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**SUPPORT**

PROGRAMME PLANNING

COUNTRY, INTERCOUNTRY AND GLOBAL PROGRAMMES

IMPLEMENTATION OF SELECTED COUNTRY PROGRAMMES

Latin America and the Caribbean region, 1989

Report of the Administrator

SUMMARY

The present report on the implementation of the Latin American and Caribbean programme for 1989 is submitted in accordance with Governing Council decision 81/15 of 27 June 1981. The report provides information on the region's economic performance and significant political events during the year, as well as the role of the United Nations Development Programme (UNDP) within this framework. Also highlighted are the general programme and financial trends for the region as a whole, on a subregional basis and for the regional programme. Within this context, special themes and areas of focus for technical co-operation are featured, including women in development, the private sector, the environment and the Management Development Programme, as well as the mid-term country programme review exercise. Attention is also given to aid co-ordination arrangements.

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## I. GENERAL OVERVIEW OF THE REGION

### A. Economic performance in Latin America and the Caribbean in 1989 1/

1. In 1989 the Latin American and Caribbean region continued to experience the impact of the economic crisis which has persisted unabated since the early 1980s. For the second consecutive year, the region's average per capita income declined, this time by 1 per cent. The gross national product (GNP) dropped in seven countries. Moreover, the region's average level of inflation reached an unprecedented 1,000 per cent, even exceeding 3,000 per cent in three countries (Argentina, Peru and Nicaragua).
2. The external debt burden has continued to plague the region. Twelve out of 17 major debtors are Latin American countries, four of which top the list (Brazil, Mexico, Argentina and Venezuela). In 1989 the total external debt of the region increased slightly, to a total of \$416 billion, and only five countries were capable of meeting their repayment schedules in full.
3. For eight consecutive years the region has witnessed a net outflow of financial resources to the tune of \$200 billion. This trend, although somewhat eased, continued in 1989 with an outward transfer of \$25 billion, equivalent to 18 per cent of the region's exports and 3 per cent of its global GNP. It is worth noting that during this period the level of bilateral Official Development Assistance (ODA) received for the region in the same eight-year period was approximately \$32 billion.
4. Notwithstanding the above, the region recorded a considerable trade surplus of \$28 billion, due largely to a record export performance of \$110 billion in 1989, representing an increase of 9 per cent over 1988. In the same year imports grew by 8 per cent. Other positive economic indicators show that in four countries (Barbados, Costa Rica, Paraguay and Chile) the level of GNP reached satisfactory growth rates; in Brazil and Mexico the growth rate was 3 per cent, thus exhibiting some signs of economic reactivation. In addition, 12 countries succeeded in keeping inflation within reasonable limits (below 40 per cent). These positive indicators were, in many cases, the outcome of concerted and aggressive efforts by countries to increase exports. Despite these cases of relatively good performance, however, the outstanding interest on the debt as a percentage of regional exports is still alarmingly high (30 per cent), and in 1989 the region's debt represented 316 per cent of all exports. Moreover, the export growth rate, especially for non-traditional goods, reflected a decreasing trend which could jeopardize the overall performance of the region in the future.

### B. General political and economic context and perspectives

5. The underlying causes of the crisis of the 1980s can be associated with the structural features of the economy in many countries and with the lack of economic and political participation by large segments of the population, which continues to a great extent today. This is reflected in the unequal internal distribution of

income, high unemployment rates and the critical poverty of some 200 million people in the region. These are priority problems which need to be addressed as part of structural adjustment programmes and not exacerbated by them.

6. Furthermore, this lack of participation has contributed to an alienation between the population, political parties and Governments and in many countries is forcing a re-evaluation of the very nature of the State and its role in the quest for economic and social prosperity.

7. As indicated by the economic performance of the region in 1989, the Latin American and Caribbean countries continue to face a number of major economic difficulties. The huge debt burden is one of the major obstacles to development in the region and hinders the ability of Governments to solve the crisis through conventional domestic action. In addition, external factors such as the net export of capital, increased protectionism by industrialized countries, declining terms of trade of developing countries, exchange rate fluctuations and persistent high real interest rates make viable solutions to the problem more difficult to define.

8. As a result, the majority of Latin American and Caribbean countries are in a state of permanent crisis management to the detriment of a more rational approach to medium- and long-term planning. In particular, the implementation of structural adjustment programmes has created additional budgetary restraints and many countries have decreased allocations for the social aspects of development. In an attempt to alleviate the most pressing social problems, some countries have created social emergency funds. Indeed, the internal "social debt" has become as urgent a problem as that of external debt servicing obligations which, in turn, have also made it difficult to make any significant investment in other areas.

9. Future long-term strategies should aim at promoting a high degree of regional self-reliance, harmonization of economic schemes leading to regional integration, and fuller participation of all segments of the population in the political and social life of the country. This cannot occur without an early solution to the debt problem. Many proposals have been generated and increasing attention is being paid to high-impact relief measures, such as partial debt forgiveness and the "debt relief for social development" initiative undertaken by the Inter-American Development Bank (IDB) and the United Nations Children's Fund (UNICEF).

10. It is becoming increasingly clear that the restoration of creditworthiness is not totally dependent upon full debt repayment. Rather, sustainable social and economic adjustment and growth must be the guiding principle in the search for viable solutions to the debt issue. Thus, the development prospects of the region would be greatly enhanced if a new kind of development strategy emerged as a by-product of the debt crisis. Such a strategy would consist of integrated financing mechanisms for medium- or long-term development plans prepared by each country, with technical assistance if needed. This integrated approach would include balance-of-payment support from the International Monetary Fund (IMF), World Bank sectoral adjustment support, bilateral donor grant elements for basic needs, and co-financing for productive investments. The consultative group mechanism is a means for ensuring proper co-ordination of these inputs, and the United Nations Development Programme (UNDP) is co-operating in this process in many countries.

### C. Significant events in 1989

11. In 1989 a number of significant events took place, some of which provide an opportunity for important changes in the coming years.

12. In the Central American countries, the Special Plan of Economic Co-operation has laid the foundation for rehabilitation and renewed development with strong support from the international community.

