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PROGRAMME PLANNING AND IMPLEMENTATION

Country, intercountry and global projects

FIFTH COUNTRY PROGRAMME FOR EL SALVADOR

<u>Programme period</u>	<u>Resources</u>	<u>\$</u>
1993-1996	Net IPF	6 746 000
	Cost-sharing	<u>62 500 000</u>
	Total	<u><u>69 246 000</u></u>

CONTENTS

	<u>Paragraphs</u>	<u>Page</u>
I. DEVELOPMENT SITUATION, OBJECTIVES AND STRATEGIES	1 - 14	2
A. Current socio-economic situation	1 - 9	2
B. National development strategies and objectives ...	10 - 14	3
II. EXTERNAL COOPERATION	15 - 20	4
A. Role of external cooperation	15 - 17	4
B. Aid coordination	18 - 20	5
III. THE COUNTRY PROGRAMME	21 - 70	5
A. Assessment of ongoing country programme	21 - 29	5
B. Proposals for UNDP cooperation	30 - 64	7
C. Cooperation outside selected areas of concentration	65	13
D. Implementation and management arrangements	66 - 71	13

Annexes

I. Financial summary	15
II. Programme matrix	17

I. DEVELOPMENT SITUATION, OBJECTIVES AND STRATEGIES

A. Current socio-economic situation

1. The development objectives and strategies of the Government of El Salvador are framed within a context of exceptionality characterized by the historical need to build and consolidate democratic peace in the presence of extraordinary obstacles, opportunities and challenges.
2. The peace agreement signed on 16 January 1992 between the Government of El Salvador and the Frente Farabundo Martí para la Liberación Nacional (FMLN) laid the foundations for putting an end to 12 years of politico-military strife that caused the loss of approximately 75,000 lives, the displacement of 500,000 persons within the country, the exodus of a million citizens and the aggravation of the country's structural crisis. Both the peace agreement and the conditions under which El Salvador is entering the postwar period are exceptional. The United Nations has been asked for support in consolidating peace, which includes verifying compliance with the peace agreement and effective respect for human rights.
3. The peace agreement includes: (a) the demilitarization of the country through the transformation and reduction of the armed forces, the demobilization of the FMLN and the integration of its components into the society; (b) the replacement of the old military-type police with a new National Civil Police trained at the new National Public Security Academy; (c) the reform of the judicial system; (d) the reform of the electoral system; and (e) the performance of economic and social activities, including the creation of a Forum for Economic and Social Concertation and the execution of a National Reconstruction Plan.
4. El Salvador is beginning a process of reconstruction with an economic base similar to what existed a quarter of a century ago. At the end of the 1980s, the real gross domestic product (GDP) (\$3,076,800) was 13 per cent lower than its peak level of 1978 and equivalent to that of 1974, while real per capita income had fallen to levels similar to those which existed in the early 1960s. At the end of 1989, the trade deficit was greater than \$500 million (13.4 per cent of the GDP), and the fiscal deficit remained high (4.8 per cent of the GDP).
5. The bilateral assistance of the United States of America and increasing remittances from family members abroad have helped to offset both the external imbalances and the shrinking of household income and national economic activity. Remittances increased tenfold during the 1980s, and it is estimated that they reached \$760 million in 1989, which is 53 per cent higher than the amount derived from exports and equivalent to 15 per cent of the GDP.
6. The accumulated social debt of El Salvador is significant. Two-thirds of the population are living in conditions of poverty, and for at least half of them the situation is extreme. Some of the symptoms of this are a high rate of infant mortality (56 per 1000), the fact that 47 per cent of children

aged less than 5 years suffer from some degree of malnutrition, the low school enrolment ratio (56 per cent), an average educational level of 4.5 grades, a high level of illiteracy (30 per cent) and a housing shortage of approximately 500,000 dwellings.

7. Added to the political and institutional obstacles inherited from the conflict are grave environmental and population problems. El Salvador is the most densely populated country in the Americas, with 254 inhabitants per square kilometre and 380 inhabitants per square kilometre of cultivable land. The high levels of population density and poverty together with the lack, until quite recently, of any environmental policy have made El Salvador the Latin American country with the highest degree of soil erosion (65 per cent), the most contaminated water system (90 per cent) and the highest level of deforestation.

