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COUNTRY AND INTERCOUNTRY PROGRAMMES AND PROJECTS

Consideration and approval of country programmes

THIRD COUNTRY PROGRAMME FOR MEXICO

UNDP assistance requested by the Government of Mexico
for the period 1982-1986

Illustrative IPF for 1982-1986: \$20,000,000

INTRODUCTION

1. The third country programme for Mexico covers the period 1982-1986. As regards its preparation, the Government entrusted to the Ministry of Foreign Affairs the responsibility of establishing and chairing a technical committee, consisting of departmental representatives from the Ministry of Programming and Budget and the National Council for Science and Technology. The committee was given the task of assessing the results obtained during the second cycle in technical co-operation projects financed by the United Nations Development Programme (UNDP), consulting all other governmental bodies concerning future technical co-operation requirements and formulating the programme with the assistance of and close co-operation of the Office of the UNDP Resident Representative and the specialized agencies of the United Nations system represented in Mexico.

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 country programme for Mexico is being submitted to the Council without an accompanying note by the Administrator.

The previous country programmes for Mexico and the accompanying notes by the Administrator were issued under the document symbols DP/GC/MEX/R.1 and DP/GC/MEX/R.2 and DP/GC/MEX/R.1/RECOMMENDATION and DP/GC/MEX/R.2/RECOMMENDATION, respectively.

2. The preparation of the programme began with the note from the Resident Representative to the Government of Mexico, which was entitled "Suggestions for the formulation of the five-year programme 1982-1986" and was submitted for its consideration in January 1981. It was communicated by the Ministry of Foreign Affairs to various governmental bodies - ministries of the Federal Government, State governments, autonomous bodies, State universities - in order to ascertain their requirements with respect to international technical co-operation.

3. The technical committee was engaged in the programming exercise for the whole of 1981 and during that period the representatives of UNDP and the agencies with offices in Mexico maintained a close rapport with it, submitting suggestions for the review of technical co-operation possibilities and providing support to national bodies in the formulation of the project documents for the ongoing projects and in the design of new projects.

4. The programme was prepared on the basis of the priorities of the over-all development plan, sectoral plans, including the industrial development plan and the employment plan, and the Government's priority programmes, especially the Mexican Food System (SAM).

5. The amount taken into account for programming for the five years of the period 1982-1986 was 80 per cent of the illustrative indicative planning figure assigned by the Governing Council of UNDP in June 1981. As the IPF is \$20 million, the available resources amounted to \$16 million. That figure was reduced by the amount of the overrun caused by cost increases and the continuation of certain high-priority projects during the second programming cycle. This came to \$700,000, and a further \$300,000 was set aside for an optional reserve. Accordingly, only \$15 million was programmed.

6. As the amount assigned by UNDP was extremely small in relation to Mexico's needs, the Ministries of Foreign Affairs and of Programming and Budget received favourably the suggestion made by the office of the Resident Representative, namely the possibility that the Government might increase the IPF under the cost-sharing arrangement and that this possibility could be worked out in the future.

7. The technical committee, in the light of the slender financial resources available and of Mexico's co-operation requirements, decided that the resources of UNDP for the third programme should be used solely to finance the services of experts and consultants. Accordingly, the Government will cost the other inputs (equipment, fellowships and training, administrative support) required for the execution of the projects.

UNDP TECHNICAL CO-OPERATION ENVISAGED IN SUPPORT OF NATIONAL
DEVELOPMENT OBJECTIVES

8. As regards economic and social development, the programme follows the basic guidelines of the Government of Mexico, reflecting the principal requirements of the country over the next few years. The Mexican economy has grown during the past year at a rate of 8 per cent in response to a national planning effort. The over-all development plan represented the unifying of sectoral efforts in the areas of food self-sufficiency, industrial development, job creation, etc.