13. Democratic Governments have been elected throughout the region and a commitment has been given to bring about a broader participation by all sectors of society in the political and economic life of the countries.

14. New proposals to solve the debt problem have been generated. The recent initiative of the Secretary-General to appoint a personal representative to explore this issue and submit recommendations at the end of 1990 is a recognition that new imaginative approaches are necessary and it has generated positive expectations for increased flexibility in solving the debt problem. Other initiatives such as the reciprocal cancellation of the debt between Argentina and Bolivia, the debt negotiations in Mexico, and an improved dialogue between debtor countries and international financial institutions, as in the case of Peru, are welcome and hopeful developments.

15. A number of countries are moving away from heavy involvement in public enterprises and are turning to the private sector as the stimulus for economic growth. The reform of the public sector is at the centre of the debate aimed at laying the foundation for a modern society. This debate includes discussion of a new division of labour between the public and private sectors; the strengthening of macro-economic management; a reconsideration of the size, organization and role of the public sector; a drive towards institutional decentralization with greater citizen participation; and the promotion of technological development.

16. The year 1989 witnessed an increased awareness by the countries of the region of the problems concerning the environment. The region's heavy debt burden, however, stood in the way of a more adequate management of the environment and of a better planned exploitation of natural resources. Nevertheless, there is a greater recognition that environmental issues must be dealt with in the spirit and context of international co-operation, among both developed and developing countries.

17. The integration efforts of some countries received a new boost by the decision of the "Group of Eight" to eliminate non-tariff barriers to trade and to reduce tariffs. Also, in the Declaration of Galápagos of 18 December 1989, the Andean countries decided to strengthen their integration efforts and revitalize the Andean Pact.

18. On the occasion of the tenth anniversary of the Buenos Aires Plan of Action for Promoting and Implementing Technical Co-operation among Developing Countries, 2/ the Governments of the region reaffirmed their commitment to South/South co-operation and stressed the need to encourage the full participation of women in technical co-operation.

19. The Caribbean countries face a number of major development challenges as they enter the decade of the 1990s. Apart from action at the national level, in an effort to optimize the development potential of the various countries, emphasis continues to be placed on strengthening economic integration arrangements both within the wider Caribbean Community (CARICOM) and the Organization of Eastern Caribbean States (OECS) which embrace the smaller islands of the Eastern Caribbean. Moreover, the Caribbean Group for Co-operation in Economic Development (CGCED) continues to serve as an important mechanism for promoting co-ordination among the various donors and beneficiary countries in support of the latter's development effort. Guyana has carried out a comprehensive exercise leading to the adoption of an important economic recovery programme.

#### D. UNDP programmes

20. Against the background described above, UNDP programmes in 1989 continued to provide technical co-operation in the priority areas identified by the Governments in their respective country programmes and at the regional and subregional levels.

21. Important efforts were made in the areas of critical poverty alleviation, agricultural diversification, investment promotion and development planning. UNDP also supported the formulation of structural adjustment programmes, encouraged Technical Co-operation among Developing Countries (TCDC), provided macro-economic advice, and fostered increased attention to the social aspects of development. Through national and regional workshops, UNDP has promoted the role of the private sector in development and fostered the debate on environmental issues.

22. In the years ahead, it is likely that UNDP will be requested to provide additional assistance in the fields of strategic planning, economic diversification, industrial restructuring, and trade. A greater involvement in the provision of macro-economic advice and in debt-related areas is also likely. Moreover, it seems clear that assistance in the fight against critical poverty, support to technological development and public sector management issues will continue to be of particular relevance.

## II. THE UNDP PROGRAMME

### A. Country programming

23. During 1989 country programme extensions were approved for Ecuador (until the end of 1989) and Haiti (until the end of 1990); preparations for an additional one-year extension are currently under way for Argentina.

24. Most of the country programmes were subjected to mid-term reviews during 1989, with 26 completed exercises, and the balance to be undertaken in 1990. The mid-term review of the regional programme will conclude in mid-1990. On the whole, the experience has shown that the objectives of the programmes, as originally approved, have been validated, although changing economic and political circumstances of some countries have generated a change in emphasis for specific

projects. The mid-term review process has also been a good opportunity to plan for the future, especially within the framework of upcoming preparations for the fifth country programming cycle.

#### B. Implementation

25. During the year, 232 new projects were approved, bringing the total number of ongoing country and regional projects to 1,597. The overall level of approvals in 1989 is estimated at \$66 million, of which \$37 million is derived from indicative planning figure (IPF) resources and \$29 million from cost sharing. In terms of estimated expenditures in 1989, it is noteworthy that the level of total cost-sharing resources, calculated at 57 per cent, surpassed the IPF. The level of management services agreements, executed by the Office for Project Services (OPS) of UNDP, was estimated at \$29 million for 1989. The amount of Special Programme Resources (SPR) committed in 1989 for Latin America and the Caribbean is estimated at \$11 million, a 45 per cent increase over 1988 due primarily to the approval of projects within the Special Plan of Economic Co-operation for Central America.

26. In terms of programme commitment levels for the fourth programming cycle, \$283 million or 88 per cent of programme resources was committed by the end of 1989, out of a total IPF entitlement of \$323 million (see figure 1). The balance of \$40 million will be programmed and spent by the end of the cycle, for which a healthy pipeline of projects exists. For 1989 the estimated level of delivery is \$80 million.

27. In 1989 the overall sectoral breakdown of estimated expenditures in the region was as follows: 34 per cent for general development issues; 13 per cent for agriculture, forestry and fisheries; 11 per cent for the social sectors (employment, education, health, social conditions); 9 per cent for transport and communications; 8 per cent for industry; 8 per cent for science and technology; 7 per cent for natural resources; 6 per cent for human settlements; 2 per cent for international trade; and 2 per cent for other areas (see figure 2).

28. With regard to the component breakdown of project expenditures for 1989, estimates show that personnel is the most important component with 52 per cent of overall estimated expenditures, followed by equipment with 23 per cent, sub-contracts with 10 per cent, and training with 10 per cent.