8. The present Government began its work under adverse economic conditions; despite this, it has achieved considerable success through the implementation of its development plan. In view of an inflation rate that is one of the lowest in Latin America, a moderate foreign debt, a stable exchange rate, a GDP that has been on the rise since 1990 and voluminous external financing levels for 1993 and 1994, El Salvador's medium-term economic prospects can be qualified as encouraging. Nevertheless, it will be necessary to overcome the fiscal and trade imbalances and increase the growth rate, and also to manage to establish a better redistribution pattern, in order to improve the living conditions of two-thirds of the population and in particular the poorest third.

9. In the political sphere it must be said that the dialogue engaged in by the Government with a view to pacifying the country and signing the peace agreement are extraordinary and successful efforts that will smooth the way for the process of improving the living conditions of the population.

B. National development strategies and objectives

10. Since the present Government has been in office, its primary objective has been to achieve peace. Under the peace agreement, a National Reconstruction Plan is being carried out along with a process of democratic strengthening through a set of institutional reforms that redefine and give a new direction to some existing institutions and create other, new ones.

11. Within the framework of the Economic and Social Development Plan (1989-1994) the Government has defined as fundamental objectives the creation of the necessary conditions for gradually eradicating extreme poverty, achieving sustained economic growth in the medium and long term, reducing the role of the State as a protagonist and stimulating the full and efficient use of the country's resources. These objectives are framed within the principles of a social market economy. Part of the Government's economic management has been incorporated, in the short term, into the Stabilization Programme negotiated with the International Monetary Fund (IMF); and in the medium and long term, into the Economic Adjustment Programme supported by the World Bank.

The economic growth goal for the middle of this decade is an annual rate of 5 per cent.

12. In the social area, in order to minimize the impact of stabilization measures on the most vulnerable sectors of the country, the Government has financed social compensation projects in the country's poorest communities. Also, to supplement the Economic Adjustment Programme, it is carrying out a programme for the rehabilitation of the education and health sectors.

13. With regard to the reduction of the interventionist role of the State, the Government is laying the foundations for modernizing and reducing the public sector and increasing its management capacity. In connection with the process of modernization of the State, the Government has defined new conditions to enable the private sector to play a greater role in the development of the country. With this in view, it has initiated a process of privatization of the financial sector and elimination of monopolies and price controls.

14. As for the full and efficient use of the country's resources, the Government has designed an environmental agenda and a national environmental emergency plan, the aim of which is to establish priorities, coordinate efforts and focus actions with a view to arresting the severe deterioration of natural resources.

II. EXTERNAL COOPERATION

A. Role of external cooperation

15. From the beginning to the end of the conflict, external cooperation was of enormous importance to El Salvador, especially in the financing of the overall deficit of the economy (trade, fiscal and financial) and of the programmes and projects of humanitarian aid, social compensation, restoration of the infrastructure, services and technical assistance in the formulation and implementation of alternative policies in various areas of State action. For the period from June 1991 to May 1992, this cooperation amounted to \$566.5 million, including \$36.2 million by way of technical cooperation and \$530.3 million in financial cooperation. Out of the amount allocated to technical cooperation, \$359.6 million derived from multilateral sources, such as the World Bank, the International Monetary Fund (IMF), the Inter-American Development Bank (IDB), the Central American Bank for Economic Integration (CABEI) and the International Fund for Agricultural Development (IFAD).

16. In 1992, external cooperation played a major role in the implementation of the peace agreement in the areas of national reconstruction, establishment of new democratic institutions, modernization of the electoral system, provision of humanitarian assistance and support for the return of former fighters to productive civilian life. From 1993 to 1996, external cooperation will have to continue supporting the prolonged, complex process of consolidation of Salvadorian peace.

