Thirty-sixth session
5-30 June 1989, New York
Item 5 (b) (ii) of the provisional agenda

PROGRAMME PLANNING
COUNTRY AND REGIONAL PROGRAMMES
IMPLEMENTATION OF SELECTED COUNTRY PROGRAMMES

Latin America and the Caribbean, 1988

Report of the Administrator

SUMMARY

The present report is submitted in accordance with Governing Council decision 81/15 of 27 June 1981, which endorsed the Administrator's proposal to submit annual progress reports to the Council on the implementation of various country programmes, highlighting significant developments.

Information is provided on the salient aspects of the development of the region in 1988 and previous years; the resources and delivery picture, with breakdowns by sector, spending type and executing agency; country programme reviews and implementation of specific projects; and support to aid co-ordination arrangements in the region.
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1. From 1950 to the beginning of the 1980s, the economy of the region experienced a prolonged, dynamic growth; gross national product (GNP) grew at 5.1 per cent per year during the 1950s and averaged 5.7 per cent per year in the next 20 years. The recession which started at the beginning of the 1980s brought a sharp end to this trend and GNP growth fell to 1.3 per cent a year. During this period, population grew by 2.7 per cent annually, and as a result, per capita income fell substantially in the years after 1980.

2. Pre-1980 growth and the ensuing transformation of the productive structure was made possible by significant capital investment, itself a result of an effective mobilization of national and external savings. The institutional transformation of the public sector and the organization of capital markets were important contributing factors to this process. The fixed capital investment coefficient grew from 18.4 per cent in the 1950s to 21.3 per cent in the 1970s, but from there on dropped abruptly as a consequence of the adjustment prompted by the external debt crisis and the massive transfer of resources abroad for debt servicing.

3. In 1950, capital formation was financed totally from internal sources, but from the end of the 1960s to the beginning of the 1980s the relative importance of those sources diminished steadily due largely to easy access to external financing which had gained increasing importance. Towards 1980, some 15 per cent of internal investment was financed by external resources and this changed the composition of savings and helped to increase internal consumption as a consequence of the greater availability of new commodities.

4. The proportion of capital goods produced regionally was relatively low and countries did not benefit from the endogenous growth which a larger proportion would have produced and which could have expanded the multiplier effect over related goods in the region. The production of capital goods grew increasingly until the beginning of the 1970s, and although the proportion of imported capital goods in the region's capital formation dropped from 28 to 15 per cent between 1950 and 1973, it increased substantially beginning in 1975. Therefore, investment growth came to be associated with growth in imports and resulted in additional pressure on the balance of payments.

5. The transformation of the region's productive structure in the last 38 years is another angle from which to view its economic evolution. The universal trend in economic transformation from primary to secondary and tertiary production has also been observed in the region. A massive reduction took place in the relative importance of agriculture, which dropped from 18 per cent of GNP in 1950 to 11 per cent in 1980, while industrial production grew from 19 to 25 per cent of GNP over the same period. This reduction is significant, given the particularly rich resources and agricultural potential of some countries. A common characteristic of the developmental policies in the region was the lack of protection for agriculture, especially discriminatory exchange policies in contrast to the protective policies prevailing at that time in Europe and the United States of America. The growth of agriculture value-added in the region was slightly larger
than in the rest of the world, reaching 3.6 per cent in the 1970s, and falling to
2.6 per cent at the beginning of the 1980s. Yet, progress in agricultural
production failed to eliminate malnutrition which still affects 13 per cent of the
population. This is explained by the relatively lower rate of growth of
subsistence goods (2 per cent between 1964 and 1984), as compared to that of export
crops (4.1 per cent during the same period), and the fact that nominal prices of
basic products decreased by 5 per cent annually. The combination of both brought
about uncertainty among producers, which in turn triggered compensatory measures in
the form of price stabilization measures and minimum prices. Agricultural exports
were concentrated in a reduced number of products, namely coffee, sugar, beef,
cotton, soya, cocoa, bananas and corn, which together accounted for 46 per cent of
the region's international trade in those commodities in 1984.

6. Growth in the agricultural sector of the region, made possible by the
expansion of land under cultivation, grew from 53 million hectares in the 1950s to
96 million hectares by the end of the 1970s, and by more intensive land use and the
application of modern technologies. The latter was concentrated in commercial
farms and this, in turn, broadened the gap between capital-intensive enterprises
and rural peasant agriculture.

7. The region has traditionally been a net exporter of agricultural goods.
However, as indicated above, during the 1970s nominal prices of basic products
decreased and the trend continued during the 1980s when these prices fell by
5 per cent. Falling prices plus the fact that some markets were becoming saturated
and that new suppliers were emerging accounted for much uncertainty among producers
and lost comparative advantage.

