



**Governing Council
of the
United Nations
Development Programme**

Distr.
GENERAL

DP/CP/COS/NOTE/5
18 March 1992

ORIGINAL: ENGLISH

Thirty-ninth session
4-29 May 1992, Geneva
Item 6 of the provisional agenda

PROGRAMME PLANNING

Country and intercountry programmes and projects

FIFTH COUNTRY PROGRAMME FOR COSTA RICA

Note by the Administrator

I. THE PREPARATORY PROCESS

1. The formulation process of the fifth country programme was carried out by a working group composed of representatives from the Ministry of Planning and the United Nations Development Programme (UNDP). This process included the identification of needs and the definition of the Costa Rican technical cooperation strategy; the participation in the Consultative Group meeting in 1991; the mid-term country programme review; the permanent dialogue on global and sectoral policies at the highest ministerial level; coordination meetings among United Nations system specialized agencies; meetings with the donor community; and meetings with experts on industrial reconversion, modernization of the State, social compensation and environment.

2. The process also included the analysis of the national development plan; the UNDP advisory note; the Government's proposals to the Consultative Group in 1991; the Government's action plan for human development, childhood and youth; the stand-by agreement with the International Monetary Fund (IMF); the Structural Adjustment Loan (SAL II) and the proposal for SAL III; and various sectoral studies prepared by Government and cooperating institutions.

II. ANALYTICAL COMMENTARY ON THE COUNTRY PROGRAMME

3. The objectives of the fifth country programme, which covers the period 1992 to 1996, are (a) to assist in the formulation of priority policies,

strategies and programmes; (b) to strengthen key institutions in the public sector, including capacity-building for the management of technical cooperation; and (c) to improve the transfer and adaptation of know-how and experience, including advanced technologies.

4. The strategy of the fifth country programme is to use UNDP resources as seed money to mobilize resources, especially in view of UNDP experience with management issues and with innovative projects. The strategy takes into account the relevance of UNDP mandates, its impartial nature, its flexibility and agility to respond to governmental requests, its access to international sources of technical and scientific knowledge, and its capacity to associate itself with other donors in development activities.

5. The fifth country programme will concentrate on the following areas: (a) modernization and transformation of the productive apparatus; (b) poverty alleviation; and (c) environment and sustainable development.

6. In the area of modernization and transformation of the productive apparatus, which has been assigned 57.5 per cent of the indicative planning figure (IPF) and 42.5 per cent of cost-sharing resources envisaged, there is the need to increase competitive exports of goods and services with greater value added so as to augment the real income and standard of living of the population. The aim is that through this area there will be an impact on the human development indexes through economic growth, the creation of employment and the formation of human capital; the area relates to UNDP mandates on development management and transfer of technology. Through one of its two sub-areas, industrial reconversion and technology management, assistance will be provided for the formulation of policies and programmes for industrial reconversion and modernization of the agro-industrial and industrial sector and the stimulation of the participation of public and private entities in the reconversion process. The programme will continue its support to the Technology Transfer Centre to improve the competitiveness of small and medium-sized enterprises through modern practices and the recycling of human resources favourable to change. The other sub-area, strengthening of the external sector, includes support for the consolidation of a permanent negotiating unit concerned with trade aperture and the promotion of investments; negotiations with the European Economic Community (EEC); Costa Rica's adherence to the Uruguay Round; support for the Export Promotion Centre in the development of a pilot programme for export promotion of small and medium-scale enterprises; and the establishment of a database and network on markets, prices and trade opportunities, export incentives and trade facilitation. It is also envisaged that UNDP will support the Coalition of Development Initiatives in the promotion of foreign investment and joint-ventures with EEC and the Pacific Basin countries.