17. In the period from June 1991 to May 1992, bilateral financial cooperation amounted to \$170.7 million. It was derived, in order of volume, from the United States of America, Germany, Japan, Italy and France. The amount of \$33.5 million was obtained from the following group of multilateral sources: the European Community (EC), \$18.4 million; the United Nations Development Programme (UNDP), \$2.4 million; the United Nations Population Fund (UNFPA), \$1.4 million; the Organization of American States (OAS), \$1 million; and other cooperators, \$10.3 million. Among the principal bilateral sources were Canada, China, France, Mexico, Germany, Italy, and Spain. Technical cooperation was directed toward strengthening the areas of health, education, electrical energy, agriculture, infrastructure, housing and telecommunications. Significant amounts of resources were channeled through nongovernmental organizations (NGOs) in the areas of humanitarian and emergency aid.

B. Aid coordination

18. The Ministry of Planning and Coordination of Economic and Social Development (MIPLAN) is the authority charged with coordinating technical and financial cooperation through the Department of International Technical Cooperation (DCTI) and the Office of the Technical Secretary for External Financing (SETEFE). This coordination takes place jointly with the Ministry of Foreign Affairs.

19. Under UNDP sponsorship, the Government is strengthening the National System of International Technical Cooperation (SINCOTEC). An External Debt Commission, made up of the Central Reserve Bank (BCR), the Ministry of Finance and MIPLAN, was created for the purpose of evaluating and monitoring foreign financing on the basis of an analysis of financing needs, source availability and debt-contracting capacity. In addition, the Office of the Secretary for National Reconstruction (SRN) was established to coordinate external aid earmarked for support to the process of national reconstruction in areas previously in conflict.

20. UNDP has played an important role in coordinating external cooperation to support the implementation of the peace agreement, thanks to the comparative advantages that it offers. In this context, the part it has played in the integration of emergency or contingency programmes with development programmes and policies as well as in the area of coordination has been particularly significant.

III. THE COUNTRY PROGRAMME

A. Assessment of ongoing country programme

21. The fundamental objectives of the fourth country programme were to strengthen the planning system, lend support for economic revival and provide cooperation to the social sector, with emphasis on the displaced population. The mid-term review recommended maintaining the same objectives, concentrating cooperation on social compensation and relief of poverty and on strengthening

the management capacity of the public sector. At the request of the Government, the programme was extended for a year (1992) with no change in objectives in order to take into account reconstruction needs that it had not yet been possible to outline clearly in 1991.

22. The programme had a considerable impact, laying a solid foundation for cooperation during the period of the fifth programme, especially with regard to the following areas: the strengthening of the planning and management mechanisms of the State and its capacity to formulate public-investment policies, programmes and projects and to define sectoral management policies; the setting-up of social compensation mechanisms, such as the Social Investment Fund; the devotion of full attention to some 270,000 persons displaced by the armed conflict and living in extreme poverty; a massive literacy campaign for 670,000 persons in a joint effort by the public sector and nongovernmental organizations; and the raising of the incomes of more than 3,700 small farmers through the use of innovative methods of reclamation and conservation of soil on slopes and the introduction of more profitable crops.

23. An important feature of the programme extension was the technical assistance received in the preparation and instrumentation of the National Reconstruction Plan (PRN), with the support of an inter-agency mission of 50 experts. Attention must also be called to the support provided by UNDP both for the execution of the peace agreement, particularly with regard to the rapid mobilization of resources, the coordination of technical assistance and the setting-up of programmes and projects of humanitarian aid and rehabilitation of ex-combatants for productive civilian life, and for the creation and strengthening of the democratic institutions referred to in the agreement.

24. The Food and Agriculture Organization of the United Nations (FAO), the International Labour Organization (ILO) and the World Health Organization (WHO)/Pan-American Health Organization (PAHO) will participate actively in the execution of programme projects. There was constant coordination with the Office of the United Nations High Commissioner for Refugees (UNHCR) and a significant level of complementarity was reached with UNFPA, the United Nations Children's Fund (UNICEF) and the World Food Programme (WFP).