8. The process of industrialization in Latin America and the Caribbean suffered
from a number of deficiencies which diminished original expectations. The region
was unable to consolidate a nucleus of endogenous industries to serve as an
incentive for other economic sectors. This was due to a variety of reasons among
which the most relevant were: inadequate and unstable protectionist policies
(pricing and exchange); lack of a sufficiently large number of qualified,
innovative local entrepreneurs; a relatively high propensity to consume,
particularly among high-income groups; and a weak technological base. As a result,
industrial growth declined in the majority of the countries of the region and
demand for imported manufactures increased persistently until 1981. From 1981 to
1983, industrial growth fell to 4 per cent. It then began to recover and, by 1986,
the level of industrial production had surpassed that of 1980, largely as a
consequence of reduced imports of manufactures caused by adjustment programmes
which permitted the substitution of imports for local production and an increase in
exports. However, the instability of exchange rates and the inflationary pressures
of recent years prevented investment from returning to pre-crisis levels and, as a
consequence, seriously endangered long-term industrial growth. The
industrialization process of recent years was also highly dependent on imports of
capital goods of complex technology to produce light and intermediate goods. These
imports enjoyed preferential tariffs, thus making it even more difficult to produce
capital goods regionally.

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9. The adjustment process which the region was undergoing as a consequence of the developments in agriculture and industry, summarized above, left little room for advancement in the social sectors because the surplus of foreign earnings generated was being used mainly to service foreign debt. The situation of these sectors was dramatized at the Regional Conference on Poverty in Latin America and the Caribbean, held at Cartagena, Colombia, from 29 August to 1 September 1988. The Conference, which UNDP helped to organize, concluded that the social debt in the region had reached an estimated 40 per cent of the region's GNP, meaning that some 150 million people would have been unable at that time to satisfy all of their basic needs. The poverty gap in the region continued to increase and the percentage of GNP necessary to bring poor people to a level of income equal to just above the poverty level rose from 2.7 per cent in 1980 to 4.3 per cent in 1985. In other words, 1.6 per cent of GNP would have been required in 1985 to bring poor people to the prevailing pre-crisis level. At present trends, poverty in the year 2000 would affect some 200 million people.

10. The period 1982 to 1987 was characterized by the overpowering influence exerted by the external debt on economic and social and political developments in the region. Although some countries were more deeply in debt than others, all suffered directly or indirectly from the difficulties experienced by the more heavily indebted countries. Trade among countries in the region increased to some 10 per cent of total trade until 1981 when the trend was reversed to the point where intracountry trade in 1987 was some two thirds of the level reached in 1981. Some subregional markets (the Board of the Cartagena Agreement (JUNAC)) were more affected than others (the Central American Common Market and the Caribbean Community (CARICOM)). The main reason lay in the overall decline in imports resulting from recessionary adjustments which, in turn, were a consequence of the high outflow of resources in terms of debt servicing. A sense of urgency set in and for the first time the future of the region appeared to be of grave concern and a threat to political stability and peace within the region.

II. GENERAL OVERVIEW OF THE REGION, 1988

11. According to preliminary information, during 1988 the per capita output of the region dropped to the level reached in 1978, inflation averaged 470 per cent and real wages deteriorated further in most countries. The GNP grew by 0.7 per cent, a rate well below the rate of population growth. As a result, per capita income fell below the 1980 level. This drop was caused mainly by the virtual economic stagnation of the major countries of the region (Argentina, Brazil and Mexico), and by the drop in per capita income in 12 other countries. Exports rose by 15 per cent and imports by 10 per cent. The trade surplus made it possible to meet 85 per cent of net payments of interest and profits both of which were 10 per cent higher as a consequence of higher interest rates. Net transfers of resources, which had reached $17.6 billion in 1987, rose to $29.0 billion in 1988, i.e., an amount equivalent to 33 per cent of all regional exports of goods and services. The year 1988 was the seventh consecutive year in which the region made net transfers of substantial resources abroad, reaching a cumulative total of $180.0 billion, equivalent to 45 per cent of the overall outstanding debt in the region in 1988. From a net recipient of the equivalent of 2.5 per cent of GNP...
before the crisis, the region became a net provider of resources equivalent to 3.5 per cent of GNP. This drop from +2.5 to -3.5 corresponds to the drop registered in the coefficient of gross capital formation. The external debt stood at $401 billion by the end of 1988 which, in real terms, meant a reduction of 6 per cent over the previous year. Since net lending from private banks was not significant and net disbursements to the region from multilateral organizations was low, the reduction of debt came as a consequence of increased exports and a sharp drop in debt prices in secondary markets triggered by new mechanisms for debt reduction.

12. The prolonged period of crisis in the region continued during 1988, characterized by depressed economic activity, restricted capital formation and deteriorating living standards, particularly among the lower strata of the population. Although the prices of basic products improved throughout the year with a positive effect on the region's terms of trade and export purchasing power, economic expansion did not take place because the effect of higher interest rates neutralized these positive effects.

13. Public finances and the management of economic policy became more difficult as incomes continued to fall in the face of rigid expenditures, and the drop in real wages worsened the situation, causing mounting social and political tension.