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9. Three reforms - administrative, economic and political - have shaped the implementation of the over-all development plan:

(a) The administrative reform has tailored the administrative apparatus and systems of the Federal Government to the development policy, with a view to achieving greater effectiveness, efficiency and consistency in the activities of the federal public administration;

(b) The economic reform seeks to improve minimum levels of social well-being through the provision of more and better employment opportunities and the satisfaction of food, education, health and housing needs. To attain that objective the following sectoral plans have been emphasized:

(i) In the agricultural sector the priority goal of meeting food needs has been promoted by the Mexican Food System; and

(ii) The national industrial development plan has laid down a strategy that will impart greater dynamism to the production of goods in priority areas - for example, capital goods - and this should enable the country to achieve technological self-determination;

(c) The political reform has resulted in various political orientations becoming more involved in the country's development process.

10. UNDP is one of the major sources of multilateral technical co-operation to which Mexico has traditionally looked in order to supplement its own efforts to promote and accelerate national development. The UNDP programme period is five years. Mexico was assigned an IPF of \$20 million for each of the first two programming cycles (1972-1976 and 1977-1981).

11. For the third programming cycle (1982-1986), the Governing Council of UNDP, at its 1981 June session, assigned illustrative IPFs on the assumption that voluntary contributions would grow at an annual rate of 14 per cent. For developing countries whose per capita income is relatively high, which include Mexico, it was decided to maintain the illustrative IPF for the third cycle at the same nominal level as for the preceding cycle. Clearly, the resources provided by UNDP for the third programming cycle will be extremely limited. The IPF not only is much reduced in nominal terms but has been substantially affected in real terms by the effects of inflation and the increase in administrative costs.

12. In response to a request from the Ministry of Foreign Affairs concerning the preparation of the third country programme for Mexico for the third UNDP cycle, projects were received from: 13 ministries and departments of State; 3 national credit institutions; 7 decentralized agencies; 11 research and higher education centres; the governments of the states of Chiapas, 2/ Querétaro, Sinaloa and Veracruz; and the Co-ordinator's Office of the national evaluation system of the Office of the President of the Republic.

2/ The governor subsequently withdrew the request submitted (7 November 1980).

13. The above bodies submitted 93 projects to the technical committee for consideration. Eighteen of these dealt with the continuation of ongoing projects and 75 with new projects; they would have required a UNDP contribution of almost \$120 million, or 6.5 times the IPF available at the time. The international resources requested for the 18 ongoing projects amounted to \$35 million and represented one and a half times the IPF available.

14. The technical committee has recommended that the \$15.3 million available should be allocated to the 20 projects considered of highest priority. The distribution of programme resources by area assigns the greatest weight to rural development (21.3 per cent). In descending order of importance, the science and technology sector receives 20.7 per cent of resources, industrial development 15.6 per cent, food 14.5 per cent, employment 11.3 per cent, economic and social development 9.9 per cent, marine resources 4 per cent, and public health 2.7 per cent.

15. Mexico's programme has been determined in the context of the over-all development plan and the sectoral plans approved by the Federal Government. The priority areas are clearly indicated and, although the 1982-1986 programme will cover only the last year of the present Administration, the basic objectives of the economic policy of the government in power during the following six-year period are expected to be similar to the present objectives.

16. Owing to the existence of the plan as a framework of reference, the third country programme for Mexico presented two salient features. First, all the programme resources were assigned to a relatively small group of projects (20) and almost all such preparation was at the level of the project document, where objectives, activities and necessary inputs are identified precisely. Second, the 20 projects concentrate on three priority areas which are, more or less, as follows:

(a) One of the priority areas relates to food production and availability. Faced with rapid population growth and the need to ensure a maximum supply of wholesome food, the Government has established the Mexican Food System, thereby reflecting its concern to improve the quantity and quality of food-stuffs and to ensure access to them by the entire population. It is not therefore surprising that 11 of the 20 projects in the country programme are intended to achieve this objective through the co-ordinated support of all the entities involved in the process of food production and distribution, from production to retail sale to the consumer. The projects in the country programme that provide support in this area relate to research and training for rural development, livestock production, improvement of nutrition, transfer of technology for food production, promotion of industrial activities that provide inputs to the agricultural sector, storage and marketing of food-stuffs, the development of selected agro-industries and the manufacture of packaging and containers for this sector;

