



Distr.  
GENERAL

DP/CP/NAN/1  
1 March 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 programmes

FIRST COUNTRY PROGRAMME FOR  
NETHERLANDS ANTILLES

UNDP assistance requested by the Government of Netherlands Antilles  
for the period 1982

Illustrative IPF for 1982-1986: \$1.5 million

INTRODUCTION

1. This document, prepared by the Department for Development Co-operation of the Government of the Netherlands Antilles, in close collaboration with the office of the UNDP Resident Representative in Trinidad and Tobago, represents the Government's request for technical assistance under the country programme for the period 1982-1986.
2. The programme described herein is, to a large extent, a continuation of activities initiated during the second programming cycle and focuses on the priority areas established by the Government. The available resources taken into consideration for the country programme are 80 per cent of the illustrative indicative planning figure (IPF) of US\$1.5 million or US\$1.2 million. In addition, a Government cost-sharing contribution of at least US\$1 million is envisaged. The precise amount will be arrived at through the continuous project formulation process over the whole programming cycle, and in accordance with the availability of funds. Consequently, no specific or indicative amounts have been earmarked at this stage for different sectors or for new projects; neither has any figure been set for a programming reserve.

Note: In accordance with decision 81/15, adopted by the Governing Council on 27 June 1981 (E/1981/61/Rev.1, Annex L), the first country programme for the Netherlands Antilles is being submitted to the Council without an accompanying note by the Administrator.

The previous UNDP supported activities in the Netherlands Antilles were described in the country programmes of the Caribbean and the accompanying notes by the Administrator which were issued under the document symbols DP/GC/CAR/R.1-DP/GC/CAR/R.2 and DP/GC/CAR/R.1/RECOMMENDATION-DP/GC/CAR/R.2/RECOMMENDATION, respectively.

3. The first country programme for the Netherlands Antilles consists of 15 projects, eight of which are already being implemented. Two new projects are scheduled to become operational in 1982, while the remaining five will commence at a later stage. Considering the characteristics and small size of the programme, there was no need for sectoral or other programming missions. However, active involvement in the programming exercise was secured from advisers to ongoing projects, subregional offices of executing agencies, and, where feasible and possible, visits from interregional advisers on mission.

4. The six islands which make up the Netherlands Antilles are divided into two groups according to their location: the so-called ABC group composed of Aruba, Bonaire and Curacao and the 3S group, St. Maarten, St. Eustatius and Saba. Politically, the Netherlands Antilles belong to the Netherlands. The Charter of 1954 gave the Netherlands Antilles internal autonomy so that internal, economic and social policy is formulated locally. Only defence and foreign affairs are the responsibilities of the Netherlands.

5. Over the past years, the Netherlands Antilles has exploited its relatively scarce resources as fully as possible. In addition to the oil refineries (in Curacao and Aruba), these include the deep sheltered harbours, around which trading companies, light industries, transshipment and ship repairs have developed, and beaches and nature reserves, which have been developed as tourist attractions. Recently, offshore financial activities have become an important contributor to the economy. In addition, the Netherlands Antilles receives substantial aid from the Netherlands and to a lesser degree from the European Economic Community (EEC).

6. UNDP supported activities in the Netherlands Antilles during the second programming cycle were financed under the Caribbean undistributed IPF. Resources available to the Netherlands Antilles under this programme during this period amounted to US\$1,247,000, out of a total of US\$1.9 million for the period 1977-1981. Estimated real expenditures for 1979-1981 will be US\$2,116,000. The Government entered into cost-sharing arrangements to meet the shortfall of US\$869,000.

7. A very high delivery rate was achieved, with three large-scale projects accounting for almost 76 per cent of the funds allocated. These were Arts and Crafts Centres (NAN/72/002), Improvement of Facilities and Services for Civil Aviation (NAN/71/507) and Hotel Training (NAN/72/006). Due to their significant contribution in meeting some of the development objectives of the Government, these projects form the major part of the first country programme in the initial years of the third UNDP programming cycle, 1982-1983. Five small-scale projects which commenced in late 1980 or early 1981 are presently being implemented. These are Social Planning (NAN/80/002), Industrial Development and Export Promotion (NAN/81/003), Tourism Marketing Adviser (NAN/81/002), Fisheries Development in Bonaire (NAN/81/004) and, in line with objectives of the International Year of Disabled Persons, the project, Selective Placement Services for the Disabled (NAN/81/005).

