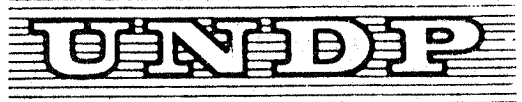


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COUNTRY AND INTERCOUNTRY PROGRAMMES AND PROJECTS

Consideration and approval of country programmes

SECOND COUNTRY PROGRAMME FOR THE
SUDAN

UNDP assistance requested by the Sudanese Government
for the period 1983-1986

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*The previous country programme for the Sudan was issued under the document symbol DP/GC/SUD/R.1.

INTRODUCTION

1. This document contains in summary form the priority requests for technical assistance submitted to UNDP by the Government of the Sudan, taking into account the severe limitations on the national indicative planning figure (IPF) resources for the third programming cycle (1982-1986). In this regard, it should be noted that whilst the IPF for the first programming cycle (1972-1976) was \$20 million, a total amount of \$23,343,000 was actually expended during that period. The second cycle (1977-1981) IPF of \$33 million was thus reduced at the outset to \$29,657,000. However, in 1978, in order to maintain the increasing momentum of the programme, borrowing from the third cycle IPF was permitted. This resulted in a total expenditure during the 1977-1981 cycle of \$35,681,000 and a combined overexpenditure during the first two cycles of \$6,892,000. Whilst the illustrative IPF for the third cycle is \$58.5 million, under the 80 per cent ruling currently in force, and taking into account the previous overexpenditure, a total of \$39,908,000 only remains for actual programming purposes, from the IPF. For the programme period, 1983-1986, \$30,408,000 are available for programming.

2. Unfortunately, the present critical economic situation of the Sudan, and the dearth of available foreign exchange in the country, have precluded the Government from bridging this large gap through cost sharing. In fact, the budgets of a large number of ongoing UNDP activities, especially those in the Southern Region, have had to be increased to cover items which under normal circumstances would have been met by the Government from its own resources. A major item in this connection has been the purchase of petrol and diesel oil, which has had to be purchased abroad with hard currency. Increasingly in the south, the Government is making available local currency which UNDP is converting into hard currency to enable the purchase of fuel in Kenya.

3. To offset this resource situation, the Government and UNDP, acting in conjunction, are continuing to make strenuous efforts to attract multi-bilateral assistance as well as funds-in-trust for individual projects to expand UNDP technical co-operation activities. The maximum possible use is also being made of the various additional funds administered by UNDP and applicable to the Sudan. The fullest co-operation is being extended by those agencies which have funds of their own, notably the World Health Organization (WHO), the Food and Agriculture Organization of the United Nations (FAO) and the United Nations Conference on Human Settlements (HABITAT).

4. Despite the foregoing, the over-all programme has suffered a severe set-back. The annual approved budgetary ceilings for the third cycle are at least two million dollars less than the level of expenditure in 1981. The Government is thus faced with the unenviable task of being forced to reduce project expenditures in most instances, and in some cases to terminate project operations completely and prematurely. The present financial situation also precludes the commencement of any new activities until the second half of the third cycle, well into 1984.

The country programming exercise

5. The Ministry of Finance and Economic Planning, the Ministry responsible for coordinating the assistance provided by UNDP and other sources of external assistance, prepared this country programme. The programme itself is chiefly a confirmation of ongoing activities. The Government's major preoccupation for the first two years of the cycle was not to select from amongst a long list of proposals, but to determine which existing activities had to be reduced or terminated to keep within the annual

approved budgetary levels. During the country programming exercise, the views and comments of the relevant organizations and agencies of the United Nations system were sought to the greatest extent possible. The Government was aware of Governing Council decision 79/22 making available the resources of the United Nations Department of Technical Co-operation for Development in support of the country programming exercise but, because of the lack of funds for new projects in the first half of the cycle and because of the concept of continuous programming, which affects the second half of the cycle, the Government considered that these circumstances did not justify requesting such services.