25. The fourth programme was carried out during two administrations with different views concerning the role of the State: until May 1989, the Government's approach was based on State intervention in the economy, whereas the new Government adopted a development strategy founded on the social market economy, in which the State plays a subsidiary role.

26. During its first five years, the programme was set within a context of armed conflict, which resulted in delays in the execution of some projects. In addition, a guerrilla offensive in San Salvador in 1989 forced United Nations personnel to evacuate temporarily and affected the recruitment of international staff and the performance of some administrative and operational actions.

27. Though the programme objectives were achieved, it is felt that they were articulated in too broad a style, which resulted in scattered coverage of

activities and too great an emphasis on isolated projects. Moreover, some projects did not have sufficient technical support from the Government counterpart owing to the Government's budgetary restrictions. There was also a tendency to use project funds to shore up the budget.

28. During the programme period, UNFPA allocated \$8.7 million to maternal and child health and family planning; information, education and communications; data collection and analysis; the formulation of population policies; and women, population and development. The UNFPA contribution made it possible to carry out the first population and housing census in 21 years, to systematize information on the displaced population and to compile socio-demographic information on women in urban and rural popular areas.

29. Finally, attention must be called to the regional and subregional cooperation of UNDP, particularly in connection with the Special Plan of Economic Cooperation for Central America (PEC), which provided assistance to uprooted populations and favoured the preparation of investment projects in the agricultural sector, the decentralization of the health sector and the modernization of the Ministry of Foreign Affairs.

B. Proposals for UNDP cooperation

1. Preparatory process

30. The formulation of the fifth programme began in 1991 with a broad and steady consultation of various public organs based on the mid-term review. In addition, meetings were held with the agencies of the United Nations system present in El Salvador. In 1992, efforts were focussed on harmonizing the priorities of the Economic and Social Development Plan with those of the National Reconstruction Plan.

31. The documents on the needs of technical cooperation presented at the meeting of the Consultative Group called by the World Bank in May 1991, the technical cooperation proposals elaborated by the inter-agency mission sponsored by UNDP in February 1992 and the documents presented to the Consultative Group in March 1992, including the National Reconstruction Plan and the Democratic Strengthening Programme, were all taken into consideration.

32. The Government, on examining the advisory note presented by UNDP, concluded that the concepts and recommendations contained in it coincided with its own development objectives, strategies and policies and therefore decided to use the elements of the note in formulating the programme.

2. Strategy for UNDP cooperation

33. Immediate necessities require maximizing UNDP cooperation through a strategy involving the use of the indicative planning figure (IPF) as seed capital. This, together with the ability of UNDP to call upon the international community, will make it possible to mobilize further resources.

34. Also, with regard to implementation, MIPLAN will initiate actions to introduce the programme approach to the various executive units, demonstrating its comparative advantages for optimizing the use of external resources in conjunction with those of the country.

35. During the fifth programme period, the cooperation of UNDP will be directed toward bolstering the country's capacity to satisfy its immediate needs connected with the peace process and integrating short-term programmes with development programmes and projects. Within this context, the Government will need UNDP assistance in defining a long-term strategy for the country's development.

3. UNDP cooperation in selected areas of concentration

36. The Government requests that cooperation should be concentrated on the following areas: national reconstruction and democratic strengthening; poverty and employment; modernization of the State; and environment and sustainable development.

37. National reconstruction and democratic strengthening. The Government proposes to encourage actions taken under the National Reconstruction Plan (PRN), using it as a process for reaching solutions based on consensus among all the representative forces of the society, which will contribute toward the strengthening of democracy and the pacification of the country. The PRN is intended to facilitate the return to productive civilian life of ex-fighters and the population most sorely affected by the armed conflict; to improve social, economic and environmental conditions in the areas affected by the war; to rebuild the damaged physical, social and productive infrastructure; and to promote the participation of all sectors in national reconstruction.

38. In this same area of concentration, the Government proposes to establish actions under the Democratic Strengthening Programme, which constitutes the focal point of efforts to consolidate the democratic process and establish a solid foundation for lasting peace and stability.

