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PROGRAMME PLANNING AND IMPLEMENTATION

Country, intercountry and global programmes

EXTENSION OF THE FIRST COUNTRY PROGRAMME FOR ARUBA

Note by the Administrator

I. JUSTIFICATION

1. The first country programme for Aruba was approved by the Governing Council at its thirty-third session (1986) for the period 1987 to 1991. In 1992, the Administrator approved the extension of this country programme for a period of one year, beginning 1 January 1992, pending resolution of some of the implications for Aruba of decision 91/29 on net contributor country status.

2. In accordance with this decision, UNDP missions visited Aruba and The Hague to review arrangements for the second country programme. These missions were successfully concluded, and Aruba has met its obligations for the fourth cycle and has indicated that it will meet its fifth cycle obligations.

3. Aruba has been issued an indicative planning figure (IPF) of $153,000 for the fifth cycle, which will be subject to further adjustment once the status of all net contributor countries affected by obligations for the fourth cycle becomes known. The Government has, however, indicated that at this stage it has no desire to utilize these resources. A further adjustment of Aruba's IPF will therefore be announced in June 1993, when the Administrator gives the Governing Council the complete list of indicative planning figures for the fifth cycle.

4. The programme for the fifth cycle is unlikely to exceed $10 million. The Government has, however, already committed itself to a fully cost-shared programme of $1.5 million designed in conjunction with the field office in Trinidad and Tobago. This programme will continue to be administered from that field office, which also serves the Netherlands Antilles and Suriname. Additional time is required to conclude discussions with those two countries in

order to ensure that the development requirements of Aruba, the principles relating to the programme-oriented approach established in General Assembly resolution 44/211 and the areas of focus adopted in Governing Council decision 90/34 are respected in the most practical and cost-effective manner possible. It is now expected that the new country programme will be submitted to the Governing Council at its forty-first session (1994).

II. OBJECTIVES

5. The objectives of the first country programme were (a) expansion of tourism and related industries; (b) increased agricultural and fisheries production; and (c) strengthening of the industrial sector. Prior to 1986, Aruba participated in the UNDP technical cooperation programme for the Netherlands Antilles, which focused on increasing the standard of living and reducing unemployment.

6. The economy traditionally relied on three sectors - oil refining, tourism and public-sector services. The oil-refining sector was eliminated in March 1985, when the country's single oil refinery ceased operating. Refining activities contributed 50 per cent of the country's foreign exchange earning and 70 per cent of its recurrent income and accounted for 6 per cent of the labour force.

7. To counteract the negative effects of the loss of the oil sector, the Government sharply increased its expenditure (assisted by loans from the Netherlands) and enhanced the development of tourism, largely through official loan guarantees for private investment in hotel construction. An economic recovery led by tourism was reflected in growth increases of 9 per cent in 1989 and 11 per cent in 1990. The oil refinery reopened in 1990 and produces 150,000 barrels a day.

III. PROGRAMME DESCRIPTION

8. The national development plan adopted in August 1991 reflects a growth economy linked to the exterior, whose public sector plays an active role in distributing the cost of infrastructure development, national capacity-building and the improvement of basic social services. The plan calls for investments of $365 million, of which $70 million has been underwritten by the Netherlands and $120 million will be mobilized through external borrowing. As in past development plans, the focus is on the robust growth of tourism. This is predicated on the assumption of a sustained annual increase of 15 per cent in the rate of tourist arrivals over the plan period. Nine thousand durable jobs are expected to be created as a result of this growth.

9. Although the first country programme interventions have had only a modest impact, they have established the potential usefulness of UNDP cooperation in national capacity-building. There is, however, ample scope for improvement in terms of the need for holding periodic consultations with all parties on programme implementation, making development cooperation data more widely available, narrowing the sectoral focus of proposed interventions and articulating objectives more precisely. In the second country programme UNDP will emphasize support for the Government's technical cooperation programme as a

critical component of the national development plan by, in particular, strengthening national capacity for plan implementation and evaluation. Important areas of focus for the new country programme could be public-sector planning and management, human-resources management and environmental and natural resources management.

10. It is also recommended that the second country programme establish close linkages with the Caribbean component of the regional programme for Latin America and the Caribbean, through which important dimensions of technical cooperation among developing countries (TCDC) could also be developed.

IV. RECOMMENDATION

11. The Administrator recommends that the Governing Council approve the second extension of the first country programme for Aruba for a period of one year, beginning on 1 January 1993.

Annex

FINANCIAL SUMMARY

ESTIMATED RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING

	(Thousands of dollars)
I. Ongoing country programme	
Fourth cycle IPF	-
Carry-over/borrowing	-
Fourth cycle cost-sharing	511
Total	511
II. Anticipated resource needs for extension period	
IPF	-
Programme cost-sharing	376
Project cost-sharing	433
Total	809
III. Fifth cycle balance available after extension period	
IPF	153
Cost-sharing	1 124
Total	1 277
