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PROGRAMME PLANNING

COUNTRY, INTERCOUNTRY AND GLOBAL PROGRAMMES

FOURTH COUNTRY PROGRAMME FOR INDIA

Note by the Administrator

<u>Programme period</u>	<u>Illustrative IPF</u>
April 1990-March 1995	\$ 175.4 million

I. THE PROGRAMMING PROCESS

1. The fourth country programme for India (DP/CP/IND/4) is timed to coincide with the Eighth Plan (April 1990-March 1995) and, as with the ongoing programme, it will straddle two programming cycles of the United Nations Development Programme (UNDP). For this reason it is one of the first programmes to be presented to the Governing Council under the revised guidelines for country programming issued in 1988. Moreover, it is also one of the first country programmes to be finalized following the landmark General Assembly resolution 44/211 of 22 December 1989 on operational activities for development.

2. The formulation process of the country programme started with the mid-term review which was conducted in February 1989, a year later than originally planned. While the review concluded that the projects under the third country programme broadly followed the development priorities of the Seventh Plan, it also recognized that the country programme itself did not clearly indicate either strategies or

cohesive objectives for the use of UNDP resources in the various sectors against which programme effectiveness and impact could be meaningfully assessed. At the review much attention was therefore devoted to the problems related to project formulation, implementation and evaluation.

3. The review led to a call for more effective use of UNDP assistance and, to this end, a number of specific recommendations were made. These included, inter alia, a call for a more substantive and realistic appraisal of projects; involvement of all the parties concerned at the earliest stages of project formulation to ensure a deeper understanding of the proposed venture and its relevance to the related economic and/or social sector; strengthening of the capacities of the executing as well as implementing agencies; enhancement of co-ordination at the project level with other multilateral and bilateral programmes; and, finally, an increase in the size of the projects (and therefore a decrease in their number) in order to improve project management and monitoring.

4. Following the mid-term review, the initial work on the fourth country programme was largely project oriented with emphasis on enhancing the impact of joint Government of India/UNDP-funded activities. With this in mind, agencies of the United Nations system were for the first time invited to field missions to identify technical assistance needs in the respective sectors. Thus UNDP and the Government were able to benefit from inputs provided by the Food and Agriculture Organization of the United Nations (FAO), the United Nations Industrial Development Organization (UNIDO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the International Trade Centre UNCTAD/GATT (ITC), the International Civil Aviation Organization (ICAO), the International Labour Organisation (ILO) and the International Telecommunication Union (ITU) that were based on programming missions fielded by them.

5. In line with the 1988 guidelines, the advisory note was based on an assessment of the ongoing country programme as well as an analysis of the overall technical assistance needs in India. The analysis pointed to the need to move away from a project-oriented approach and led to the identification of a number of thematic thrusts, which essentially have been maintained and now form the backbone of the programme. The advisory note also highlighted various UNDP global themes such as the environment, the private sector, women in development, and non-governmental organizations, which are addressed in the country programme. Finally, the note contained recommendations on the modalities for implementation, including increased use of national execution and combination of a number of small projects under large "umbrella" projects.

6. When the advisory note was delivered to the Government in August 1989, the Eighth Plan was still under formulation and, as intended, the note became an input to the formulation process. As an illustration of how this input was integrated into the planning process, UNDP was invited, for the first time, to participate in sectoral reviews that brought together the Planning Commission, the Ministry of Finance (including the Department of Economic Affairs, which co-ordinates external aid), and the major line ministries. These reviews, which took place in late September 1989, were aimed at identifying individual projects for technical assistance support in the context of the overall programmes, priorities and needs identified by the Government. The large number of project proposals reviewed,

which totalled approximately \$1 billion, also emphasized the enormity of India's technical assistance needs and served to highlight the need to direct the relatively modest indicative planning figure (IPF) resources available in the fourth country programme to priority areas that could have a catalytic role in the context of India's development efforts. In the light of this, the Government of India intends to seek co-financing of projects amounting to approximately \$100 million from various other donors to meet unfulfilled needs within the framework of the country programme.

7. From a review of the formulation process it is apparent that the country programme is the result of a very thorough, extensive and professional dialogue between the Government of India and UNDP. There has been a genuine concern for effective use of scarce resources and a search for ways and means that will ensure maximum impact of the joint activities. A better integration of UNDP-funded activities into the overall development efforts of the country through a more pragmatic approach will be one way of achieving this impact.