39. As a result of the dialogue leading up to the peace agreement, a number of articles of the Constitution of the Republic were recast with a view to providing a new model of society that will safeguard absolute respect for the fundamental rights and guarantees of the human person. For that purpose, provisions relating to the armed forces, public security, the electoral system, the judicial system and the office of the public prosecutor were remoulded and the office of the National Counsel for the Defence of Human Rights was created. Also created were two temporary institutions for national consultation, designed to help consolidate democracy: the National Commission for the Consolidation of Peace (COPAZ) and the Forum for Economic and Social Concertation.

40. In this area, UNDP, in coordination with other cooperation sources, must collaborate in the institutional strengthening of the Office of the Secretary for National Reconstruction and the continuation of actions aimed at integrating and guaranteeing the self-sufficiency of repatriate communities

and of projects carried out within the framework of the International Conference on Central American Refugees (CIREFCA) and the Development Programme for Displaced Persons, Refugees and Returnees. In addition, UNDP will have to provide support to the farm development project for the Department of Chalatenango, to be financed by IFAD, and other projects that emerge during the period. It must also cooperate in the return to productive civilian life of ex-combatants of the armed forces and the FMLN and of those segments of the population most severely affected by the armed conflict, as well as in the institutional strengthening of the office of the National Counsel for the Defence of Human Rights, which means managerial organization, the training of human resources and the development of a capacity for making studies and proposals, with emphasis on the protection of the fundamental rights of life and liberty. These efforts will also involve the improvement of the judicial system. For this purpose, support for strengthening the activities of the National Council of the Judiciary and the Judicial Training School will be crucial, as will the granting of technical assistance to the Supreme Electoral Tribunal with a view to its modernization and the automation of its civil registry and electoral roll, so as to bring in into line with the provisions of the new Electoral Code and prepare it for the 1994 elections. Lastly, support must continue to be provided to the National Public Security Academy in the areas of management and administration.

41. The IPF resources assigned to this area amount to \$1,522,000 and cost-sharing, to \$19,213,000, the total representing 29.94 per cent of the programme resources.

42. The activities supported by UNDP in this area of concentration are aimed at incorporating into the country's social, political and economic life approximately a million citizens affected by the conflict and at creating and strengthening the new democratic institutions contemplated in the peace agreement. To achieve this goal, the country will receive financial resources obtained from the World Bank, IDB, IFAD, CABEI and EC as well as bilateral donors, including the United States of America, Japan and a number of European countries. In addition, UNDP special programme resources are available for the implementation of policies relating to displaced populations and projects under the Special Economic Cooperation Plan for Central America. WFP, UNICEF and UNFPA will continue the support already started, and UNHCR will continue its work of protection in addition to its joint action with UNDP within the framework of CIREFCA. Furthermore, UNDP will continue to mobilize resources through the mechanism of the trust fund in order to support the return of ex-fighters to productive civilian life.

43. Poverty and employment. A primary objective of the Government is to create the conditions for gradually overcoming extreme poverty. To achieve this, it is currently carrying out social programmes and projects designed to offset the effects of the structural adjustment programme, such as the Social Investment Fund and the Rehabilitation of Social Sectors Project, which serves 78 municipalities. Programmes and projects of this type require ever-increasing technical cooperation. In addition, support is needed to establish a system of reliable social indicators covering the entire national territory. A further goal of Government strategy against extreme poverty is to promote the development of productive activities.

44. The critical points that will require UNDP cooperation in this area include limitations in the administration of social spending, the scantness of policies and resources for social investment and the absence of mechanisms for assessing the impact of investments of that nature.

45. Relieving poverty requires a balanced economy in a process of sustained growth and productive transformation. As far as activities in the productive sector are concerned, it is essential to continue to support the formulation of global policies that stimulate the creation and development of micro, small and medium-sized enterprises, especially through the granting of credit, technical assistance and training, with a view to building entrepreneurial abilities and self-employment. In the agricultural sector, UNDP will cooperate in projects designed to improve the living and production conditions of small farmers. Similarly, preference will be given to the setting-up of programmes for introducing appropriate, easily-accessible technologies, especially for the building of popular housing in rural areas.