7. The second area of focus, poverty alleviation, aims at redressing the needs of the neglected 10 per cent of the population which is poor. It responds to the Government's commitment to dedicate 30 per cent of its

resources to the poorest population so as to improve the efficiency of the relevant institutions, reduce administrative costs and reach the poorest. It is expected that this area will favour human development through greater efficiency in social investment, bridging the shortage of housing, and improvement in the health and employment situation of the poor. This area relates to all the six areas of focus mandated by the Governing Council. The programme will support the Ministry of Planning, the Social Aid Institute and the Bureau for Social Development and Family Allocations to improve the targeting system of the poorest beneficiaries through a computerized system and the training of public sector managers aimed at improving decision-making and the quality of social services. Through this area support will continue for the formulation of housing strategies and the large-scale construction of owner-built low-cost bamboo housing. This in turn will increase activities for productive projects with the collaboration of non-governmental organizations (NGOs), as well as support for the integral reinsertion of refugees in the Brunca Zone. Technology transfer will be strengthened for microentrepreneurs through databanks, disaggregation of technology, subcontracting and training programmes on marketing and management. Expenditures planned for this area amount to 10 per cent of the IPF, 63 per cent of cost-sharing resources, and 27 per cent of government cost-sharing contributions.

8. The third area, environment and sustainable development, will address the need for an adequate legal and institutional framework for the conservation areas which cover 27 per cent of the Costa Rican territory and which are subject to deforestation. The UNDP mandates on grass-roots participation and natural resources management will be promoted. Together with the World Bank, UNDP will support the Ministry of Natural Resources on a comprehensive diagnostic of the area, including its biodiversity, land tenure, tourism, NGO participation potential and financing needs. Institutional strengthening of the forestry sector is also envisaged and will be linked to the establishment of an environmental computerized system to improve the decision-making capacity of the Ministry and its regional offices and to coordination with other institutions working in this field. UNDP will also support the Global Environmental Facility programme for the protection and management of two conservation areas, Reserva del la Biosfera de La Amistad and Osa, which cover 7,800 square kilometres and represent 15 per cent of the national territory and 56 per cent of the country's protected areas. This will include the formulation of strategies, the implementation of research projects to take advantage of the biodiversity, community development projects, training of professional, community leaders and grass-roots organizations, and institutional strengthening for the protection and management of the areas. Assistance will also be provided in the elaboration of recommendations concerning the impact of eco-tourism on the environment. Of the expenditures in this area 8.5 per cent will be covered by IPF resources and 91.5 per cent by GEF resources.

9. The Administrator notes with pleasure that the Government has established its technical cooperation strategy with the assistance of UNDP and that

priorities contained in the strategy and those contained in the national development plan are reflected in the country programme. It must be noted that the three areas of concentration relate directly to three of the six areas of focus contained in Governing Council decision 90/34, namely poverty eradication and grass-roots participation in development, management development, and environmental problems and natural resource management. It is also noteworthy that the three areas selected for the fifth country programme reflect the country's capacity to adopt new technologies and improve its decision-making capacity through them.

10. The fifth country programme has resources estimated at \$15.008 million, consisting of \$4.8 million in IPF; government cost-sharing of \$927,000, and third-party cost-sharing of \$9.28 million, with IPF resources acting as seed money for the mobilization of resources.

III. MANAGEMENT OF COUNTRY PROGRAMME IMPLEMENTATION

11. The Government has formulated the fifth country programme using the programme approach where feasible in the areas of concentration described above. Each area of concentration of the programme will have a coordination committee integrated by the Ministry of Planning, UNDP and the institutions involved in the implementation of the various components. The committee will evaluate and monitor the programmes.

12. The Government recognizes the importance of national execution. Efforts will continue to find a mechanism that satisfies the legal, administrative and accountability requisites of both parties, as well as the quality and efficient delivery of the various inputs for the implementation of the programme.

13. The fifth country programme will make maximum use of the technical resources available in the country. If these are not available locally, short-term international consultants and United Nations specialized agencies will be sought for the implementation of highly specialized components. Advantage will be taken of low-cost alternatives offered by UNDP such as the United Nations International Short-Term Advisory Resources (UNISTAR) and the United Nations Volunteers programme. Costa Rica will also use the technical cooperation among developing countries (TCDC) mechanism, particularly with other Latin American countries.

IV. RECOMMENDATION OF THE ADMINISTRATOR

14. The observations made in the present note reflect the Administrator's belief that the fifth country programme for Costa Rica is relevant in its support to the principal development priorities of the country; follows the recommendations of the UNDP advisory note; is the result of a consensus

between the Government and UNDP and reflects extensive coordination with other United Nations specialized agencies and with donors; and has the Government's full support to enable its implementation.

15. The Administrator therefore recommends that the Governing Council approve the fifth country programme for Costa Rica.