II. ANALYTIC COMMENTARY ON THE COUNTRY PROGRAMME

8. The fourth country programme for India marks a departure from earlier programmes in several respects. Instead of continued support for achieving ever higher levels of technical expertise and excellence within a broad spectrum of research and development institutions in India, emphasis will now be on transfer and development of appropriate technologies which will yield early socio-economic benefits. Instead of a concern with projects and project identification, emphasis is now on thrust areas and Government programmes and on exploring the dimensions of national execution.

9. The country programme is organized around six thrust areas that have been identified from among the Government's priorities as those where UNDP would have a comparative advantage. The allocation of resources to these thrust areas is limited to the IPF, and in order to maintain maximum flexibility, it was decided to limit the project list to the ongoing projects and the "hard" pipeline from the ongoing programme. Subsequently, projects will be given priority on the basis of annual Government budgetary allocations, in line with the programmatic thrust areas.

10. While the Government's strategies and programmes within each of the thrust areas are described in some detail in the document on the fourth country programme (DP/CP/IND/4), the Administrator takes this opportunity to highlight some points from each thrust area which bring out the character of the programme.

Strengthening systems and techniques for higher and sustainable growth in agriculture, including irrigation, forestry, fisheries, animal husbandry and the environment

11. India has been very successful in the development of its agriculture and has moved from being a net importer to a net exporter in the last decade. This notwithstanding, fluctuations in output and growth are still substantial and distinct regional patterns are apparent. Agricultural growth strategies will hence be formulated by crop and by region; in addition, diversification of agriculture

will be pursued through increased emphasis on animal husbandry, dairy development, poultry processing and pisciculture.

12. Given the fact that India has reached the limits of its exploitable land, a more diversified and intensive use of the land and its resources is the next logical step. UNDP will be assisting the country in taking that step but only in an indirect and selective way. More attention will be given to technological relevance, and effective harnessing of research and technology for development will be emphasized. It appears, for instance, that the improved varieties which formed the backbone of the Green Revolution in India have reached a plateau in terms of yields and the fast-growing population therefore makes it imperative to develop new technologies. Introducing hybrid rice varieties with UNDP assistance is one example of what is being done to take up this challenge. In the fourth country programme, efforts will also be made to harness the latest developments in molecular biology and biotechnology. In addition, UNDP will assist in the collection of data on the various ecological regions of the country and in developing agricultural technologies tailored to local environments. By virtue of involvement in applied research of this nature UNDP is poised to play a significant and catalytic role in the transformation of agriculture in India, a role which also emphasizes and is expected to have a significant impact on the environment, both directly and indirectly.

Enhancing the productivity and competitiveness of industry

13. Over the years India has been successful in establishing a diversified industrial base but industrial progress has been neither cost-effective nor efficient in the use of resources. A policy of deregulation initiated in the mid-1980s has yielded some results and, by all indications, the Government is determined to move gradually towards an open economy. This policy must, however, be viewed in the context of a basic objective of the Government of India, namely, to achieve and maintain a high degree of self-reliance. In tandem with deregulation, the Government will therefore intensify its promotional role, which includes training of manpower and provision of various financial incentives and services to industry. Self-reliance also implies support to agriculture via provision of equipment and inputs such as fertilizers and pesticides, indigenization of various types of production and generation of employment. Special attention will be paid to the small-scale sector in pursuing these objectives.

14. In line with the Government's policies and programmes, UNDP assistance will focus on enhancing the productivity and competitiveness of industry, from the steel sector to the needs of the small entrepreneur. UNDP involvement will also continue in the development of the electronics sector, which has grown by leaps and bounds in recent years and which, apart from a significant employment potential, has almost revolutionary applications in all major sectors of the economy, including agriculture, health and communications. UNDP-assisted projects will focus on training of manpower in high-level skill applications and on quality control. Significant attention will also be given to the chemical sector, with emphasis on transfer of promising new technologies in such fields as plastics engineering, composites and crystal growth and process technology.

Improving efficiency in energy use, exploitation and utilization of mineral resources and environmental protection

15. India is endowed with considerable mineral resources. However, these resources are not sufficient to meet all its needs. This is particularly true with respect to energy resources such as coal, oil and gas. UNDP has a long history of involvement in the petroleum sector and assistance has also been provided in the field of alternative energy sources, such as solar and wind energy, as well as energy conservation. In view of the fact that major new oil and gas reserves have not been found in recent years and that known fields are reaching their peak, UNDP will provide assistance in enhanced oil recovery technology. At the same time UNDP will be involved in improvement of coal-mine operations and strengthening of research in non-conventional energy sources.