46. UNDP must continue to support the Social Investment Fund and the Ministries of Education, Health, Planning and Agriculture in the tasks undertaken during the fourth programme. It must further support the effort to decentralize the provision of services in the education and health sectors, in particular, so that communities may have greater decision-making power in the administration and definition of services in those areas.

47. This area of concentration received \$1,810,000 under the IPF, while cost-sharing accounted for \$23,664,000. The total represented 36.79 per cent of the programme resources.

48. The hoped-for results of the Government programmes supported by UNDP in this area of concentration include a higher standard of living for the population (a decrease in the levels of illiteracy, infant mortality, malnutrition, unemployment and underemployment); an increase in the production levels of small farmers; a contribution to the elimination of regional imbalances, in terms of both production and income distribution; improved Government capabilities in the administration and allocation of social expenditure; and a significant increase in the funds available for social and productive investment for lower-income groups and in economic possibilities, within the framework of a concept of development focussed on the human being.

49. In the area of poverty and employment, programmes and projects are under way, commitments exist and advanced negotiations are in progress with the World Bank, IDB, IFAD, FAO, ILO/PREALC, the Economic Commission for Latin America and the Caribbean (ECLAC), UNESCO, the United States of America, Italy, the Netherlands, the Nordic countries and some universities. WFP and UNICEF will continue the support they have given to El Salvador in recent years. Through PEC, advice will be received in the area of social development. Assistance will also be received from UNIFEM.

50. Modernization of the State. One of the Government's development objectives is the establishment of a modern State capable of responding to new national and international challenges. To that end, the Government is making up a programme to modernize the public sector and enhance its management

capacity, with support from multilateral and bilateral donors. The programme has six areas of concentration: fiscal management, personnel administration, formulation of management policies and strategies, privatization, institutional reorganization and sectoral modernization programmes.

51. The Government requires an increase in the support of the UNDP Management Development Programme for the coordination of efforts with the multiple cooperators and for mobilizing additional resources. UNDP will have to support the formulation, implementation and assessment of the global strategy for the modernization of the State, the identification of priorities, and project formulation, monitoring and evaluation.

52. Support is also needed for the formulation and implementation of plans of action for the processes of institutional reorganization, administrative simplification and decentralization, with emphasis on capacity-building at the municipal-government level within the context of national reconstruction.

53. Support will continue to be provided for the modernization of the Ministry of Agriculture and Livestock Raising and for the reforms of the Ministries of Health and Education through the Agricultural Sectoral Investment and Reform Programme (PRISA) and the Programme for the Rehabilitation of Social Sectors, both financed by the World Bank.

54. Actions for modernizing and systematizing the coordination and management of the technical cooperation resources received by the country will likewise continue to be strengthened, and for that purpose support will continue to be provided for the implementation of the National System of International Technical Cooperation (SINCOTEC).

55. The amount of IPF resources allocated to this area of concentration was \$457,000, and cost-sharing in the amount of \$18,061,000 is expected. The total represents 26.74 per cent of the programme resources.

56. The modernization of the public sector will contribute toward the creation of a modern State, with the following results: a smaller public sector; the limitation of the functions of the State to the tasks of establishing standards for, regulating and promoting private activity; the creation of an institutional structure that will permit effective, efficient, speedy and coordinated handling of the public administration; the strengthening of decentralized functions and municipal governments; efficient and efficacious management; the integration of the three public budgets (the regular and extraordinary budgets and that pertaining to autonomous bodies); and the establishment of a civil service system for public officials.

57. Within the programme for the modernization of the public sector, the following programmes will remain in operation: modernization of financial management, financed by the United States Agency for International Development (USAID), IMF and IDB; privatization, supported by USAID; administrative reorganization and simplification of procedures, with the cooperation of USAID and the World Bank; restructuring of the National Administration of Aqueducts and Sewers (ANDA), supported by IDB; human resources management, with the technical assistance of the European Community; and decentralization,

supported by the Latin American Commission on Administration for Development (CLAD).