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

8. The broad objectives of the Government during the coming years are twofold: (a) an increase in the standard of living; and (b) a reduction of the high level of unemployment. In order to attain these objectives, efforts will be made to make the existing sectors more productive. Major emphasis will be placed on the development of tourism, international trade, transshipment and other related services.

9. UNDP assistance will continue to play a significant role in the implementation of the Government's strategy for economic and social development. These development objectives and UNDP assistance in general are described by sector in the following paragraphs.

A. Improving labour productivity and alleviating high level of unemployment

10. Future expansion of the largely service-oriented Antillean economy depends on the availability of well-trained labour. With the exception of some highly skilled occupations, such as oil refining and ship repair, the skills levels of the labour force are not very high. The need for skilled carpenters, masons, plumbers, etc., is growing. To meet the requirements for skilled labour, UNDP/International Labour Organisation (ILO) assistance is requested for the establishment of a vocational training scheme.

B. Tourism

11. Tourism has grown at a fast and steady pace since the 1960s, with only temporary interruption during the 1974-1975 international recession, which coincided with increases in transport costs. As a source of foreign exchange, the tourist sector is second only to oil refining.

12. Tourism in the Netherlands Antilles is concentrated in Aruba, Curacao and St. Maarten, with Bonaire receiving fewer visitors. In its future investment programme, the Government aims at assisting this sector through airport projects and some hotel development. A major recipient of this programme will be Bonaire, where a new airport has already been built and plans are well ahead for increasing the number of hotels as well as expanding facilities at existing hotels.

13. A considerable portion of the cost-sharing funds is and will be used to support this sector under the following projects: Hotel Training in Bonaire (NAN/72/006), Tourism Marketing Adviser (NAN/81/002), and Development of Facilities and Services for Civil Aviation (NAN/71/507). Details of the nature of further assistance in civil aviation will be finalized in January - February 1982.

14. Related to this sector is the development of crafts/small enterprise industries under the project, Arts and Crafts Centres (NAN/81/001) for which UNDP/ILO assistance is also requested until 1982.

C. Fisheries

15. In order to expand the fishing industry, a pilot project was launched in Bonaire with the acquisition of nine boats. Based upon the success of this project, fishery development will be expanded on other islands. A master fisherman as well as short-term missions to be provided by the Western Central Atlantic Fishery Commission (WECAFC) form the major inputs to the project, Fisheries Development in Bonaire (NAN/81/004), which will be executed by the Food and Agriculture Organization of the United Nations (FAO).

D. Planning and Programming

16. Each of the six islands that form the Netherlands Antilles is unique and clearly distinguishable from the others. Curacao, the most developed island and the seat of the Central Government, has been developed to a great extent as a result of the oil refinery established in 1915. New employment opportunities have to be created in

other economic sectors to absorb the expanding labour force. Unemployment is currently estimated at 18 per cent. A development plan is needed to direct the future course of development. Development plans are similarly needed for Aruba which is mainly based on tourism industries. Bonaire, although larger in size, has not been developed to any appreciable extent due to lack of natural resources. Of the three Windward Islands, St. Maarten, while economically the most advanced, remains without a sufficiently developed public infrastructure. St. Eustatius, in this respect, is less developed than St. Maarten. Saba, in fact, is more developed than either of the other two as far as public infrastructure is concerned.

17. Each island needs its own specific development programmes although the individual development programmes will have to be co-ordinated at a certain level. To assist the Government in its planning and programming, assistance is requested from UNDP. One form which this assistance will take is that of short-term consultants in various fields and activities.

#### E. Energy

18. Petroleum refining has been the mainstay of the economy of the Netherlands Antilles. The refineries in Curacao and Aruba are among the largest in the Caribbean. While recognizing the important contribution that this sector will make in the future, which is filled with uncertainty, the Government would also like to develop on a modest scale alternative sources of energy. Already a number of institutions and organizations are involved in this venture. Among these are the Antillean Research Centre, local foundations, the university, the private sector as well as the Island and Central Governments. Advisory assistance will be needed from UNDP in certain specific areas.

#### F. Manufacturing

19. Manufacturing is still at an early stage of development, accounting in 1977 for about 8 per cent of the labour force. Production is concentrated in consumer goods and simple intermediate goods.

20. With the objective of employment generation and economic diversification, the Government has emphasized industrial development since the early 1960s. In this respect, in 1980 the Government initiated an Export Promotion Programme under a contract with the Irish Export Board. This effort will not only continue but will be expanded in the coming years. Towards this end, attempts are being made to include manufacturing in the free zone area of Curacao in the early stages. UNDP/United Nations Industrial Development Organization (UNIDO) assistance is provided until the end of 1982 under the project, Industrial Development and Export Promotion (NAN/81/003), to accelerate the pace of industrial development in Curacao.

