

**UNITED NATIONS
DEVELOPMENT
PROGRAMME**Distr.
GENERALDP/CP/CAR/3
24 February 1982

ORIGINAL: ENGLISH

GOVERNING COUNCIL
Special meeting
24-28 May 1982, Geneva
Agenda item 3(d)

COUNTRY AND INTERCOUNTRY PROGRAMMES AND PROJECTS

Consideration and approval of country programmesTHIRD MULTI-ISLAND PROGRAMME OF
THE GOVERNMENTS OF THE EASTERN CARIBBEANUNDP assistance requested by the Governments of the Eastern Caribbean
for the period 1982-1986Illustrative IPF for 1982-1986: \$4,516,000

INTRODUCTION

1. The third multi-island programme for the Eastern Caribbean sub-region is presented for consideration and approval by the Governing Council at its special meeting in May 1982. In anticipation of the expiration of the second programme in December 1981, preparation for the new programme was initiated as early as 1980 through continuous dialogue with the regional integration institutions to determine the development priorities for UNDP support and, by means of tripartite reviews or evaluation missions, to assess current implementation status and future prospects of individual projects.

2. The 1982-1986 country programming exercise was essentially regional, fully involving those executing agencies with representation in the Caribbean. Representatives of FAO, UNESCO, UNIDO, WHO/PAHO, and WFP formed a United Nations team under the leadership of UNDP. The team traveled throughout the sub-region holding discussions with Governments, following which UNDP convened a two-day country programme meeting

Note: In accordance with decision 81/15, adopted by the Governing Council on 27 June 1981 (E/1981/61/Rev.1, Annex I), the third multi-island programme of the Governments of the Eastern Caribbean is being submitted to the Council without an accompanying note by the Administrator.

The previous multi-island programmes of the Governments of the Eastern Caribbean and the accompanying notes by the Administrator were issued under the document symbols DP/GC/CAR/R.1 and DP/GC/CAR/R.2 and DP/GC/CAR/R.1/RECOMMENDATION and DP/GC/CAR/R.2/RECOMMENDATION, respectively.

in which the aforementioned agencies participated. Representatives of UN/TCO, ILO, the Caribbean Development Bank, the World Bank and the United Nations economic planning advisers assigned in the sub-region also took part.

3. The programming consultations centred on the limitations of financial resources, development of cost-effective implementation modalities lending wider practice to joint funding arrangements with other donor agencies, TCDC through sharing of international and regional expertise available within the Caribbean, Government execution, and closer collaboration among the United Nations specialized agencies to optimize the impact of the collective United Nations resources available for the sub-region.
4. In June 1981, the illustrative IPF was established at \$4.5 million and a programming ceiling placed at 80 per cent of that amount, \$3.6 million, for financial management purposes. This steep decline from \$8.5 million for the previous cycle has forced curtailment of the programme with severest effect in 1982 and 1983, when the financial stringencies will be most telling and the transition to the new country programme most critical. Some activities will have to be brought to a premature end and others scaled down drastically in line with the resource base. No pipeline projects can be accommodated, although preparatory activities relating to proposals on airport operations, small-scale marketing enterprises, energy, standards infrastructure, import of agricultural inputs and maritime training were carried out over the past eighteen months.
5. The regional Governments and their integration institutions have expressed strong support for preserving on-going priority activities to the extent possible. The recent commitment by several Governments to make supplementary contributions from their national IPFs for the Vocational Training and Agricultural Development projects clearly demonstrates their concern. Commitments under the Latin American regional programme for joint funding of the Shipping and Tourism projects also help to alleviate the financial pressures in the early years of the third cycle. However, the full expectations of Governments and their regional integration secretariats are not matched by the available resources, necessitating a high degree of selectivity in the content of the programme which very likely will have an adverse effect on those activities where continued support is not possible.
6. The prime focus of the new programme is on regional self-reliance through mutual co-operation among the countries of the East Caribbean, fostering keener perception of their political and economic interdependence and encouraging conceptual approaches for joint action to redress their development constraints.
7. The principal highlight is the Government execution modality applied in the Agricultural Development (CAR/81/002) project. The capability for this was demonstrated in the earlier phase of operations implemented under CAR/77/007 where Caribbean expertise progressively replaced the more costly international technical assistance inputs, contributing to the impact of an inherently regional service which integrated agronomic techniques, farm planning, irrigation, livestock husbandry, supervised credit and marketing, geared to increased agricultural productivity and improved food distribution in the region.
8. The pooling of various resources for sub-regional activities is also an important feature of the programme, bringing together the regional IPF, national IPF and other multi-island donor commitments for priority activities in agriculture, tourism, maritime transport, vocational training and education. This augurs well for tighter co-ordination and greater impact of the United Nations system's development support for the region.