14. At this point, resolution of the alarming crisis in the region appears to lie in the possibility of achieving an increased capacity to import, improved economic management and domestic structural changes to overcome prevailing constraints to growth and equity. Beyond revised internal policies and better management, it is viewed as essential that the external environment be improved, particularly in the areas of finance and trade over which the region has a very limited control. As shown in section V of the present report (see paras. 22 to 27 below), the UNDP programme in the region is largely oriented towards emphasis on those areas and especially on the improvement of economic management which is the largest single sector benefiting from UNDP assistance.

III. CENTRAL AMERICA

15. The economic growth of Central American countries in 1988 was 1.1 per cent, a decline from 2.6 per cent in the preceding year. Preliminary estimates of GNP underline the persistent deterioration which has been observed since the beginning of the decade. With the exception of Nicaragua, where the growth rate was -9.1 per cent in 1988 (-1.0 per cent in 1987), other countries had a positive rate of growth. However, only Guatemala experienced a higher rate of growth in 1988 than in the preceding year. Regional unemployment increased slightly, during the period from 15.4 to 15.6 per cent, and distortions emerged as a consequence of inflationary pressures. Prices increased sevenfold in Nicaragua and doubled in Guatemala, and, with the exception of El Salvador, the rest of the countries experienced a price escalation as a consequence of: armed regional conflicts, a commercial blockade, reduced export capacity, weak international markets, the monetary expansion prompted by deficit financing and decaying regional trade. The combination of these factors intensified the drop in real wages which may have fallen as much as 50 per cent. The behaviour of the Central American economies was...
conditioned by the implementation of orthodox adjustment policies aimed at reducing their fiscal deficits and balancing their international trade. Agricultural production grew less than in the preceding year. In the case of basic grains, the lower production was associated largely with hurricanes Gilbert and Joan, which struck Costa Rica, Jamaica, Nicaragua and Panama. Industrial production dropped as well, owing to increasing difficulties in financing intermediate and capital goods and the contraction of demand derived from recessionary policies which failed to meet the aim of controlling inflationary pressures. Monetary policy was designed to constrain liquidity through stricter controls on credit and rediscount rates. All countries experienced strong pressures on their rates of exchange. The external sector showed a slight improvement in exports of traditional products like coffee and bananas although, despite improvements in coffee prices, trade remained below the level of 1987.

16. Pursuant to General Assembly resolution 42/231 of 12 May 1988 and Governing Council decision 88/31 of 1 July 1988, UNDP has been actively involved in the promotion and implementation of the Special Plan of Economic Co-operation for Central America. In early September 1988, the vice-presidents of the Central American countries approved a mechanism for the implementation of the Special Plan. This proposal was sent to the donor countries on 21 September 1988. On 20 December 1988, the General Assembly approved resolution 43/210 which, inter alia, recommends the convening of a meeting, in close co-ordination with UNDP, between the Central American Governments and the bilateral and multilateral co-operating community, "for the purpose of reviewing events relating to the development process, including assistance requirements, and of discussing the programmes and projects that could be implemented, as soon as possible in support of the goals and objectives of the special plan;". The above-mentioned meeting is scheduled for 3-4 July 1989 at Geneva.

IV. THE CARIBBEAN

17. The Caribbean countries, many of which are island developing countries and suffer from a sub-optimum economic scale, are heavily dependent on the production of a limited range of primary commodities for export. Manufacturing is relatively underdeveloped and in most countries accounts for less than 12 per cent of GDP.

18. During 1988, Caribbean economies continued to be influenced by developments in the international economy. The decline in export earnings from bauxite and petroleum in the larger countries, such as Guyana, Jamaica and Trinidad and Tobago, as a result of weak external demand, had an adverse impact on overall economic performance. Despite continued modest growth, the smaller countries of the Eastern Caribbean are handicapped by the existence of weak institutional structures and inadequate development of their human resources.

19. In order to deal with these problems, many countries have embarked on structural adjustment programmes. The adoption of such programmes has, however, had an adverse social impact in terms of the forced reduction of expenditures on health, education, housing and nutrition. As a result, some Governments, most notably Jamaica, have formulated social adjustment programmes designed to alleviate the impact on the poorest segments of the population.
20. The economic challenges facing the Caribbean were compounded in 1988 by a series of natural disasters, most notably hurricane Gilbert, which caused extensive destruction in Jamaica.

21. In view of the projected increase in unemployment as a result of continuing population growth, the Caribbean countries recognize the need to intensify their efforts to diversify their economic structures and to accelerate the pace of development through the application of modern technology to the production process. Apart from action at the national level, they also recognize that a concerted effort would also be needed to intensify the process of economic integration as a strategy for optimizing their development potential. The fourth cycle country programmes are designed to assist Governments to deal with these issues. Moreover, at the regional level, UNDP is co-operating with other multilateral and bilateral donors within the framework of the Caribbean Group for Co-operation in Economic Development (CGCED) to ensure a co-ordinated approach to development (see also sect. IX below).

