by IFAD and the Andean Development Corporation (ADC).

Linkages

46. Through the UNDP regional programme, assistance will be given to the project "Capital goods" (RLA/77/015). IFAD and ADC will jointly support this objective with an investment project for the agricultural development of the State of Sucre, costing approximately \$15 million. The World Bank will help to achieve this objective by holding consultations on tariffs and financial matters. In addition, short-term advisory services have encouraged activities in support of this objective, especially in the chemical and plastics sectors.

Technological research and development

Ongoing projects

Expansion of hydrometeorological activities and development of an operational pilot system of hydrological prediction (VEN/86/002)

47. The aim of this project is to co-operate in establishing and operating a national hydrometeorological network that will produce the data needed to take decisions on the planning and development of activities in which climate and water are factors. IPF: \$11,632; cost-sharing: \$559,168.

Expansion of meteorological activities (VEN/83/004)

48. The aim of this project is to co-operate with the Regional Telecommunications Centre in supplying basic meteorological information from global and regional data-processing centres to five countries in the north of South America, and in improving the quality of meteorological information provided for air navigation and for the timing of agricultural activities. Cost-sharing: \$335,039.

Assistance in establishing technological information services on patents and expanding the Industrial Property Register (VEN/85/003)

49. The objective of this project is to establish a Technological Information Centre for Patents as well as to put into effect measures to improve the trade-mark system for purposes of consumer protection and promotion of national exports. IPF: \$60,150; cost-sharing: \$90,394.

New projects

Centre for the Application of Nuclear Research to Agriculture (VEN/86/007)

50. This project is designed to encourage farmers to identify and use improved varieties of sorghum, sesame, kidney beans, yucca, bananas, and sugar cane so as to increase their annual average yield. Livestock management practices will also be devised to raise annual production of meat and milk per hectare. IPF: \$250,000; cost-sharing: \$651,000.

Food irradiation (VEN/86/008)

51. Under this project, the technology of food irradiation will be applied in laboratories to local varieties of grain and fruit with a view to determining the parameters for the conservation of such foods, for possible industrial application. IPF: \$125,000.

Improving the institutional structure of the Fund for the Promotion of Technological Innovation (VEN/87/001)

52. This project will develop the management capability of the Fund for the Promotion of Technological Innovation by training its staff and computerizing its procedures. IPF: \$77,000.

Multi-purpose pilot plant for the manufacture of essential drugs (VEN/87/007)

53. The goal of this project is to co-operate with the Ministry of Health and Social Welfare in the transfer of technology for the production of eight essential drugs from raw materials and/or intermediate products. IPF: \$150,000; cost-sharing: \$1,413,000.

Linkages

54. Projects VEN/86/002 and VEN/83/004 will complement each other in producing hydrometeorological information for the agricultural sector. The project "Modernization of industrial property systems" (RLA/82/018) complements the activities relating to the dissemination of technology under project VEN/85/003. The World Meteorological Organization (WMO), through its voluntary co-operation programme, will continue to support this objective by donating equipment and providing training.

55. The United States Agency for International Development (USAID) and the Government of Israel, with its programme of co-operation for the development of research, are jointly complementing the training and research activities under project VEN/86/005. In addition, the Venezuelan Government has initiated talks with ADC on obtaining a \$2.5-million loan for the establishment of a pilot food-irradiation plant. As regards technical co-operation and bilateral financial co-operation, the Governments of Italy, Japan, Spain and the United States are helping to train human resources in industrial property matters.

Environmental sanitation

New projects

Programme for the sanitation and reclamation of the Tuy River basin (VEN/87/004)

56. The objective of this project is to co-operate with the Ministry of the Environment and Renewable Natural Resources in cleaning up one of the most important basins that supply water to urban centres. IPF: \$105,000; cost-sharing: \$275,000.

Linkages

57. The Inter-American Development Bank (IDB) will continue to support this sector under the project "Development of regional drinking-water supply systems in the Central and Tuy regions - Phase IV".

C. Unprogrammed reserve

58. A reserve of \$146,000 has been set aside to allow for a margin of flexibility in executing the Fourth Country Programme.

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	486 000	
Fourth cycle IPF for 1987-1989	2 640 000	
Subtotal IPF		3 126 000
Special Measures Fund for the Least Developed Countries	-	
Special programme resources	-	
Government cost-sharing	4 802 000	
Third-party cost-sharing	-	
Operational funds under the authority of the Administrator	-	
UNDP special trust funds	-	
Subtotal, UNDP non-IPF funds		4 802 000
<u>B. Other sources</u>		
Funds from other United Nations agencies or organizations firmly committed as a result of the country programme exercise: IAEA	651 000	
Parallel financing from non-United Nations sources	-	
Subtotal, other sources		<u>651 000</u>
TOTAL ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING		<u><u>8 579 000</u></u>

II. USE OF RESOURCES

Ongoing projects	3 569 000	
New project proposals	4 624 000	
Programmed reserve	240 000	
Subtotal, programmed resources		8 433 000
Unprogrammed reserve		<u>146 000</u>
TOTAL USE OF RESOURCES		<u><u>8 579 000</u></u>