Review of the 1979-1981 programme

9. The second multi-island programme for the East Caribbean sub-region witnessed a period of worsened economic decline, serious balance of payments deficits, falling per capita incomes, accelerated rates of inflation, chronic unemployment and social and political unrest. Tourism leveled off as a result of recession in the main North American and European markets, fuel import costs rose sharply, and agriculture suffered significant losses due to disease and natural disasters in three successive years. Astute economic management was the order of the day as Governments sought to absorb the economic pressures through difficult structural adjustment programmes recommended to stimulate the region's ailing productive sectors of tourism, agriculture and industry. Political independence movements carried to successful conclusions by three Governments further emphasised the need for the adoption of appropriate policies to promote self-reliant economic development. This underscored the requirements for greater efficiency in the public sector, stricter budgetary controls and revenue measures for improved savings performance, all geared towards the region's attainment of financial viability.

10. In this environment, the multi-island programme gained momentum as the search intensified for joint approaches to overcoming common development constraints shared by the countries of the sub-region. The advent of the Caribbean Group for Co-operation in Economic Development (CGCED), which emphasised responsible economic management, also heightened the urgency of sub-regional approaches designed to induce closer collaboration among the countries thereby increasing the opportunities for growth which their individual small size and low absorptive capacity would otherwise impede. At the same time, such co-operation could promote economies of scale through a more efficient implementation of the many development activities required to ensure the economic viability of the countries of the region.

11. The Multi-Island Fund afforded the means to promote joint co-operation in agricultural production and marketing, industry, tourism, animal and human health, maritime and air transportation, telecommunications, vocational training, social security, statistics, fiscal management and meteorology. Institutional support of a critical nature was provided directly to the East Caribbean Common Market (ECCM) Secretariat, the Caribbean Tourism Research and Development Centre (CTRC), the Regional Directorate of Civil Aviation, the Caribbean Meteorological Institute (CMI), the Caribbean Development Bank (CDB), and through these regional institutions to the member countries. The region also benefited from multi-island support for the sector surveys in agriculture, industry, energy, tourism and transportation carried out under CGCED auspices and for further investigation of several CGCED-identified initiatives for regional co-operation. These included the food aid scheme, huckster trade, agriculture inputs revolving fund and upgrading of the small schooners plying the inter-island routes. In addition, Governments drew on multi-island resources for assistance in preparing their annual public sector investment programmes and undertaking related project feasibility studies.

12. The principal contributions were in the areas of agricultural production geared to food self-sufficiency and rural employment; statistical data processing and printing to improve the region's data base for social and economic planning; vocational skills training in maintenance to arrest current, rapid rates of deterioration of capital stock and to prepare the labour force with marketable skills for employment; fiscal management services for more effective budgetary control and revenue optimization; and tourism administration and promotion to increase the contribution of this sector to economic development and to alleviate balance of payments problems.

13. UNDP's technical assistance programme was complemented by those of UNFPA for the 1980 Population Census; the United Nations Voluntary Fund for the Decade for Women (UNVFDW) which supported a communications project of the University of the West Indies; and UNICEF for sub-regional co-operation in pre-school child development activities, improvements in social welfare services, teacher training and curriculum development and the training of allied health personnel.

14. The region's excessive dependence on external resources and its weak institutional base have been significant factors inhibiting development in the sub-region. Even when capital investment flows have been available, the rate and effectiveness of disbursement were less than optimal owing to the unavailability of trained national and regional professionals for sound project preparation, promotion and implementation. In the circumstances, the financing of these critical project support inputs has gained acceptance by most major international donor agencies. However, it is relevant to note that the Pool of Experts Plan, the most significant regional initiative, to overcome this situation of low absorptive capacity through the provision of a wide range of common technical and administrative services to the East Caribbean Common Market countries, remains stymied by the state of flux within the ECCM itself and external resource stringencies affecting financing of the Implementation Plan. With the ratification of the treaty bringing into existence the Organization of East Caribbean States (OECS), this state of affairs should be alleviated.

15. Even in such directly productive activities as those in agriculture and vocational training, where UNDP technical co-operation was successful in generating the stimuli for regional co-operation, the constraints of institutional support and scarce domestic resources for further development have again intruded, creating the need for additional external assistance to bridge the gaps.