V. OVERVIEW OF THE PROGRAMME

22. Figures 1 to 6 below provide a succinct description of the implementation of the fourth cycle country programmes in 1988 and their relation to major needs in the region.

23. Figure 1 shows the status of implementation of the fourth cycle. In addition to the actual expenditure of $59 million in 1987 and the estimated delivery of $67 million in 1988, the region had committed an indicative planning figure (IPF) of $100 million by December 1988, leaving a balance of $85 million to be committed for the remaining years of the cycle. A robust pipeline of new projects has been constituted which will permit full delivery of all available IPF resources for the cycle. It should also be noted that the overall UNDP programme in the region will be considerably larger than the one suggested by IPF resources only because the utilization of cost sharing, management services agreements and Special Programme Resources (SPR) will make it possible to carry out additional activities for a total of $552 million, as shown in figure 2. IPF resources during the fourth cycle would amount to 37.6 per cent ($333 million) of total resources available. The magnitude of non-IPF resources in the region has in fact grown steadily, as shown in figure 3.

24. Total IPF expenditures reached a peak of $96.2 million in 1980, and then dropped persistently until 1984 when they began to recover, reaching an estimated $67 million in 1988, which represents only 75 per cent of the expenditure reached in 1980. Although expenditures on regional projects has decreased year after year, cost-sharing expenditures, which amounted to $5.4 million in 1979, have continued to rise steadily. As a result, total expenditures (regional and country IPF plus cost-sharing) in 1988 may have reached the same level as in 1980. This trend is clear and since most of the cost-sharing resources have been made available to UNDP by the recipient Governments themselves, it demonstrates their support for and their confidence in UNDP.
IPF RBLAC 1987-1991
TOTAL IPF = $311 MILLION*
(MILLIONS OF DOLLARS)

* As of December 1988 only 50% of the additional IPF resources approved in Decision 88/31 had been authorized for expenditure/commitment.
Figure 2

IV CYCLE ($885 MILLION)
UNDER EXPECTED RESOURCES

(AST AT 31 DECEMBER 1988)
EXPENDITURES
RBLAC--1979-1988

MILLIONS OF DOLLARS

YEAR

REGIONAL IPF
COUNTRY IPF
TOTAL IPF
COST-SHARING

FIGURE 3
Figure 6

(Percentage)

RBLAC--1988

Expenditures by Agencies
EXPENDITURES BY COMPONENTS
RBLAC--1988
(PERCENTAGE)

FIGURE 6
25. The programme continued to keep in close touch with the major needs of the region. The area of general development issues received the largest percentage (30.6) of resources, as shown in figure 4, followed by agriculture, transport and natural resources. These sectors are closely associated with the aim of improving the capacity to import since they are directly related to exports of primary goods. While the sectoral classification does not directly show expenditures on environmental matters, an ad hoc analysis of expenditures in 1988 revealed that some 5 per cent was related to environmental management and that expenditures in this area were increasing.

26. Another important characteristic of the programme in 1988 was the increased importance of government execution in the region. Figure 5 shows that this type of execution is now by far the preferred one in the region: execution by Governments accounted for 27 per cent of total delivery, followed by the United Nations Department of Technical Co-operation and Development (UNDTCD), which accounted for 12.1 per cent of executions.

27. Finally, figure 6 summarizes expenditures in 1988 by components: the two largest were 55.5 per cent for personnel and 22.9 per cent for equipment. Under the category of personnel, international experts were included along with administrative support personnel, United Nations Volunteers (UNVs), nationally recruited project professional personnel (NPPP) and mission costs. For this reason, figure 6 does not show the increased use of short-term consultants, as opposed to long-term resident experts.

VI. REVIEW OF COUNTRY PROGRAMMES

Chile

28. The mid-term review exercise was carried out over a two-month period starting in mid-November 1988 and concluding in mid-January 1989. An outside consultant, who had also been associated with the launching of the fourth country programme, was engaged for approximately two weeks to assist in the preparation of the review. The review itself was the result of a co-ordinated effort of the Government, represented by the National Planning Office (ODEPLAN) and the UNDP office in Chile. During this period, a thorough analysis was made of the original programming process and the identification, appraisal, selection, implementation, and evaluations of the projects that make up the programme.

29. The review culminated in a seminar at which a draft of the conclusions was presented and discussed. Participating in this meeting as panelists were high officials of the Government and representatives of UNDP.

30. The review concluded that the fourth country programme was fully integrated in the Government's international co-operation strategy, and represented an essential element of its national scientific and technological development policy.