29. With respect to agency expenditures for 1989, national execution continues to be the most utilized execution modality with 42 per cent of estimated expenditures. This is followed by 11 per cent for UNDP, 7 per cent each for the United Nations and the Food and Agriculture Organization of the United Nations (FAO), 6 per cent for the United Nations Industrial Development Organization (UNIDO) and 5 per cent for the International Labour Organisation (ILO). Figure 3 provides the complete breakdown. The region is at the forefront of national execution with a growth from 12 per cent in the third cycle to 30 per cent in the fourth cycle.

Figure 1

# IPF RBLAC 1987-1991

## TOTAL IPF = \$323 MILLION

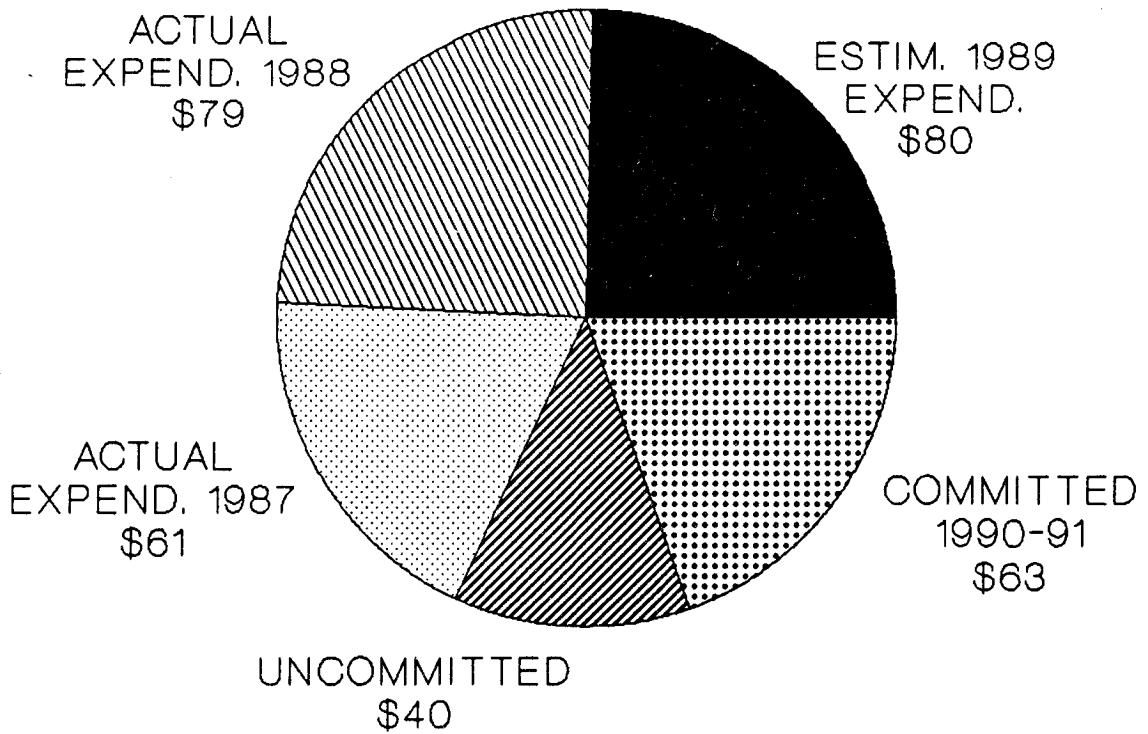




Figure 2

# EXPENDITURES BY SECTORS RBLAC--1989 (PERCENTAGE)

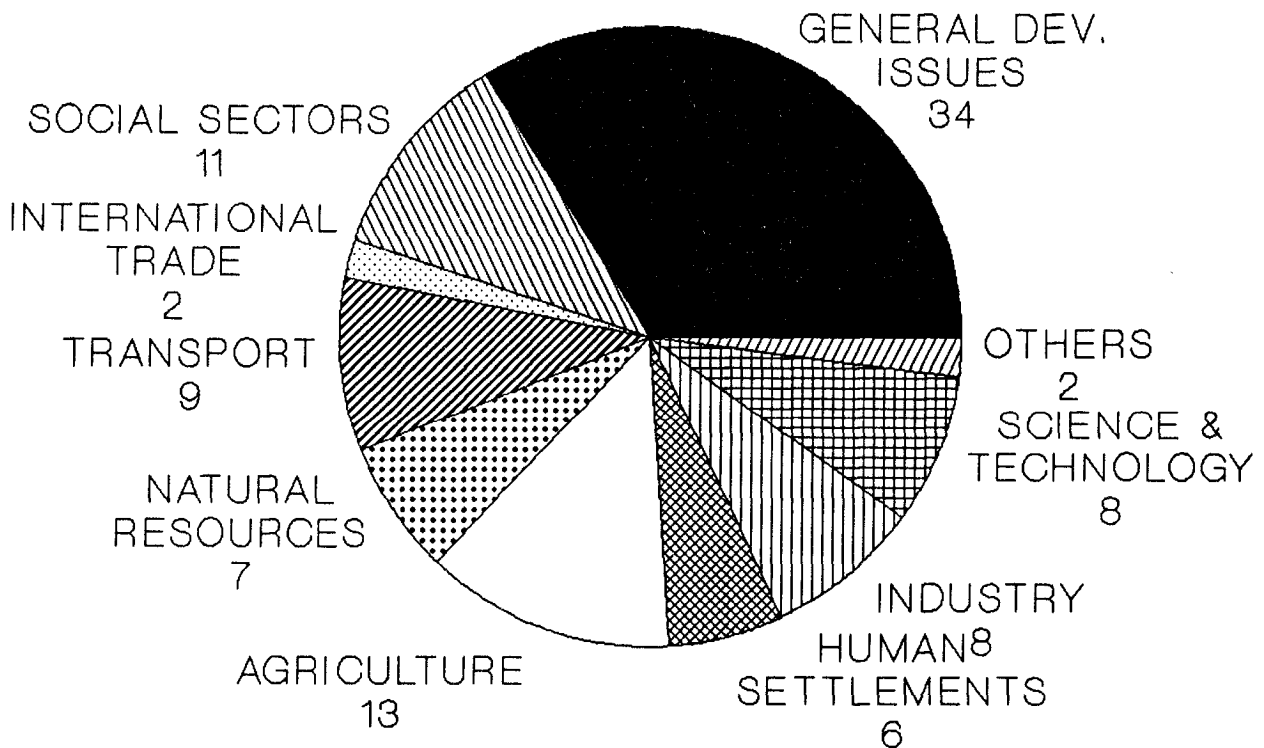
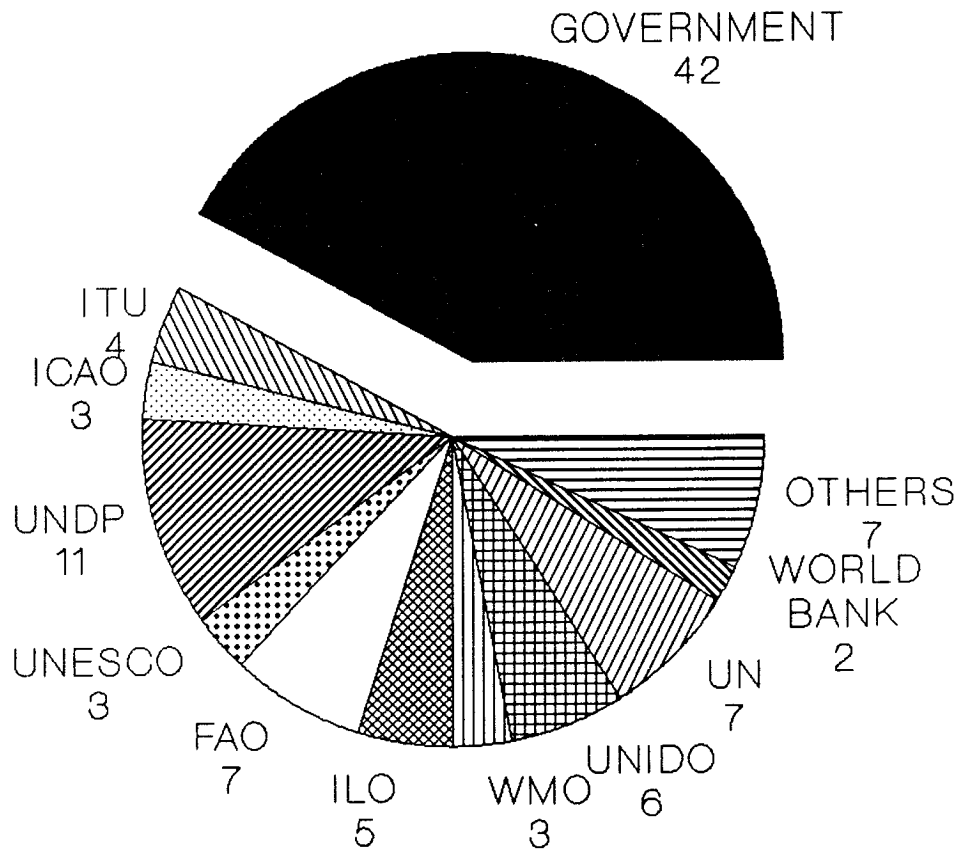


Figure 3

# EXPENDITURES BY AGENCIES RBLAC--1989 (PERCENTAGE)



C. Special themes and areas of focus of the programme of technical co-operation

30. Particular themes have continued to be stressed in the implementation of UNDP's technical co-operation programme. These and other areas of focus are described below.

1. Women in development

31. Throughout the region, UNDP field offices have continued to review women-in-development (WID) concerns, utilizing WID sectoral guidelines (issued in June 1989) in the project formulation and appraisal process, as well as incorporating WID issues in the terms of reference for programming, design and evaluation missions. Various country programme mid-term reviews have dealt with the issue, and it will be actively addressed during consultations on the fifth programming cycle. In May 1989, a seminar on WID considerations in projects, programming and planning, organized by the Joint Consultative Group on Policy (JCGP) and the Economic Commission for Latin America and the Caribbean (ECLAC), was held in Santiago, Chile, for senior field office staff; additional workshops have been held in UNDP field offices to strengthen these concerns. Moreover, at the country level, UNDP has participated in seminars on general issues related to women's participation. Several WID country profiles have been prepared, and efforts will continue with respect to strengthening links with government ministries responsible for WID issues, agencies of the United Nations system and non-governmental organizations (NGOs).