58. Environment and sustainable development. One of the fundamental objectives of the Economic and Social Development Plan (1989-1994) is to stimulate the full and efficient use of the country's resources. For that purpose, an environmental agenda and a national environmental emergency plan have been designed, including the definition of a set of sectoral strategies and policies covering the following subjects: population, sustainable development of agriculture, soils, forest resources, water resources, environmental pollution, women, environment and development, and environmental education. The Government feels that in order to develop strategies, there must be an effective legal framework and a solid institutional structure; this has led to the establishment of the National Council on Environment, and the creation of an environmental code will be fostered.

59. The Government requests that cooperation be concentrated on the reclamation and management of soils and forests, on the basis of the successful experience of the project on agro-forestry support to communities with scant resources sponsored by UNDP and carried out by the Ministry of Agriculture and FAO during the fourth programme. In addition, collaboration is required for the implementation of the environmental agenda and the emergency plan, with emphasis on those projects that develop and strengthen national resource-management capacity.

60. UNDP will have to give priority support to those environmental and sustainable-development programmes and projects that fit in with programmes for overcoming poverty, involve community participation, recognize the importance of women in the management of natural resources in rural areas and promote the use of technologies that do not harm the ecological system.

61. Cooperation in this area must be stronger starting with the second half of the programme, when the needs of national reconstruction and democratic strengthening on which the programme will focus during the first half will be less pressing.

62. The IPF resources allocated to this area of concentration amount to \$340,000 and cost-sharing will total \$1,562,000. The total represents 2.75 per cent of the programme resources.

63. The anticipated results in this area of concentration include a substantial enhancement of national capacity for the management of natural resources, the adoption of policies and administrative measures that place the environment in the forefront of the Government's development plan, and improvement of the self-sustaining conditions of the economy in the medium and long term.

64. In addition to the resources derived from the Agenda 21 Programme, resources will be obtained from the Global Environment Facility and other donors within the framework of forest action for El Salvador and Central America.

C. Cooperation outside selected areas of concentration

65. In view of El Salvador's recently joining GATT and its interest in the economic integration of the Central American countries among themselves and with other countries or blocs, it is of the utmost importance for El Salvador to continue to receive technical assistance for strengthening its trade negotiating capacity. A project having that aim that was started during the fourth country programme will continue during the fifth programme period with an allocation of \$194,000, which represents 0.28 per cent of the programme resources.

D. Implementation and management arrangements

66. During the implementation of the fifth programme, the Government will undertake actions to ensure that El Salvador adopts a programme approach that will permit better articulation among the different areas of concentration and more efficient utilization of both external and national technical and financial resources.

67. To guarantee more effective coordination, the UNDP proposal that in each area of concentration managers should be hired selectively, to be in charge of both specific and thematic projects, is accepted. Thus, side by side with national and international consultants, area working groups will be formed. Under this scheme, each manager administers, articulates and coordinates actions in his respective area. The area managers might form a group of technical advisers for the programme.

68. Preference will be given to the national execution mode, though one must not lose sight of the fact that some Government institutions know little about the execution of UNDP programmes. In such cases, UNDP must provide temporary support in order to instruct them. The participation of the United Nations specialized agencies in the various projects will be encouraged, use being made of the comparative advantages and accumulated experience of each agency.

69. With a view to the achievement of programme objectives, the Government will make sure that for the different activities there is a team of counterparts made up of officials who hold posts already existing in the Government in such a way that technical cooperation may serve to attract new human resources, including national consultants who constitute genuine additions to the Government.

70. Emphasis will be placed on Technical Cooperation among Developing Countries (TCDC); in addition, the number of United Nations Volunteers (UNV) participating in the programme will be increased, primarily in the area of national reconstruction and democratic strengthening, and the use of national volunteers will be encouraged.

71. Effective articulation among the projects approved by UNDP during the programme period and those sponsored by other agencies of the United Nations system and by multilateral and bilateral donors will require greater and more effective coordination of efforts so as to avoid duplication and ensure

project complementarity. Especially in areas of concentration and areas of special interest to the Government, attention will be paid to improving the coordination and utilization of resources derived from projects financed within the framework of PEC and the UNDP Regional Programme for Latin America and the Caribbean. Within this context, the systematic introduction of the UNDP programme approach will be essential for tying together and coordinating the different actions supported by other donors, especially those designed for the postwar period.