SUB-REGIONAL DEVELOPMENT OBJECTIVES AND PROGRAMMES TO BE SUPPORTED BY UNDP

16. The priorities of the multi-island programme are indicated by the mandate given by Caribbean Governments to their regional institutions to tackle their intractable development problems which surpass national capabilities and dictate the urgency of joint collaborative efforts for more cost-effective approaches than would be supportable individually in terms of resource availability, planning and administration.

17. The constraints of small size, paucity of natural resources, low levels of marketable skills, patterns of consumption which drain scarce foreign exchange, high vulnerability to international trends, unstable public sector management environment, weak savings performance and a concomitant excessive dependence on external financial support, intrude in all aspects of productive activity and impede to varying degrees of intensity the attainment of economic viability in the Eastern Caribbean countries. The priority development objectives are described briefly below.

Tourism

18. As a prime source of foreign exchange earnings and employment generation, tourism continues to rank high in importance in helping to buoy up the fragile Caribbean economies. However, the industry's high vulnerability to external factors makes it essential that the region undertake vigorous tourism promotion campaigns to capture new markets. At the same time, it must plan realistically for growth in this sector, including development of the Caribbean tourism product. High priority is placed on continued UNDP support for the activities of the Caribbean Tourism Research and Development Centre (CTRC) in providing the Caribbean with a range of technical advisory services related to tourism administration, planning and promotion.

Agriculture

19. The current predominance of small-scale farming has not yet received the systematic attention that this largely informal sector requires to increase productivity, generate export earnings, reduce the food import burden, provide a raw materials base for industrialization and create employment opportunities. Self-sufficiency in food production remains a valid regional objective; however, realization of the vast potential that exists is constrained by the absence of an agricultural policy giving practical expression to reversal of the effects of the region's former monoculture tradition. Critical issues requiring urgent attention are land use and land tenure, soil and water conservation, agricultural research, training and the whole range of support services including extension, agricultural inputs, credit and marketing. These are prerequisites for expanded production and improved distribution of fruit, vegetables, other food crops and livestock.

Industry

20. The East Caribbean Common Market (ECCM) maintains its objective to devise a successful regional strategy for allocating industries, though efforts are frustrated by the narrow raw materials resource base for industrial processing and the small size of the sub-region's market. These factors limit the economic potential for import substitution industries because they introduce constraints of high production costs and difficulty in securing adequate supplies to support economically viable production units. Enclave industries such as electrical and electronics assembly and garment manufacturing have gained popularity; the net contribution of this sub-sector, however, is still small. The priorities for development are strengthening managerial and entrepreneurial skills, worker training, export market research, sound project preparation and aggressive promotion, favourable investment incentives, and access to concessionary financing including venture capital.

Economic Infrastructure

21. Access to markets for all productive activity in agriculture, tourism and industry demands the availability of efficient transport systems. The priority for maritime transport is improvement of shipping operations in the Caribbean region, in terms of safety and reliability of service at competitive costs; marketing strategies based on trade flow analysis; and development of the small-vessel fleet carrying the bulk of inter-island agricultural trade.

22. Improved maintenance is a high priority for capital equipment related to economic infrastructure in support of the productive sectors. The requirements have long gone unmet, resulting in faster than normal deterioration of capital investment and the imposition of an additional burden on Governments to find resources for replacement. There is an urgent need for training in the specific occupational skills required to rehabilitate costly capital equipment and preserve stock for carrying out public works programmes. The development of a broader regional infrastructure for occupational standards and certification is also a priority, but this is beyond the means of the multi-island resources for the 1982-1986 period.

Social infrastructure

23. The Governments of the region have given high priority to the strengthening of health care programmes for the safety and welfare of the population.

Social infrastructure

24. The establishment of the Pool of Experts Plan integrating various forms of external donor assistance to provide through the East Caribbean Common Market (ECCM) Secretariat a range of specialized technical and administrative services, and the recent creation of the Organization of East Caribbean States (OECS) are in the vanguard of major regional undertakings aimed at increased collective absorptive capacity for development. The initiatives are propitious since the viability of long-term economic recovery from the combined pressures of global recession and three major natural disasters in recent years depends largely on the region's institutional capability for astute economic management and for hastening the necessary structural adjustments in the productive sectors. The Governments have called on UNDP for support in three priority areas: First, to upgrade the statistical services for data collection analysis and processing; second, to strengthen institutional capabilities for the preparation of bankable projects in support of public sector investment programmes consistent with the development priorities; and third, to enhance fiscal management capabilities for developing appropriate taxation and monetary policies and to harmonize those policies at the sub-regional level.