2. Private sector

32. Private sector workshops took place throughout 1989 in Argentina, Chile, Haiti, Honduras, Mexico, Panama, Paraguay and Peru. In general, the workshops have not only fostered a dialogue between the public and private sectors, but have provided valuable opportunities for UNDP office staff to learn of private sector development, establish contacts and exchange views with other donors and the business community. In fact, several concrete project proposals have been generated to provide management support to the micro- and small entrepreneur, as well as public institutions through Short-term Advisory Services (STAS) and TCDC modalities. The dialogue will continue in the future as an integral part of the programming process.

3. Environment

33. Much has been accomplished in the area of environment and development. Workshops and meetings have continued to be held and, in general, they have fostered a greater understanding and awareness of environmental issues among policy makers, experts, private and public sectors, universities, NGOs and the media, and have encouraged linkages at the national, regional and international levels. Furthermore, the workshops have assisted in the formulation of country-specific

policies, strategies and projects. In May 1989, the Regional Bureau for Latin America and the Caribbean (RBLAC) participated in the IDB Second Consultative Meeting with Latin American environmental NGOs held in Washington, D.C., which provided an opportunity for the exchange of views and development of contacts for future collaboration in preparatory assistance missions of specific regional projects. The Commission of Latin America and the Caribbean on Development and the Environment, established in 1989, is a new initiative sponsored jointly by UNDP and IDB in this area, aimed at identifying the priority issues to be included in the agenda on development and the environment for Latin America and the Caribbean, in preparation for the United Nations Conference on Environment and Development to be held in 1992.