(b) In the over-all development plan and the industrial plan the Mexican Government has assigned high priority to the scientific and technological development of the country. The Government has decided to systematize technological research and ways of incorporating and adapting technologies developed in other countries, especially highly industrialized countries. In the strategic decisions which will be adopted in the years to come, it intends to embody technological advances, which will be applied to such strategic sectors of the economy as industry. The tasks involved are many and include pure research, the adaptation and generation of appropriate technologies, the development of projects consistent with national requirements and potential, dissemination of "know-how", and technical assistance for applying know-how in production;

(c) The third priority area of the country programme deals with general economic and social planning, improvement of human resources training and the generation of productive employment. The over-all development plan and the sectoral plans, such as the employment plan, were recently formulated. Their implementation and the need to elaborate more precise and effective planning and training instruments account for the inclusion of these areas in the UNDP technical co-operation programme. The new and the ongoing projects in the third country programme cover such activities as the systematization of the national accounts, support to the over-all planning process, and support to employment planning and human resources training for vocational purposes. The concentration in these three priority areas of the projects included in the third programme is characteristic of the close relationship between the Government's economic priorities and the UNDP-financed technical co-operation programme. Of the 20 projects in the programme, 19 are designed to provide direct support to these areas. Only one project assists a sector outside the three areas mentioned above; it relates to the health sector.

17. The priority assigned in the programme to science and technology will be strengthened by two projects, one ongoing and the other under consideration, in the area of technological forecasting. The estimated cost of these two projects, financed by the UNDP-administered United Nations Interim Fund for Science and Technology for Development, is \$1.1 million. It should be added that, the relationship between the country programme and other United Nations programmes in Mexico was taken into account while the former was being prepared.

18. The third country programme comprises 20 projects of which 9 of these are continuations of those currently in progress, without changes in their major objectives; four are considered to be new, the objectives and priorities being substantially different from those of the current projects; and seven are genuinely new. The areas of co-operation by sector are as follows.

A. Development planning

Ongoing project

Development of the Mexican macro-economic information system (MEX/77/001)

19. The project will help to strengthen and expand basic statistics and to consolidate and develop macro-economic information systems by global and by sectoral area, input/output tables, short-term activity indicators, and horizontal co-operation activities for the dissemination of project results.

Estimated UNDP contribution: \$805,000. Government cost-sharing: \$1,150,000.

New project

Advice and training in economic and social planning

20. Carried out in co-operation with the Directorate-General of Economic Policy, the project will assist in the inter-institution consolidation of the National Planning Service, the conduct of studies on the methodology of short-term, medium-term and long-term planning, a review of participation in planning processes and support to the Economic and Social Development Training Centre (CECADE).

Estimated UNDP contribution: \$674,000. Government cost-sharing: \$70,000.

B. Agriculture

Ongoing projects

Training and organization for rural development (MEX/77/012)

21. Support will continue to be given to the National Agrarian Training Institute (INCA/RURAL) in the formulation, evaluation and definition of methodologies and their application in rural work. Activities to train rural promoters will also be carried out. Training assistance will be provided for the programmes of the Mexican Food System. Estimated UNDP contribution: \$1,913,000.

Tropical livestock: education, research and extension (MEX/78/015)

22. The objectives of the project are to consolidate activities at an experimental tropical livestock centre to conduct applied research on tropical livestock production systems and to carry out training and extension programmes in this area. Estimated UNDP contribution: \$442,000.

New projectsRural planning and development

23. The project is intended to support the rural development programmes of the Mexican Government; its objectives are to co-ordinate and participate in studies and programmes to determine the market for rural labour and organized production and to assist in the development of research on dissemination of technology in rural areas. Estimated UNDP contribution: \$840,000.

Food monitoring system

24. The project will establish the nature and scope of the nutrition problem in Mexico and must therefore aim at promoting mechanisms for work in the rural areas and inspection of the nutrition situation. It must also design a system for the collection, processing and analysis of data and develop medical services and education in the municipalities of the critical zones. It is conceived in the context of the Mexican Food System. Estimated UNDP contribution: \$1,424,000.