31. The most salient and positive features of the programme were seen to be the concentration of resources and efforts in the area of national scientific and
technological development; the participative scheme used in the selection, design and implementation of the projects; the use of government execution which implies more direct and greater responsibility on behalf of the institutions, as well as considerable savings in financial resources; cost sharing, through companies and other sources of co-operation, which has permitted an increase in resources for the programme and has resulted in a more active participation of the users in the activities carried out; a stronger relationship between the national scientific and technological community and important international centres working in related areas; and the possibility of including an inter-disciplinary focus in projects which implies a more efficient modality of resolving specific economic and social development problems.

32. The review pointed to the high degree of coincidence between the types of projects planned and those approved to date; 72 per cent of the ongoing projects corresponded to those identified during the programming exercise. Of the 42 projects approved through December 1988, 35 were being executed by the Government, 4 were being executed by an agency of the United Nations system and 3 were being co-executed by the Government with an associated agency of the United Nations. Some 21 projects have benefited by the complementary assistance, in addition to cost sharing, from other external or internal sources of financing. Approximately 53 companies, 95 per cent of which are from the private sector, contributed through government cost-sharing arrangements.

33. The sectoral breakdown of the programme showed a concentration of projects related to agriculture, forestry and fisheries (34.2 per cent), and mining (27.9 per cent), with the rest distributed between industry (19.3 per cent), energy and water (7.7 per cent), transport and communications (4 per cent) and services (6.8 per cent). While environmental considerations were not specified as a separate objective, five of the approved projects were dealing with environmental concerns.

34. The principal problems detected were related to the newly evolving relationship between the national research centres and the productive sector; the existing university research infrastructure; some administrative and management aspects of innovative technology projects; and the lack of a clear directive on patent rights which may result from some project activities. To deal with these problems, a group of three support projects had been approved to provide advice and assistance where needed. A new project was being prepared to deal specifically with the problems related to inadequate research infrastructure.

35. The overwhelming conclusion of the mid-term review of the fourth country programme in Chile was that the programme objectives and content continued to be valid and relevant and that no adjustments were required.

Panama

36. Major deviations from the country programme occurred in the first two years of its implementation. These included the failure to implement the only single project intended as the third objective of the programme, namely to improve the productivity and the international competitiveness of productive sectors. This was
the consequence of an assessment made by the Ministry of Agriculture of the proposed project, and in particular its organization, participation and training for rural development. The Government determined that the limited resources of IPF could be put to better use if applied to pre-investment and facilitating financial assistance. The latter has proven difficult in view of the serious political and economic crisis in the country, as indicated, for example, by the reduced operational capability of the public sector (which affects counterpart support of UNDP projects); delays in the arrival of experts or programme missions; and a drastic reduction in financial resources which has prevented the central Government from meeting the cost-sharing arrangements agreed to in the programme. The Government had originally agreed to provide $3.5 million for the programme and $1.9 million in terms of project cost sharing through two autonomous institutions. While the latter are in a position to meet their obligations, the financial position of the Government is such that all possible surpluses have been merged to meet government salaries.

37. As far as the utilization of the country programme as a frame of reference for other donors, the Government of Panama has prepared two documents: "Needs of Technical Co-operation", listing specific needs by requesting institutions, and "Demand and Supply of Technical Assistance of Panama and other Developing Countries". These two publications, rather than the UNDP country programme, are being used as a guide by prospective donors.

38. While the review carried out in October 1988 reconfirmed the validity of the country programme's objectives, the changes brought about by the present crisis have made it necessary to add a fourth objective: recuperation of the national economy. The addition of this new objective plus the cost-sharing situation has made it necessary to adjust the pace of some projects and to free some funds to meet the new needs.

39. Based on an analysis of the execution of projects through expatriate consultants/experts, UNDP concluded that the present procedures should remain as a basic modality since the Panamanian Government attaches great importance to the transfer of knowledge and technology. It was recommended, however, that the participation of NGOs should be explored in the future. Two of the projects in the country programme give special attention to women. One is addressed to women as heads of family and the other is aimed at bringing rural women into the mainstream of development. With respect to the private sector, the review concluded that the third objective of the programme (see para. 28 above), would open the door to broader participation of the sector and closer co-operation with the Government.

40. For the remaining period of the country programme, the main objectives will be to exploit further the geographical location of the country; to improve the efficiency of the public sector; to improve the productivity and international competitiveness of the productive sectors; and to assist in the national economic recovery, including attention to marginal areas.
Ecuador

41. The country programme of Ecuador was formulated at a time when oil prices were $25 per barrel. The drop in prices experienced in 1986 meant a fall in income of some $950 million, or one third of all exports. As a consequence, imports had to be reduced and a fiscal policy put in force to compensate for the loss of oil revenues. Such a policy envisioned important changes in tariffs, taxes and subsidies, as well as exchange and interest rates. Application of these policies largely assisted the Government in avoiding a major deficit of between 6 and 8 per cent of GNP. Beginning in 1987, the oil-producing regions of the country were struck by two earthquakes resulting in 1,000 dead and an economic loss of some $1 billion. Oil production has, as a consequence, fallen some 35 per cent. The opportune measures adopted by the Government, the availability of bilateral and multilateral loans, arrangements with other oil-producing countries and an improvement in oil prices have permitted the Government to readjust rapidly after a difficult period. Nevertheless, these actions were bound to affect the country programme by changing the priority in time of the planned projects. This is important considering that a new Government took office in August 1988.