#### 4. Non-governmental organizations

34. UNDP has provided support to NGOs through the Partners in Development programme in 15 countries, and three more have demonstrated a keen interest in participating. Some of the activities supported so far include establishing NGO data bases in Bolivia, Colombia, and Trinidad and Tobago; providing drinking water to rural communities in the Dominican Republic; supporting women's enterprises in Ecuador and Peru, and self-help initiatives in the marginal areas of Quito, Ecuador; organizing a seminar on project planning and evaluation for NGOs operating in Haiti; supporting grass-roots training and income-generating activities in Jamaica; strengthening business and marketing capacities of rural organizations in Panama; and supporting participatory research and advocacy activities to promote environmental awareness and preservation of a national reserve in the Lago Titicaca area of Peru. In Panama, the UNDP field office held a seminar to foster co-operation between the Government and NGOs.

#### 5. Management Development Programme

35. The economic decline of Latin America and the Caribbean in the 1980s, accompanied by social ills and critical poverty, gives urgency to the need of Governments to implement effective policies of structural adjustment and sustained economic growth that will also provide improved opportunities for the poorest. However, most Governments recognize that their institutions have remained too centralized and bureaucratic, often growing to excessive proportions, and need to be adapted to meet the challenge. These weaknesses are so severe that the reform of the State apparatus is now a high priority for the region. In order to support these efforts at reform, the Management Development Programme (MDP) has been utilized in 10 countries (Argentina, Bolivia, Colombia, Ecuador, Guyana, Haiti, Honduras, Paraguay, Uruguay and Venezuela) and has focused on civil service reform, decentralization, streamlining of the State apparatus, and restructuring of line ministries and public enterprises.

#### D. Co-ordination of assistance

36. The improved effectiveness of United Nations operational activities at country and headquarters level has been a major focus in 1989. General Assembly resolution 44/211 of 22 December 1989 set the stage for system-wide changes at the managerial and organizational levels. RBLAC looks forward to the prospect of more effective co-ordination and further decentralization of operational activities among agencies of the United Nations system at the field level. The strengthening of national capacities through the expansion of the national execution modality, as well as focusing on programme-oriented approaches, are other elements for achieving increased operational effectiveness. The Regional Bureau, in concert with its field offices, has already undertaken various initiatives throughout the year with a view to strengthening co-ordination efforts, a few of which are outlined below.

37. In June 1989 the President and senior associates of IDB met with the Associate Administrator of UNDP and senior staff of the Regional Bureau to exchange views on opportunities and modalities of co-operation between the two organizations. After a fruitful discussion of the major problems and challenges facing the region, the actual and potential roles and capacities of UNDP and IDB, as well as priority fields for co-operation (research studies, co-ordinated action in poverty alleviation, science and technology, and the environment), a memorandum of understanding was signed as a first step towards the adoption of a far-reaching co-operation agreement between the two organizations. Future efforts will concentrate on translating the agreement into pragmatic project-related initiatives at the country and regional levels.

38. In 1989 UNDP participated in World Bank-led Consultative Group meetings for Bolivia, Costa Rica, Guatemala and Honduras. At the Consultative Group meeting for Bolivia, a national investment plan for the social sectors was presented and subsequently supported by the World Bank, UNDP, IDB and major bilateral donors; a permanent subgroup on the economic aspects of coca production and trade was also created in which UNDP is participating. In the case of Costa Rica, UNDP assisted the Government in the formulation of its first Strategy for Technical Co-operation. In Guatemala, the World Bank requested UNDP assistance with the formulation of technical assistance priorities and an inventory of technical assistance activities. UNDP was particularly supportive in the preparation of the Honduran position, and it is promoting technical co-operation activities to strengthen the country's investment and management capacity, while improving the living conditions and productivity of social groups. In Peru, the UNDP office assisted in maintaining the policy dialogue between the Government and the World Bank.

39. An important initiative undertaken last year at the country level was the launching of a National Technical Co-operation Assessment and Programmes (NaTCAP) exercise for Haiti. It is aimed at helping the Government to set up a data base system of technical assistance projects and programmes; define a national technical co-operation policy; establish an institutional co-ordination mechanism with the participation of NGOs, the private sector and the donor community; and prepare a national strategy for the identification of technical assistance needs and priorities. MDP assistance has been initiated concurrently with the NaTCAP with

the aim of improving the efficiency of the public sector and strengthening the Government's capacity to utilize external assistance.

40. At the regional and subregional level, UNDP is actively assisting groups of countries to look at common problems in a shared and co-ordinated way, e.g., Andean countries, Amazon countries, Central America and the Caribbean.

41. A major highlight of the year was the RBLAC Regional Meeting, held in San José, Costa Rica, in September 1989 with resident representatives, senior UNDP and Regional Bureau staff, representatives of agencies of the United Nations system, and heads of regional organizations. The meeting was inaugurated by the President of Costa Rica and Nobel Peace Prize winner Oscar Arias Sanchez; the Director-General for Development and International Economic Co-operation, United Nations Secretariat; the Administrator of UNDP; and the Regional Director. It provided an excellent opportunity for all participants to exchange experiences and points of view on regional perspectives, co-ordination and operational issues, and specific matters of mutual concern. The general conclusions of the meeting were that UNDP should concentrate and continue its technical co-operation efforts in four areas: the reform of the State; environment and development; alleviation of critical poverty; and science and technology. It was also determined that innovative programme initiatives should be contemplated and undertaken on a subregional basis to deal with issues that are common to particular countries or regions. Finally, it was concluded that further decentralization of authority for programme and administrative matters should be pursued in order to facilitate field office support to nationally executed projects.

### III. REVIEW OF SELECTED COUNTRY AND REGIONAL PROGRAMMES AND PROJECTS

#### A. Country programmes of Latin America

42. As demonstrated by the conclusions of the six mid-term review exercises which took place in 1989, the approved fourth cycle country programmes continued to be relevant to the technical co-operation needs of the Latin American countries, with some minor adjustments in emphasis. These exercises also found that project implementation levels are, in general, satisfactory and that the exercise was particularly useful in those countries where a change of government has taken place or is imminent.

43. During 1989, there was increased emphasis in the following areas: public sector management, critical poverty alleviation, science and technology, the environment and agriculture. These areas of emphasis may be highlighted in three countries.