#### G. Human Resources

21. In 1979 a mission was undertaken to the Netherlands Antilles by a consultant from the Regional Employment Programme for Latin America and the Caribbean (PREALC) to formulate an agreement to undertake a household survey in order to subsequently carry out an indepth analysis of the employment situation in the country. Based on this survey and the subsequent indepth analysis, the Government seeks UNDP assistance in human resources planning.

#### H. Public Administration

22. While there is a small business and public administration faculty at the University of the Netherlands Antilles in Curacao, there exists within the expanding and

changing economy of the Netherlands Antilles a need for further development in this sector.

#### I. Telecommunications

23. Based on the recommendations of a consultant from the International Telecommunications Union (ITU) who undertook a mission at the request of the island Government of Curacao, the Government intends to seek the services of the UNDP/ITU financial management adviser under operational assistance (OPAS) for the telephone company in Curacao.

#### J. Highlights of UNDP assistance

24. No intercountry or interregional project is headquartered in the Netherlands Antilles. However, where feasible and practicable, short-term missions from existing projects have been carried out. In 1981, for instance, there were missions from PREALC and WECAFC. Every opportunity is taken to utilize the services of advisers under the regular programmes of the executing agencies. In addition, use is made of the regional and subregional advisers stationed at the ILO Caribbean Area Office and the office of the Economic Commission for Latin America (ECLA) in Trinidad and Tobago. In its attempt to make maximum use of assistance from multilateral sources, the Government has also been able to secure co-operation from the United Nations Centre for Transnational Corporations in organizing two workshops in the fields of tourism and petroleum. Last, but not least, the Netherlands Antilles participates in training programmes, seminars, workshops, etc., organized by the respective executing agencies.

25. In the preparation of the country programme careful consideration has been given to the possible resources which will be made available from the above sources so as to avoid duplication and unnecessary inroads into the very small IPF available.

26. Due to the present political status of the Netherlands Antilles, relations with other developing countries are not fully established. Hence the country's activities in technical co-operation among developing countries (TCDC) are not very significant. However, continued efforts will be made to promote this concept.

27. Most of the projects requested by the Government do not per se lead to investment in the short run. However, in one form or another, they serve as a vehicle for further investment from either the Government or the private sector. Notable among these are the projects, Arts and Crafts Centres (NAN/81/001) and Industrial Promotion (NAN/81/002).

28. Prior to June 1980, to supplement the small amount of IPF resources available, the Government entered into cost-sharing arrangements on a project by project basis. At present, cost-sharing is on a programme basis. The Government has indicated that approximately US\$1 million will be available during this period with the major part earmarked for 1982-1983.

29. Frequent consultations are undertaken with the executing agencies and respective Government offices to ensure there is no duplication of assistance. As already pointed out, the two major sources of external assistance are the Netherlands and the EEC.

Annex

FINANCIAL SUMMARY

A.	<u>Resources</u>		\$
	(a) IPF and other resources		
	(i) Illustrative IPF for programme period	1 500 000	
	(ii) Carry-over from previous IPF cycles	-	
	(iii) Other resources (Government cost-sharing)	1 000 000	
	(b) Provision for adequate programming	-	
	TOTAL	<u>2 500 000</u>	
B.	<u>Use of resources</u>		
	(a) Programmed		
	(i) Ongoing projects	1 330 000	
	(ii) New projects and new phases included in the country programme	-	
	(iii) Earmarked for specific objectives and activities for which projects are to be worked out (continuous programming at a later stage)	870 000	
	Subtotal	<u>2 200 000</u>	
	(b) Reserve	-	
	(c) Unprogrammed balance <u>a/</u>	300 000	
	TOTAL	<u>2 500 000</u>	

C. Financial distribution of programme, by sector

<u>Sector</u> <u>b/</u>	<u>Ongoing projects</u>	<u>New projects</u>	<u>Sectoral earmarkings</u>	<u>TOTAL</u>
	\$	\$	\$	\$
02 General development issues policy and planning	100 000	-	150 000	250 000
03 Natural resources	-	-	170 000	170 000
04 Agriculture	80 000	-	-	80 000
05 Industry	400 000	-	200 000	600 000
06 Transport and communications	50 000	-	150 000	200 000
12 Employment	675 000	-	200 000	875 000
14 Social conditions and equity	25 000	-	-	25 000
TOTAL	1 330 000	-	870 000	2 200 000

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.