42. The review of the country programme of July 1987 concluded that the original objectives remained valid. In fact, projects which were supposed to be under implementation at the time of the earthquakes were in operation. Seven of the projects initiated during the third cycle had been completed by the time of the review. Six new projects relating to wooden bridges, rural integrated development, assistance to the Ministry of Finance, capital goods, export promotion and rehabilitation and reconstruction were included in the country programme although they had not been originally planned. These six projects brought in $1.3 million of additional resources to the programme. Five projects had been postponed to a later date owing to the shortage of counterpart funds. All other 15 projects in the country programme were under implementation. At the time the fourth country programme was formulated, resources that were programmed totalled $9.9 million and, at the time of the review, had climbed to $20.6 million, including financing from the Government, the Agency for International Development (AID), Canada, the Netherlands and Sweden, as well as funds from the regular budgets of some organizations of the United Nations system. Some $2.2 million of IPF funds remain uncommitted.

Haiti

43. A review of the country programme for Haiti was carried out in 1988; however, the report was not available at the time the present document was prepared and the Governing Council will receive information on this review separately.
VII. REVIEW OF INDIVIDUAL PROJECTS

44. This section gives a brief presentation of projects under implementation in 1988 which focus on areas of major importance for countries in the region.

A. Economic management

Physical Planning Project (Bridgetown master plan) (BAR/86/001) - $103,000

45. The UNDP has played a key role in helping the Government of Barbados to meet its future urban and environmental needs, especially in urban Bridgetown and its suburbs where 40 per cent of the population lives. The project produced a master plan for Bridgetown to ensure balanced economic and esthetic development of the city. All land use and development are now regulated and approved in accordance with the master plan which will be formally approved by the Barbados Parliament in 1989. Completed in July 1987, the Greater Bridgetown master plan is a cornerstone document for preparing the country's major urban centre for the twenty-first century. The comprehensive planning document, along with detailed maps, is in constant daily use by both experts and laymen. The Bridgetown master plan, as it is generally known, provides the Town and Country Planning Department, as well as the general public, with a central reference plan against which all proposed urban developments must be checked for compatibility. The plan allocates land for tourism, commercial and industrial development. It recommends policies for upgrading and redeveloping housing as well as safeguarding the environment of coastal areas to prevent erosion and to enhance recreational use.

Support to the Centre for Public Policy Analysis (COS/87/007) - $679,500

46. In order to fulfil its obligations under a stabilization agreement with the International Monetary Fund (IMF) and a structural adjustment programme with the World Bank, the Government of Costa Rica is implementing a programme to strengthen and streamline its public sector, particularly in the area of resource allocation. The project has assisted in establishing the Centre for Public Policy Analysis under the Ministry of the Presidency to strengthen the President's decision-making capacity through an efficient and flexible, economic information system which facilitates policy formulation, implementation and monitoring.

Rehabilitation and Reconstruction of the Management System (JAM/88/017)

47. Hurricane Gilbert, which struck Jamaica last September 1988, caused unprecedented damage and destruction. Multilateral and bilateral donor response to the Government's appeal for assistance resulted in the shipment of building materials, medicines, fertilizers, and other materials to Jamaica for immediate emergency relief as well as for longer-term rehabilitation. The Government requested UNDP involvement in ensuring prudent financial management and careful tracking of all assistance received and goods and services delivered. A computerized Emergency Information and Management System (EIMS) has been installed and is providing the Government with an invaluable monitoring and follow-up mechanism. At the moment, EIMS is primarily concerned with the implementation and

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management of the progress of physical works; allocation, monitoring, tracking and accountability of financial resources; ordering, purchasing and inventory of building materials and supplies; updating capital stock estimates and damage assessments in designated sectors; and the recording of surveys of affected persons and beneficiaries of assistance. The system, comprising personal computers, printers, software and independent communication links has been established in 11 government ministries and public utility agencies which have direct, independent communication links with one another and with a Command Management Centre established at the Office of the Prime Minister. Seventy data entry and supervisory personnel drawn from the various agencies have already been trained in the operation of the system and periodic progress reporting regimes and schedules have been designed by UNDP. Other countries have expressed an interest in EIMS (Bangladesh, Costa Rica and Honduras), where its suitability and applicability to local conditions are being assessed. The methodology to estimate damages of natural disasters, developed by the Economic Commission for Latin America and the Caribbean (ECLAC), together with the management system set up in Jamaica, will serve as a model for other countries in the region.