44. One of the areas of focus of the Brazil country programme is management of the environment. Currently, there are 25 projects being implemented which have an environmental component. One such project is integrating environmental concerns into hydroelectric undertakings in the Amazonian region with a view to preserving Amazonian ecosystems and mitigating environmental damage. ELETRONORTE, a regional

electrical company in the northern Amazonian region of Brazil (which comprises 58.7 per cent of the country's territory and 45 per cent of the nation's estimated hydroelectric potential), is charged with the construction of seven new hydroelectric plants which, in addition to three nearly completed plants, will produce approximately 22,914 MW of power, thereby solving the problem of electrical power shortages. The project will assist ELETRONORTE to carry out environmental impact studies and a public information programme; regulate the utilization of reservoirs; monitor health conditions; and utilize new integrated housing schemes. So far, in little more than one year of implementation, the project has established an ELETRONORTE data bank, analysing and classifying 300 documents; has successfully applied a pilot environmental education programme in Rondonia; and carried out field research on the identification of fish species in the Araguaia-Tocantins Basin and two epidemiological surveys on the health impact in the area of the Balbina dam.

45. Scientific and technological development is the corner-stone of the fourth country programme in Chile. The mid-term review of this programme was submitted to the Governing Council at its thirty-sixth session (DP/1989/73/Add.1). During 1989, work continued in several advanced technological areas such as: research in the areas of biotechnology, and genetic and computer engineering designed to solve problems with relevant socio-economic impact mainly in the health and agriculture sectors; and professional training programmes in technological management of productive enterprises. In the area of biotechnology research, one project is endeavouring to initiate a new algal biotechnology industry based on the production of B-carotene from the extraction of a micro-alga (*Dunaliella*) for international commercialization. Natural B-carotene is consumed as a health food, used as a food and feed additive, and for research in cancer prevention. To date, the project has successfully established a pilot laboratory in the northern part of the country and two ponds for harvesting, and various studies have been carried out on nutrient requirements and harvesting techniques with the involvement of universities and an industrial partner. Future project activities will focus on research on extraction techniques and actual harvesting. Moreover, a search will be conducted for an industrial partner to obtain additional funding and acquire marketing expertise for research on the potential commercial viability of production.

46. The agricultural sector is of particular importance to the country programme of the Dominican Republic. An important project is assisting in improving the management of dairy enterprises in the eastern region of the country. This UNDP/FAO-supported project is a co-operative venture between the Government, the private sector and the National Agrarian Bank. The project expects to increase milk production from 90 to 289 million litres per year, in a five- to six-year period; establish a four-year technical assistance programme for the farmers, managed and financed by the private sector; and improve commercial links between farmers, industries and consumers. In one year of implementation the project has successfully started the technical assistance programme and the development of the marketing system.

47. The relatively limited IPF resources assigned to the countries are used catalytically to attract and manage, in an integrated fashion, resources from internal, bilateral and/or multilateral sources. This was particularly so in 1989, and two clear examples are Argentina and Bolivia. In Argentina, the UNDP office is

currently administering cost-sharing funds from different sources in the amount of approximately \$122 million, around a country programme with IPF resources of only \$7.1 million. In Bolivia, the IPF of \$23 million is complemented by some \$120 million from other sources, principally IDB in an innovative arrangement which forms the basis for expanding UNDP and IDB co-operation throughout the region.

48. During 1989, 28 in-depth project evaluations were carried out in nine countries. One of these covered three micro-irrigation projects in different areas of Bolivia. The evaluation of these projects, which were innovative in design and incorporated elements such as appropriate technology, community participation, and emphasis on the role of women, confirmed that the projects have been very successful in increasing significantly farmers' productivity.

49. In nearly all countries, seminars on subjects of special relevance and concern, namely the environment and the private sector, have been held. An increasing number of projects are reviewing their impact on the environment and are trying to implement measures in this area, as in the case of Brazil.

50. The role of women in development and the participation of NGOs have been stressed in several countries. The participation of NGOs in country programme implementation is significant. NGOs in Argentina, Bolivia, Brazil, Haiti, Paraguay and Peru have an important role in the implementation of specific projects.

51. Another characteristic of the programmes is the importance given to TCDC. Special mention should be made of the country programme of Argentina, which has developed close links of co-operation not only with other Latin American countries, but also with several African and Asian countries. Other examples are Brazil, with its co-operation with Latin America and Africa, and the Dominican Republic and Panama whose activities are predominantly in the Latin American region. Among the fields of TCDC co-operation are industry (light and heavy), agriculture and health.

## B. Central America

### 1. Country programmes

52. The common features of programmes in Central American countries continue to be support to the public sector, to economic reactivation efforts and to social development. A recent trend is the increased interest in technical support for social development within government strategies.

53. Mid-term country programme reviews are being completed or planned for the first quarter of 1990. The mid-term country programme review of Nicaragua shows that there has been a sustained level of implementation and that the objectives of the country programme remain valid. It has been possible to sharpen these in areas of concentration aimed at supporting the peace and integration process, economic stabilization, modernization of the State through social development policies, and the promotion of medium- and long-term economic reactivation.



54. There has been a considerable increase in the level of resources managed by UNDP in the subregion over and above the IPF levels including Government and third-party cost-sharing and management services agreements. There has also been an increase in the co-ordinating role of UNDP, particularly with respect to the implementation of the Special Plan of Economic Co-operation for Central America. Taking this into account and the increased participation in consultative groups, UNDP has commissioned a study to recommend methodologies for the programming of technical co-operation that respond to the economic priorities of the countries and relate to their public investment plans and sectoral policies.

55. Costa Rica is preparing for the implementation of a pilot project with innovative characteristics in technology management within the Industrial Reconversion Programme of Costa Rica. It involves a heavy participation of the private sector, which contributes with financial resources and its work to the pilot scheme. With \$1.3 million in government cost-sharing funds, a UNDP contribution of \$721,121 and a contribution by private enterprises estimated at approximately \$3.4 million, enterprises producing metal-mechanic, micro-electronic computer information, liquid combustibles and chemical-pharmaceutical products, as well as those handling electric energy and telecommunications, will acquire modern computerized and management techniques to increase productivity and exports. This pilot project will also help to prepare research and development projects to be financed within the framework of an IDB loan of \$34 million.