Productivity and technological change in the food sector

25. The project will identify factors that affect increases in productivity, and consequently will stimulate technological change, in the production of staple food-stuffs. This is one of the major objectives of the Mexican Food System. Estimated UNDP contribution: \$376,000.

C. Industrial developmentOngoing projectsDevelopment of the capital goods industry (MEX/77/007)

26. The central objective of the project is to make headway in the identification of new capital goods projects, to co-operate in starting up capital goods enterprises which have been established in recent years and to supply assistance and technical information to existing enterprises that produce capital goods. Estimated UNDP contribution: \$1 million.

Electrical laboratories system (MEX/78/003)

27. The primary aim of the project is to co-operate with the Electrical Research Institute in designing and establishing the laboratory facilities required for designing and testing the electrical equipment produced and used in Mexico. The project will co-operate with the Institute in providing technical assistance to the electrical equipment industry. Estimated UNDP contribution: \$893,000.

Plastics in agriculture (MEX/78/017)

28. The principal objective of the project is to co-operate with the Centre for Research and Applied Chemistry in the internal strengthening of activities connected with the plastics applications in agriculture and also to co-operate with the enterprises that supply plastic raw materials and the enterprises in which these techniques are to be applied. Estimated UNDP contribution: \$495,000.

New projects

Post-harvest technology

29. With a view to reducing losses caused by poor storage and handling arrangements, this project concentrates on providing advice in the construction of storage facilities, pest and disease control in cereal storage facilities, and the development of techniques for drying grains that are suitable to the ecological conditions of each region. Estimated UNDP contribution: \$94,000.

Promotion and development of agro-industries

30. The project is concerned with training medium-level technicians and operators and with the selection and adaptation of the technology for the industrialization of pesticides. Estimated UNDP contribution: \$141,000.

Technology and industrialization of selected products

31. The project focuses on the selection, adaptation and development of technologies for the processing of chicken meat and pork and the industrialization of dairy products, vegetable oils and uncrystallizable honey. It will lead to the introduction of new food industrialization methods. Estimated UNDP contribution: \$94,000.

Programme to expand the raw materials used for packaging and containerizing processed food-stuffs

32. The objective of the project is to quantify and modify the resources used in the manufacture of packaging. It will enlist the assistance of the manufacturing industry with respect to packaging and containers and the development of technologies for the manufacture of flexible packages for food processing systems. Estimated UNDP contribution: \$47,000.

D. Health

New project

National system of public health laboratories

33. The project comes under the activities of the Ministry of Health and Welfare and is intended to improve the efficiency, adequacy and capabilities of health laboratories. The consultants assigned to this project will co-operate in the selection of laboratory equipment and its installation, and will train national technicians to use the equipment. Estimated UNDP contribution: \$400,000.

E. Employment planning

Ongoing projects

Employment planning and policies (MEX/77/005)

34. The project will support the actions of the national employment programme and consolidate the national employment programming system and the national employment service by means of research, programming, evaluation and the design of policies aimed at obtaining fuller and more precise data on the labour situation in Mexico. Estimated UNDP contribution: \$1,142,000. Government cost-sharing: \$133,000.

National system of training and acquisition of skills (MEX/78/022)

35. The project will continue to give support to the Unit for Co-ordination of Employment, Training and Acquisition of Skills in the preparation of a methodology for national manpower training policies and their organization and implementation. Estimated UNDP contribution: \$552,000. Government cost-sharing: \$92,000.

F. Science and technology

Ongoing project

Consolidation of the Mexican Institute for Assistance to Industry/national industrial promotion laboratories (IMAI/LANFI) (MEX/78/011)

36. The main objectives of the project are to co-operate in the technological strengthening of the national industrial promotion laboratories in the area of the technology of packaging and containers for food-stuffs and other products and to help develop technical assistance activities, including training for Mexican industrial enterprises. Estimated UNDP contribution: \$1,350,000.