B. Equity and growth

Drinking Water Supplies (ELS/85/006) - $1,478,870

48. The Government of El Salvador initiated this project, which was started in January 1986 and exceeded its objectives in the first two years of operation. Hydrogeological studies, originally targeted for 170 communities, were carried out for 290 communities covering a population of approximately 538,800 persons. It also supervised the drilling and construction of 30 water wells and 23 exploratory wells, and equipped national water analysis laboratories. An extension was approved in October 1988 to identify and evaluate drinking water resources in support of a programme of $43 million of additional investments by bilateral sources to provide drinking water to some 441,600 persons in rural areas. By the end of 1990, the project is expected to benefit an estimated 980,000 inhabitants. An additional population of 55,600 is expected to benefit from the project's work in rehabilitating water wells in rural areas. It will also rescue investments worth $1.4 million and help to test the quality of water in San Salvador and 50 other communities.

Support to the Micro-enterprise Programme (GUA/87/002) - $959,451

49. The purpose of this project is to assist the Government of Guatemala in establishing a national multiplier system for micro-enterprises, to provide credit and technical assistance to micro-entrepreneurs in support of a government and multilateral and bilateral programme totalling $42.8 million to be administered by non-governmental organizations (NGOs) through public and private banks. Advisers from various NGOs help micro-entrepreneurs to identify bottlenecks and needs, and facilitate their access to loans while generally improving their production, management and marketing capabilities. This is basically a job-creation programme, and small entrepreneurs receiving loans must hire at least one additional person. As at 31 December 1988, 3,671 credits (averaging $1,000 each) had been granted for...
a total of $4.7 million with a 93 per cent recuperation rate and 4,464 new jobs created. A total of 2,916 small entrepreneurs received technical assistance in administration, finance, production and sales. The Government of the Netherlands has offered to finance a second phase of this project in order to strengthen and expand the number of participating NGOs. It has also offered to duplicate the experience in at least 15 additional cities besides Guatemala City and to expand the coverage of the technical assistance to include appropriate technological improvements in the products of small entrepreneurs.

Volcanic Monitoring (STV/80/001) - $500,000

50. In regard to natural disasters, UNDP has been able to address important problems confronted by small island countries in the Caribbean. Several of these islands are of volcanic origin and some volcanoes are still active. The experience gained from this project in St. Vincent is a good example of what can be done in the region. The project has designed a plan to put volcanic monitoring on a modern technological level in the Eastern Caribbean. The plan is based on two sites: St. Vincent and the Grenadines (Soufrière Volcano), and Trinidad and Tobago (home of the region's parent monitoring system). Seismographs and radio equipment at eight monitoring stations around Soufrière have been established. Earth movement signals from these stations are being channelled through the data collection laboratory (at Belmont, Port of Spain) and are analysed by computers at the Seismic Research Unit (SEISMIC) at the University of West Indies at St. Augustine, Trinidad, 200 miles south. SEISMIC has become the strategic headquarters for tracking volcano action in the Eastern Caribbean, collecting data from a seismograph network of 30 stations on 14 islands potentially affected by eruptions and the tsunamis (tidal waves) which could follow. SEISMIC has established a programme that provides minute-by-minute analysis of volcanic activity and can also home in on its source.

Poverty Alleviation (RLA/86/004) - $4,395,769

51. This project was approved in June 1987 for the purpose of promoting the design and implementation of policies and action-oriented programmes to improve the income levels and quality of life of the poorer and more vulnerable sectors of the population in the region.

52. The project's institutional framework consists of a small central team and a network of 16 national teams funded by the project. The national teams are composed of national experts and undertake the design and implementation of social programmes and projects. National social development programmes already approved and funded by multilateral financing agencies in Argentina, Jamaica and Uruguay, among others, have benefited from substantive inputs from the national teams.

53. The project served as the technical secretariat for the Regional Conference on Poverty in Latin America and the Caribbean (see also para. 9 above). The Conference was attended by representatives of 23 Latin American countries and observers from 13 countries and 28 international, multilateral and bilateral organizations. A second regional conference will be held in Ecuador in 1990. During 1988, 1,000 technologies that could be used in the eradication of poverty were compiled and published.
C. Science and technology

Consolidation of the Existing Capacity of the Institute of Food Technology (BRA/82/030) - $824,000

54. The immediate objective of this project is to establish an operational food packaging centre within the Institute of Food Technology (ITAL) as a "centre of excellence" of food packaging technology. Twenty-nine training missions abroad were carried out during the project, involving more than 40 organizations and institutions related to packaging research. The high-level technicians of the 14 national food packaging centres (CETEA) received a total of 37 months training abroad.

55. Twenty-six international consultants conducted 18 seminars and training courses for national engineers and technicians in Brazil. The subjects covered included the shelf life of foods, metal packaging and corrosion, food processing, marketing aspects and packaging for transport. Research was divided into four basic groups: metal and glass packaging, plastic and cardboard, food packaging systems and food analysis. The following laboratories were set up: one each for metal, glass and cardboard packaging; two for plastic packaging; three for food analysis; and one pilot plant for food conditioning systems. Compatibility studies were carried out on the interaction between specific kinds of packaging and the product contents food project to reduce food losses due to inappropriate packaging.