56. In Guatemala, UNDP is assisting micro-enterprises through a support scheme with third-party cost-sharing financing from the Netherlands (\$762,800) aimed at providing 40,000 micro-entrepreneurs with credit and technical assistance programmes which are administered by local NGOs. The project is extending the successful experience from the capital to 15 cities in the south-west region of the country. This is expected to provide the basis for a further multiplication of the scheme on a national basis.

## 2. Special Plan of Economic Co-operation for Central America (PEC)

57. The Special Plan was launched in September 1988 with the approval of a three-tier mechanism for its implementation. One of the main objectives of the mechanism is the preparation of the technical documentation required to present bankable projects to the international donor community, as well as the formulation and implementation of projects to strengthen regional institutions.

58. As the lead agency for the implementation of PEC, UNDP during 1989 approved 21 projects valued at \$11,224,000. Of this amount, \$7,552,000 is being charged to SPR (with financing from the \$20 million SPR approved by the Governing Council at its thirty-fifth session in June 1988), with the balance being covered by co-financing on parallel financing. By the end of 1989, a further 14 projects, valued at \$88.1 million, were at the final stages of approval. Of this amount, \$1,386,000 is to be charged to SPR, with the balance to be covered by cost-sharing.

59. In connection with institutional aspects and management, a UNDP-financed project was initiated during 1989 to support the Central American Governments in

69. UNDP is collaborating actively with the World Bank and PAHO in addressing the lack of resources for nutrition assistance and improving the targeting of these resources so they can more effectively reach the poorest population. This is being accomplished through the organization of donor meetings, consultant services, and seminars.

70. Furthermore, UNDP is financing a pre-feasibility project for the production of highly nutritional flour to be used in nutrition programmes in the region. The technology was developed by the Nutrition Institute for Central America and Panama (INCAP).

71. UNDP collaborated in an initiative of the United Nations Centre for Human Settlements (UNCHS) with the Government of Finland and the Central American Governments aimed at formulating a regional programme to strengthen the capacities of local authorities in the field of settlements and shelter improvement.

72. In addition to the above-referenced areas, during 1989 UNDP initiated preparatory works and/or financed projects related to: the environment; regional development; tourism; industrial reconversion; micro-industries (handicrafts); automation of customs clearance procedures; and strengthening of regional institutions.

### C. Caribbean programmes

73. UNDP continues to provide support to the Caribbean countries at both the national and the regional level through programmes and projects seeking to promote small-farm agriculture, statistical development, education, housing, the improvement of customs administration, physical planning, economic management, hydropower development, water resources development, housing development, telecommunications, trade information services, meteorology, operational hydrology, small enterprise development, and tourism development.

74. During 1989 mid-term country programme reviews were carried out for 18 of the 20 Caribbean programmes. In general, the reviews underlined the continued relevance of the objectives of the various programmes, although a number of new needs have been identified and will be accommodated within the broad objectives of the programmes. These reviews will serve as an important input in the preparation of the fifth cycle country programmes.

75. In the implementation of the country programmes, special emphasis has been placed on the utilization of cost-effective modalities such as the Transfer of Knowledge through Expatriate Nationals (TOKTEN), TCDC, the United Nations Volunteers (UNV) and use of national and regional experts in order to maximize the use of the limited IPF resources available, especially in the case of the smaller countries. National execution has also been used to an increasing extent, particularly in the case of Jamaica.

76. Resources have been provided under the Management Development Programme (MDP) to assist the Government of Guyana to carry out a review of the management

requirements to sustain the Economic Recovery Programme (ERP) agreed with the World Bank and IMF. Assistance from MDP is also earmarked for the small islands of the eastern Caribbean under a subregional project.

77. The following sections describe the main elements of the UNDP programmes in Guyana, Jamaica and Saint Lucia and the various activities carried out thereunder.

#### Guyana

78. In response to the continuing decline in the economy during the past five years and the adoption in 1989 of an Economic Recovery Programme, as agreed with IMF and the World Bank, UNDP has assisted the Government of Guyana to carry out an overall technical co-operation needs assessment as well as the identification of the specific management requirements to sustain the Programme. In addition, UNDP and other organizations and agencies of the United Nations system, such as UNICEF, the United Nations Population Fund (UNFPA), the World Food Programme (WFP), ILO, and FAO, are assisting the Government to put in place a social impact amelioration programme to deal with the adverse social impact of the adjustment process.

79. In view of its involvement in these areas, UNDP has been accorded a central co-ordinating role in relation to the activities of other multilateral and bilateral donors. UNDP currently chairs both a Steering Committee which manages technical assistance under the interim macro-economic management project and a Donors' Committee which brings together multilateral and bilateral technical assistance donors in the context of the implementation of the wider Economic Recovery Programme.

#### Jamaica

80. The Jamaica country programme has been undergoing important adjustment in the light of the national disaster, Hurricane Gilbert, in late 1988 and the change of Government in February 1989.

81. Consequently, the main thrust is now improved public sector management and implementation capacities with reference to the social sector, in particular health, education and housing. Within this overall thrust, emphasis is also being placed on facilitating the formulation of the Government's 1991-1995 development plan and strengthening the country's national planning capability with special reference to the co-ordination and management of international technical co-operation. Movement towards this new thrust had, however, been initiated since June 1987 at the meeting of the Caribbean Group for Co-operation in Economic Development (CGCED) held in Washington, D.C. at which the Government's Social Well Being Programme (later renamed the Human Resources Development Programme) was formally endorsed.

82. The Government of Jamaica and UNDP are now engaged in the final stage of project design for these interventions, which also foresee substantial cost-sharing, co-financing and co-operating arrangements with the World Bank and IDB. Those banks have approved loan resources in excess of \$90 million for substantial infrastructural development.

83. UNDP grant funding resources, in the region of \$1 million, will complement these capital and other costs and will concentrate on skills upgrading, review and improvement of management practices, efficient and effective procedures, and the establishment of computerized data bases and monitoring systems.