6. The Government decided that an independent programme review should be conducted jointly by the Ministry of Finance and Economic Planning and a consultant appointed by UNDP. Neither sectoral government ministries nor agencies of the United Nations system were members of the review team. The review was conducted between 28 January and 10 March 1982, during which time the team spent eight days in the Southern Region and, in addition to Juba, visited Malakal, Panyagoor, Bor, Bilinyang and Yambio, Wad Medani in the Central Region and Atbara in the Northern Region, as well as all projects centred on Khartoum. The report itself was approved by the Ministry of Finance and Economic Planning, and became the basis of the programme contained in this document. It was widely distributed throughout the Government, the organizations and agencies of the United Nations development system and major bilateral and multilateral missions in the Sudan.

7. The Ministry of Finance and Economic Planning determined which projects were to continue, for how long, and at what level of funding, bearing in mind the reduced ceilings for the third cycle. These decisions were communicated to all the agencies concerned, as soon as the new budgets had been signed by the Government. The draft country programme document was then produced. Before its finalization, its contents were discussed by the Resident Representative with all the concerned organizations and agencies of the United Nations system as well as with UNDP headquarters.

8. The Government has placed special importance on maintaining the closest possible linkages between IPF-funded projects and alternative sources of funding, both within and without the United Nations system. This applies particularly with regard to UNDP regional, interregional and global projects; to funds administered by UNDP: the United Nations Capital Development Fund (UNCDF), the United Nations Revolving Fund for Natural Resources Exploration (UNRFNRE), the Special Measures Fund for the Least Developed Countries, the United Nations Sudano-Sahelian Office (UNSO), the United Nations Funding System for Science and Technology for Development, the United Nations Volunteers Programme (UNV); and to the programmes in the Sudan of WHO, FAO, the International Bank for Reconstruction and Development (IBRD), the United Nations Children's Fund (UNICEF), the Office of the United Nations High Commissioner for Refugees (UNHCR), the International Fund for Agricultural Development (IFAD), the World Food Programme (WFP), the United Nations Industrial Development Organization (UNIDO) and HABITAT. The second country programme was also discussed in detail in the Sudan with the Delegate of the Commission of the European Economic Communities and representatives of the following Governments: Canada, China, Denmark, France, Federal Republic of Germany, India, Italy, the Netherlands, Sweden, Switzerland, the United Kingdom of Great Britain and Northern Ireland, the United States of America and Yugoslavia. The aim of these discussions was to avoid duplication and ensure complementarity of effort wherever possible.

Special features of the country programme.

(a) Southern Region and Jonglei Development

9. The Government has requested UNDP to give preferential treatment to the Southern Region throughout the cycle because of that region's unique situation following 17 years of civil strife which have led to the absence of essential infrastructure and expertise. Including the Jonglei Executive Organ (JEO), more than 50 per cent of each year's approved budgets cover projects directly affecting the Southern Region. At the same time, the region also benefits from a number of national projects. The largest grouping of interrelated projects is linked to the construction of the Jonglei Canal. The development of fisheries in the Sudd, physical infrastructure, planning assistance to JEO, and integrated rural development, form a cohesive package in which additional assistance is given in particular by UNCDF, the European Economic Community (EEC), and the Government of the Netherlands.

(b) Development planning at central and regional levels.

10. Very strong emphasis is placed throughout the country programme on strengthening the Government's capacity in economic planning both within the Ministry of Finance and Economic Planning and at the regional government level. At a time of very severe economic restraint, the Government is determined to strengthen its policy planning and administrative capacity through improving the planning and utilization of domestic and external resources, including capital assistance.

(c) Decentralization.

11. In addition to the strong emphasis placed on the Southern Region, the introduction of the 1981 Local Government Act, whereby five new regions were created, has clearly demonstrated the Government's policy of decentralization. UNDP-assisted activities conform to a large degree to this policy and project personnel are to be found throughout the country. Whilst this increases the administrative and logistical problems involved, it does demonstrate clearly that people are living and working and a large proportion of project activities are occurring in rural areas, where the need is greatest.