Support to the Mexican Research Institute for metalmechanical industry (IMEC) (MEX/87/005) - $411,225

56. The objective of this project is to develop engineering specialties in hydraulic systems, designs and prototypes, advances in Computer-Aided Design (CAD), Computer-Aided Manufacturing (CAM), Computer-Aided Engineering (CAE) and electronic applications in the manufacturing process. Among the major achievements to date are: (a) a contract to design a new passenger car for the national railroads; (b) a contract to design and build prototypes for agricultural machinery; (c) a contract to design and manufacture prototypes for fractionary electrical motors, electronically controlled; and (d) a contract to design and build a 1,000-ton hydraulic press.

Regional Programme of Biotechnology (RLA/83/003 - $2,468,990 and RLA/83/009 - $2,530,352)

57. The main goal of these projects is to strengthen biotechnology in the region so as to develop products, services and technologies to tackle local problems of significant social and economic impact. The programme was started in April 1987. The United Nations Educational, Scientific and Cultural Organization (UNESCO) is responsible for research and development at the laboratory level and for training in basic sciences. The United Nations Industrial Development Organization (UNIDO) executes such activities as the detection and evaluation of technologies suitable for pilot plants and their application to industrial production levels, and the training of personnel in specific aspects of industrial application of biotechnologies. Under this regional project, participating countries are required
to finance the promotion of technical co-operation among developing countries (TCDC) each and, in regard to the activities of TCDC, to pay the equivalent of 25 per cent of the total amount it receives for specific projects.

58. The regional programme is currently funding eight research and development projects involving more than 70 laboratories in 13 countries. Four of these projects deal with the detection and evaluation of technologies suitable for industrial applications and four are doing basic research at the laboratory level.

VIII. SPECIAL THEMES OF THE PROGRAMME OF TECHNICAL CO-OPERATION AND OTHER MANAGEMENT ACTIONS

59. Several areas of special interest received attention in 1988. A total of 48 country meetings were held to improve the environment for private sector development. Participants numbered 1,879 and were instrumental in expanding and strengthening the dialogue between the private and public sectors. In some cases, the meetings facilitated formal negotiations directed towards joint ventures. The UNDP also organized one regional meeting in the Dominican Republic and two subregional meetings in the Caribbean to discuss privatization.

60. A brainstorming session to identify areas for regional co-operation and mobilization of resources for environmental action took place in Belem do Para, Brazil, from 12 to 13 December 1988. The meeting was attended by country representatives as well as representatives from the European Economic Community (EEC), the World Bank, the Federal Republic of Germany, Italy and Sweden.

61. At a meeting held in New York on 15 and 16 June 1988, attended by 9 NGOs and consortia, 23 general and specific recommendations were made to strengthen co-operation among those organizations and UNDP, as well as to improve the treatment of gender issues and the role of women in development.

IX. CO-ORDINATION ACTIVITIES

62. The main co-ordinating achievement in the region in 1988 took place in Central America. At the request of the United Nations Secretary-General, Mr. Augusto Ramirez-Ocampo, Assistant Administrator of UNDP and Director of the Regional Bureau for Latin America and the Caribbean, served as co-ordinator of the United Nations system for the formulation, in close consultation with the Governments of the region, of the special plan of Economic Co-operation for Central America. In the formulation process of the special plan, Mr. Ramirez-Ocampo, accompanied by Mr. Gert Rosenthal, Executive Secretary of ECLAC, also consulted extensively with Central American regional institutions as well as organizations of the United Nations system, the Inter-American system and EEC. As indicated earlier, the Secretary-General submitted the special plan to the General Assembly (see para. 16 above). The main objective of the special plan is to mobilize $4.3 billion for the region; of this total, $2.3 billion would be earmarked for both financial assistance and technical co-operation projects, and $2.0 billion would be required to reduce the debt burden.
63. Co-ordination of technical assistance in the Caribbean has continued under the Caribbean Group for Co-operation in Economic Development (CGCED). The UNDP has been given the responsibility to prepare the programme of technical co-operation for all members of the Organization of Eastern Caribbean States (OECS) and to harmonize the programme with the Public Sector Investment Programme. The latter programme is the responsibility of the World Bank in co-operation with the Caribbean Development Bank (CDB). It has now been expanded to other Caribbean countries and Guyana is already well advanced in the preparation of its own programme of technical co-operation.

64. In 1988, the Regional Bureau for Latin America and the Caribbean also initiated a number of consultations at institutional and political levels with a view to addressing priority areas of the development agendas of the Governments of the region: economic and social integration; alleviation of poverty; environment and rational management of natural resources; and trade (particularly the follow-up to the Uruguay Round of Negotiations).