#### Saint Lucia

84. Three years into the implementation of the programme, the two main objectives of the programme, namely, agricultural development and diversification and institutional strengthening of the public sector, remain valid and are supported by a number of projects. Two projects of particular relevance are: (a) an agricultural pilot project which is designed to determine the feasibility of cashew and macadamia nut cultivation on previously uncultivated marginal lands; the project is being implemented through the TCDC modality with assistance provided by the Government of Brazil; and (b) a multi-sector development project which focuses on the reform of the civil service. The project has assisted the Government in the preparation of a reclassification manual for all civil service positions, the establishment of a comprehensive human resources management information system, and the review and revision of all legislation relating to personnel management in the public sector.

#### D. The regional programme

85. The technical co-operation strategy of the regional programme is translated into three broad programme objectives, namely, the alleviation of critical poverty and promotion of equity and employment; the stimulation of self-reliant growth; and the promotion of science and technology for development. In addition, a number of complementary sectoral activities have been included as a fourth objective in order to take account of some additional specific subregional needs, sectoral initiatives of importance to the region as a whole and activities designed to stimulate regional co-operation as well as technical and cultural integration.

86. Technical assistance on the administration of Central America's debt is being provided in a project executed by the United Nations Conference on Trade and Development (UNCTAD) and ECLAC. It will help to establish a computerized information system for debt monitoring and follow-up in each Central American country. Another project has finalized a draft proposal to restructure the Central American Monetary Stabilization Fund. UNDP is also financing short-term consultancies in Bolivia, Ecuador and Venezuela to address problems of low economic growth, high debt and high inflation. These nations are advised by a team of economists from Harvard University led by Professor Jeffrey Sachs.

87. ECLAC, which plays a major role in the promotion of economic and social development throughout the region, is directing a UNDP-funded project aimed at defining policies for the economic recovery and development of the region. Project experts are helping national economic teams to design regional strategies for adjustment and stabilization, as well as singling out national problems that could benefit from a regional approach. By drawing on the knowledge of institutions in the region, the project is helping to develop a network of academic, public and private experts in Latin America and the Caribbean.

88. Programme support for strengthening the region's trade capabilities is an integral element - along with debt management and economic adjustment policies - of a comprehensive approach designed to improve the region's economic position. The region's position in the General Agreement on Tariffs and Trade (GATT) Uruguay Round of trade talks is hammered out at SELA (Latin America Economic System) where, with the support of UNDP's regional programme, Governments assess the likely impact of trade proposals put forward by other countries in the GATT negotiations. Also, an UNCTAD/ECLAC-executed project focuses on strengthening the national mechanisms of monitoring of the GATT Uruguay Round. To this effect, seminars were organized with the participation of government officials, entrepreneurs and national research institutions. Technical assistance was also provided to the Latin American delegations in Geneva on different issues arising from the negotiating groups. Another project supports export promotion within the region through the Latin American Integration Association (ALADI), which is a key player in promoting regional trade and integration. Support for regional integration, which historically has been most successful when based upon removal of trade barriers, remains a basic theme of the regional programme.

89. The past decade has been marked by a sharp decline, not only in terms of trade for traditional primary products exported by the region, but also in its competitive position. There is no doubt that, compared to other regions, Latin America has lost relevance and dynamism in the global economy. Against this background, the regional programme has been assisting Governments in the modernization of the productive sector, involving two main and interrelated lines of action: scientific and technological development including, in particular, applied technology; and enterprise management, structure and financing.

90. Critical poverty is another example of an exceptional need for which Governments have turned to the regional programme. The regional programme, through the poverty eradication project, is working with 16 Governments on possible approaches and policies to assist most needy people, including self-help responses to the economic crisis. Also through ILO's Regional Employment Programme for Latin America and the Caribbean (PREALC) the programme is assisting Governments in formulating policies to address the social debt issue and to assess the impact of macro-economic policies on employment and income-generation.

91. Implicit in these programmes is an emerging consensus that a strong state capable of managing and implementing more sophisticated and just economic and social programmes is a prerequisite for reinvigorating development. The regional programme is, in addition to national initiatives pursued through MDP, helping Governments to become more efficient through programmes that range from civil service reform to decentralizing authority and increasing opportunities for citizens and NGOs to carry out their own initiatives. One project provides technical advisory teams that are helping Governments to set up policy advisory bodies in presidential offices, as well as strengthen co-ordination between executive branch financial and administrative ministries.

92. Taking into account the qualitative dimension of a region's development, the regional programme has supported the fundamental cultural dimension of the development process with a view not only to preserving cultural independence and

sovereignty, but also to reinforcing cultural identities. A cultural heritage project encompassing 29 countries includes activities ranging from the preservation and conservation of particular objects and monuments to the understanding and enhancing of their role in the context of their environment. Responding to the region-wide municipalization trend, the project, through research, training, policy-oriented colloquia and seminars, publications and concrete preservation programmes, has focused on the integration of cultural assets in processes of urban development.

93. Operationally, the regional programme is giving priority to taking advantage of new communications technology to improve management capabilities. The establishment of a Regional Programme Management Plan (RPMP) on-line system should encourage greater participation by Governments and field offices in all stages of the project cycle. This system will enable field offices, government focal points and project managers to access programme data and exchange information through the use of electronic mail and computer conferencing.

94. Overall delivery rates have remained high: 75 per cent in the current cycle. Cost-sharing contributions have doubled the amount for 1988, thereby demonstrating a growing demand for regional programme action.

95. A mid-term review of the Third Regional Programme for Latin America and the Caribbean that was started in 1989 will provide the basis for collective consultations with Governments in early 1990. Its main purpose was to consider the policy relevance of the regional programme and its responsiveness to a highly dynamic context. It is anticipated that greater attention will be given to building upon the initiatives undertaken in improving data communications networks and accelerating the advance of science and technology. New issues being addressed include support to high-level political initiatives such as those of the Group of Eight, and the Commission of Latin America and the Caribbean on Development and the Environment which is sponsored jointly by UNDP and IDB.

#### Notes

1/ See Preliminary Overview of the Economy of Latin America and the Caribbean 1989 (LC/G.1586 of 29 December 1989).

2/ See Report of the United Nations Conference on Technical Co-operation among Developing Countries, Buenos Aires, 30 August-12 September 1978 (United Nations publication, Sales No. E.78.II.A.11 and corrigendum).

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