New projectsStrengthening of the infrastructure for technological development in Mexico

37. The primary objective of the project is to co-operate with the National Council for Science and Technology in developing tools and measures aimed at strengthening the national technological infrastructure and in using or applying them. It will concentrate on the productive sectors which are assigned priority by the Mexican Government. Estimated UNDP contribution: \$1,728,000.

Consolidation of the Centre for Marine Science and Limnology of the Autonomous National University of Mexico

38. This project is considered a new one, the previous project, Marine Science (MEX/77/010), having terminated in 1981. The Mexican authorities have expressed their desire to initiate activities in 1982 and to modify some of the principal objectives of the previous project. The project will assist in the intensive consolidation and development of oceanographic means of support, the development and execution of oceanographic research projects and the reinforcement of high level instruction in marine science. Estimated UNDP contribution: \$585,000.

39. The third country programme for Mexico includes projects that are in close relationship with regional projects having complementary aims in the areas of training for planning, rural development, employment and vocational training. In spite of the difficult financial situation through which the regional programme for Latin America is passing, these projects have already been extended or else their extension is scheduled for 1982 and 1983, thereby enabling the co-ordination to continue. With regard to interregional projects, it is possible that a component in Mexico of the Trainmar project (INT/79/016) may subsequently be included in the country programme for Mexico, with full financing by the Government.

40. The most important feature of the present country programme for Mexico is the technical committee's decision to expend all financial resources on expert and consultancy services. As a result, UNDP resources under this programme are destined for only two components. This approach is of particular relevance when one considers that the necessary inputs for the satisfactory execution of projects will be provided by the Government, and it also indicates the importance which the Government attaches to technical co-operation in the strict sense: transferring, adapting and comparing experience.

41. Improvement of the national diet and self-sufficiency in food-stuffs are a major concern of the Government. Eleven of the 20 projects in the country programme, although in different sectors, directly conform to this aim. Although Mexico is almost self-sufficient in staple grains, improvement of production methods and enhancement of the diet of less advantaged population groups are considered of priority importance and are accordingly reflected in the country programme.

42. As regards technical co-operation among developing countries (TCDC), the programme includes ongoing projects whose past results have been disseminated and integrated on a wide scale, especially among Latin American countries. This has been done principally through seminars, study travel and expert missions to other countries. Although seminars and study travel are not among the inputs to be financed by UNDP, the Government is interested in expanding them and will spend its own funds for that purpose. It intends to carry out TCDC activities, primarily with respect to the development of tools and training for economic and social planning, employment policies and agro-industrial development.

Annex

FINANCIAL SUMMARY

A. <u>Resources</u>		\$US
(a) IPF and other resources		
(i) Illustrative IPF for programme period		20 000 000
(ii) Carry-over from previous IPF cycles		(700 000)
(iii) Other resources		1 445 000
(b) Provision for adequate programming		-
	TOTAL	20 745 000
B. <u>Use of resources</u>		
(a) Programmed		
(i) Ongoing projects		9 968 000
(ii) New projects and new phases included in the country programme		6 473 000
(iii) Earmarked for specific objectives and activities for which projects are to be worked out (continuous programming at a later stage)		-
	Subtotal	16 441 000
(b) Reserve		304 000
(c) Unprogrammed balance a/		4 000 000
	TOTAL	20 745 000

C. Financial distribution of programme, by sector

<u>Sector b/</u>	<u>Ongoing projects</u> \$US	<u>New projects</u> \$US	<u>Sectoral earmarkings</u> \$US	<u>Total</u> \$US
02 General development issues, etc.	1 955 000	744 000	-	2 699 000
04 Agriculture, forestry and fisheries	2 355 000	2 644 000	-	4 995 000
05 Industry	2 388 000	376 000	-	2 764 000
10 Health	-	400 000	-	400 000
12 Employment	1 920 000	-	-	1 920 000
16 Science and technology	1 350 000	2 313 000	-	3 663 000
TOTAL	9 968 000	6 473 000	-	16 441 000

a/ Representing 20 per cent of the illustrative IPF which has not been taken into account for programming in accordance with the Administrator's instructions contained in UNDP/PROG/FIELD/111; UNDP/PROG/HQTRS/126.

b/ According to ACC classification.