Annex I

FINANCIAL SUMMARY

I. ESTIMATED RESOURCES (IPF + cost-sharing) TAKEN INTO ACCOUNT FOR PROGRAMMING

Carry-over from fourth cycle IPF	(629 000)	
Fifth cycle IPF	9 692 000	
Borrowings for the extension of the fourth programme	<u>(2 317 000)</u>	
Subtotal IPF available 1993-1996		6 746 000
Project cost-sharing (Government)	48 785	
Project cost-sharing (Third party)	<u>13 715</u>	
Subtotal cost-sharing		<u>62 500 000</u>
TOTAL		<u>69 246 000</u>

II. ALLOCATION OF RESOURCES (IPF + cost-sharing) BY AREA OF CONCENTRATION

<u>Area of concentration</u>	<u>IPF</u>	<u>Cost-sharing</u>	<u>Total</u>	<u>Percentage of total resources</u>
Reconstruction and democratic strengthening	1 522 000	19 213 000	20 735 000	29.94
Poverty and employment	1 810 000	23 664 000	25 474 000	36.79
Modernization of the State	457 000	18 061 000	18 518 000	26.74
Environment and sustainable development	340 000	1 562 000	1 902 000	2.75
Outside selected areas of concentration	194 000	-	194 000	0.28
Subtotal	4 323 000	62 500 000	66 823 000	96.50
Unprogrammed reserve <u>a/</u>	2 423 000	-	2 423 000	3.50
TOTAL	6 746 000	62 500 000	69 246 000	100.00

a/ The unprogrammed IPF reserve (\$2,423,000) is equivalent to 25 per cent of the resources allocated under the fifth cycle 1992-1996 (\$ 9,692,000).

III. COMPLEMENTARY ASSISTANCE FROM OTHER SOURCES USED IN AREAS OF CONCENTRATION

A. UNDP-administered funds

SPR	1 938 000	
UNIFEM	155 000	
Management services agreements	2 800 000	
Trust funds for rehabilitation of ex-combatants	<u>2 941 000</u>	
Subtotal		7 834 000

B. Other United Nations resources

JCGP participating agencies		
UNFPA	1 892 000	
UNICEF <u>b/</u>	4 000 000	
WFP	13 800 000	
IFAD <u>c/</u>	-	
Other United Nations agencies (non-UNDP financed)	<u>3 395 000</u>	
Subtotal		<u>23 087 000</u>

C. Non-United Nations resources

TOTAL 30 921 000

b/ UNICEF estimates that it will be able to obtain additional resources of \$12 million during the period 1993-1996, over and above its regular funds.

c/ The funds to be provided to El Salvador by IFAD will be in loan form; consequently, they are considered cost-sharing of the Government under heading I.

Annex II

PROGRAMME MATRIX

Area of concentration	Area of focus ^{a/}					
	Poverty eradication and grass-roots participation	Environment and natural resource management	Management development	TCDC	Transfer and adaptation of technology	WID
I. NATIONAL RECONSTRUCTION AND DEMOCRATIC STRENGTHENING						
Institutional strengthening for national reconstruction			*			
Return of ex-combatants of the armed forces and FMLN to civilian life	*	*		*		*
Care of uprooted population	*	*			*	*
Creation and strengthening of democratic institutions			*			
II. POVERTY AND EMPLOYMENT						
Evaluation of the impact of social investment	*		*			
Decentralization of services	*		*			
Policy-making for the creation of micro, small and medium-sized enterprises	*		*			
Technology for the construction of popular housing	*				*	
III. MODERNIZATION OF THE STATE						
Management development programme			*			
IV. ENVIRONMENT AND SUSTAINABLE DEVELOPMENT						
Soil reclamation and management	*	*				*
Management strengthening in natural resources management		*	*			

^{a/} Asterisks indicate major linkage only.