Summary of UNDP assistanceAgriculture

25. An ongoing project, Agricultural Development and Training (Government execution) (CAR/81/002), is the second phase of UNDP assistance commenced in the previous cycle under CAR/77/007 to promote regional self sufficiency in food. The objective is to develop a self-reliant capability among small farmers for higher productivity and to organize production and marketing for increased output and improved distribution of food crops, vegetables and livestock. The project will be executed by the sub-region's Governments through the Caribbean Community (CARICOM) Secretariat, with FAO and UNV as co-operating agencies and with joint funding from the European Economic Community (EEC) and national IPF resources. A multi-island IPF contribution of \$655,000 is earmarked. The project will establish operational linkages with, and be supportive of, national agricultural programmes in Antigua, Grenada, St. Kitts-Nevis and Saint Lucia.

Tourism

26. An ongoing project, Regional Tourism Development (WTO) (CAR/79/002), is designed to stimulate tourism growth by strengthening the region's capability for demand forecasting, market promotion, policy planning and administration. The regional IPF for Latin America is the main source of funding, supplemented by a multi-island contribution of \$15,000.

Related assistance

27. Linkages have already been established with the Statistics project (CAR/80/002) to improve the tourism statistical data base. There will also be liaison with the planned TOKTEN project in Saint Lucia under which UNDP will support recruitment of a tourism director.

Industry

28. An ongoing project, Industrial Promotion (UNIDO) (CAR/73/001) is assisting the ECCM in the preparation of project profiles and pre-feasibility studies to attract

financing from major lending institutions and joint venture partners for the establishment of new industries in the sub-region. The UNDP contribution of \$50,000 covers short-term specialized consultancy services under the project which is due to be completed in mid-1982.

Transport and communications

29. An ongoing project, Regional Co-operation in the Development of Shipping (UNCTAD/IMCO) (CAR/80/004) is upgrading the technical safety, reliability and efficiency of shipping services in the Caribbean at economic operating and maintenance costs. The UNDP contributions for 1982-1983 are \$159,000 from the multi-island IPF and \$351,000 from the regional IPF.

General development issues, policy and planning

30. An ongoing project, Development of Statistics (UN) (CAR/80/002) is providing for a second phase programme to consolidate the advances made in improving the reliability of the statistical base for sound economic and social planning and prudent management of the economy. The new focus will be on more effective organization of statistical personnel in a self-sustaining system for collection, compilation, analysis and publication of statistics in response to national and regional priorities. The UNDP contribution is \$1,430,000.

Related assistance

31. The programme bears relation to all planning activities in the region and more especially with the Tourism (CAR/79/002) and Shipping (CAR/80/004) projects where the respective statistical outputs will be mutually supportive.

32. An extension to March 1982 is required for the ongoing project, Fiscal Policy and Planning (UN) (CAR/79/001), to bring to a conclusion current activities in support of improved taxation and monetary policies. The UNDP contribution is \$22,000.

33. Another ongoing project, Project Preparation, Monitoring and Programme Review (UNDP) (CAR/78/001), is providing vital consultancy support to the Caribbean Governments in preparing their economic and public sector investment programmes, and in the identification and preparation of feasibility and other studies under the auspice of the Caribbean Group for Co-operation in Economic Development (CGCED), utilizing Caribbean expertise whenever possible. The UNDP contribution will be \$45,000 for the 1982-1986 period.

Labour management and employment

34. An ongoing project, Vocational Training in Automotives and Heavy Equipment (ILO) (CAR/77/006), is further developing the skills training system for automotive and diesel engine occupations. An extension of the project is required to ensure that the training infrastructure, including audio-visual aids and other training equipment, is firmly established in each participating country and to provide support to the training officers in wider application of skills upgrading techniques. The resource constraints allow only for a limited extension to June 1982 at an estimated cost of \$156,000. This is supplemented by national IPF resources for the purchase of audio-visual aids and other training equipment.

Social Services

35. An ongoing project, Caribbean Health Laboratory Services (WHO) (CAR/78/003), is designed to improve diagnostic laboratory services for disease identification and control through training, provision of equipment and promotion of co-operation among Caribbean countries for referral services. The UNDP contribution is \$210,000 for the 1982-1983 period.

Related assistance

36. A programme planned by UNICEF covers expanded day-care activities for pre-school children, curricula and educational materials development, parent education, social welfare and income-generating activities for women.

37. A new project, Development of the Education Sector (UNESCO), is intended to establish a pool of experts to be available to advise the sub-region on school administration, curriculum planning, teacher training, vocational education, facilities for the disabled and bulk purchasing of school equipment including text books. The costs of the pool are to be met through national IPF contributions from the East Caribbean countries.