16. With respect to other natural resources such as forests, land, water and wildlife, India is now in a situation which, in the context of its burgeoning population, can only be described as precarious. The Government firmly believes that sustained development can only be achieved if economic development is pursued with due attention to the environment. Major policies are in place and programmes involving afforestation and wasteland management are under way. UNDP is already involved in the development and improvement of technology packages in these areas and will continue to contribute to them during the fourth country programme.

Export promotion

17. Export promotion has been pursued in a consistent manner over the past three to four years with promising results. Further acceleration of exports is needed, however, in view of the mounting pressure on the country's balance of payments and the increasing external debt. UNDP's assistance will concentrate on the leather and textile industries, which already are good foreign exchange earners but are far from having reached their full potential. Assistance to the leather industry is of particular interest since it will be organized within a so-called "umbrella" approach seeking to combine what would earlier have been several discrete projects into a programme covering the major technical assistance needs of the subsector, ranging from improvement of product quality to design and marketing.

Development of transport and communications

18. Efficient transport and communications is a sine qua non for a modernizing society. UNDP has been involved for a long time but in a very selective way in view of the large inflow of resources in this field from other major donors. No significant change in this involvement is envisaged and UNDP will continue to assist the railways in such areas as design of new rolling-stock and training of civil engineers. Assistance will also continue in the field of telecommunications where several new initiatives are under consideration.

Development of social infrastructure (including public administration, health, work environment and culture)

19. The last of the six thrust areas focuses on human development, including culture, health, the work environment, and raising administrative capabilities.

The strategy here for UNDP assistance is to be a technological "spark" for those areas where other donors, international as well as bilateral, might already have a strong presence.

20. Besides the six thrust arms, the country programme amply reflects a number of themes which UNDP has been emphasizing in recent years. These include women in development, the environment, Technical Co-operation among Developing Countries (TCDC), and the private sector, which cut across the thrust areas described earlier. They will find a concrete expression in the course of detailed project/programme formulation exercises within these thematic thrusts. The Government of India is already giving special attention to these themes through its various programmes and is committed to pursuing them further.

III. MANAGEMENT OF COUNTRY PROGRAMME IMPLEMENTATION

21. Given the changes in content and structure of the programme as well as the fairly rapid transition to national execution expected under General Assembly resolution 44/211, the management and implementation of the programme will require special attention.

22. India already has been gaining experience with national execution and plans were under way to increase the share of nationally executed projects even before the General Assembly resolution was adopted. Acceleration of the pace is desirable and the Regional Bureau for Asia and the Pacific and the field office in India will be collaborating very closely with the Government to ensure that the transition will be smooth and successful. The measures include, inter alia, streamlining of procedures, training of staff and counterparts, and establishment of a unit for providing backstopping and advice to national directors of nationally executed programmes/projects. The first version of a manual for national project directors has already been issued.

23. With the new approach, co-ordination - particularly within the United Nations system - becomes much more of an operational issue. Accordingly, UNDP welcomes the Government's invitation to strengthen co-operation in this area and plans to address this issue more systematically at the project formulation stage. This will entail a review of relevant projects and programmes, whether ongoing or planned, in the context of an analysis of the key issues and problems of the sector. In addition to ensuring complementarity and fostering direct linkages where appropriate, such a review will facilitate exploration and pursuit of co-financing to augment the relatively modest IPF resources and strengthen UNDP's ability to support the Government in its efforts to obtain additional external resources.

24. The allocation of external resources by thrust area, which replaces a full project listing and hence provides unprecedented flexibility with respect to selecting and prioritizing projects, implies that annual programme reviews will become even more substantive than at present. This may in turn obviate the need for a mid-term review of the depth and scope which characterized that of the third country programme. However, only experience will show whether this indeed will be the case and changes in this respect are therefore neither assumed nor proposed at this stage.

25. Overall, it is hoped - and the Administrator will work actively towards that end - that the "programmatic" approach will facilitate a reduction in the number of projects and thus help to pave the way for improvements in the management and monitoring of the programme. Moreover, new technology such as computers and electronic mail is expected to improve productivity. The Administrator is therefore confident that UNDP headquarters as well as the field office will be able to cope effectively with the new demands placed upon them in effectively managing India's fourth country programme.

IV. RECOMMENDATION OF THE ADMINISTRATOR

26. The Administrator believes that the approach embodied in the country programme is appropriate and prudent and he is confident that it will strengthen the impact of the joint Government/UNDP-funded activities in India.

27. In the light of the foregoing, the Administrator recommends that the Governing Council approve the fourth country programme for India.