I. NATIONAL DEVELOPMENT OBJECTIVES
AND PROGRAMMES TO BE SUPPORTED BY UNDP

12. Despite significant development potential, the Sudan still remains a least developed country (LDC). Its per capita income is very low and the bulk of its population has little or no access to many basic human amenities. There are severe infrastructural bottle-necks. The financing of development, always difficult, has become more so because of a rapid deterioration in the balance of payments situation. Lack of foreign exchange prohibits even essential imports, thereby forcing vital industrial and agricultural activities to operate below capacity. Most important of all, the country's managerial, technical and operational capabilities are insufficiently developed, resulting amongst other things in low efficiency of performance in almost all sectors. Added to this is the virtually complete lack of adequate maintenance operations, which contributes to the rapid deterioration of infrastructural facilities, especially plant and equipment.

13. An especially serious constraint to development is that, despite good education and training facilities, the country faces acute shortages of qualified manpower to

plan and implement development programmes and activities. The manpower problem has been considerably aggravated in recent years by the constant emigration of skilled Sudanese to the oil-rich countries across the Red Sea. All present indications are that the situation is becoming worse with each succeeding year.

14. Against this background, the Government has been seeking to promote development on a planned basis. In 1977-1978 it adopted an Eighteen-Year Perspective Plan, as well as a Six-Year Plan of Economic and Social Development to cover the first phase of the Perspective Plan. The initial years of this Six-Year Plan encountered serious difficulties caused by internal as well as external factors. At present, the Government is preoccupied with the adjustment problems necessitated by the adverse developments. A series of Three-Year Public Investment Programmes have been formulated, the most recent of which covers the years 1982/83-1984/85.

15. During the past five years (1976-1977 to 1981-1982) the Sudan's economic performance has been variable, with the gross domestic product (GDP) rising in some years and falling in others. The average growth rate over the five years has been about 3 per cent a year. Production of export crops, especially cotton, declined over the period. At the same time, there were heavy imports of investment goods which have still to bear fruit in increased output. This caused an increasing deficit in external trade, which was aggravated by deteriorating terms of trade, and a serious, continuing balance of payments deficit.

16. The Government's finances came under heavy strain. Domestic revenues dropped from 17 per cent of GDP in 1976-1977 to 13 per cent in 1981-1982, and increasing reliance had to be placed on commodity aid and financial support. Government revenues were inevitably affected by slow economic growth, inelasticity of the tax system, tax concessions to encourage investment, removal or reduction of export duties to encourage exports, unsatisfactory performance of public enterprises, increase in income tax exemption limits due to inflationary pressures, and a decline in sugar monopoly profits.

17. Factors leading to rapid growth in current expenditure include fast increases in local government expenditures on essential services, the rapid rise in debt servicing liability, the Government's recruitment policy to contain unemployment, and the acceleration of expenditure on general administration resulting from the need for decentralization. Above all, to contain prices, the Government has provided substantial subsidies on a number of sensitive consumer items.

18. To strengthen the process of economic stabilization and recovery, the Government has directed major investments during the coming three years to correct imbalances and to reinforce economic measures for the full realization of the country's economic potential. The Third Three-Year Public Investment Programme provides for total allocations of Sudanese pounds (LS) 1,650 million at current prices or LS.1,283 million at 1981-1982 prices, with 58 per cent in foreign and 42 per cent in local currency. The allocation between the principal sectors of the economy, taking into account government priorities in agriculture and transport, is as follows:

	<u>LS. million</u>	<u>US\$ Equivalent</u>	<u>% of total</u>
Agriculture	533	592	32.3
Manufacturing	105	117	6.4
Power	192	213	11.6
Water	68	76	4.1
Transport and communications	343	381	20.8
Services	168	187	10.2
Regional and local development	241	268	14.6
	<u>1,650</u>	<u>1,834</u>	<u>100.0</u>

19. The allocations have been made in accordance with the following criteria:

- (a) Completion of economically viable ongoing projects;
- (b) Rehabilitation of the productive capacity of the economy, especially in the agricultural and industrial sectors;
- (c) Promotion of capacity utilization and increased productivity in all productive sectors;
- (d) Maximization of exports and speeding up of efficient import substitutions so as to lead eventually to a balance in foreign trade;
- (e) Provision of the necessary infrastructure for the successful and efficient operation of the productive sectors;
- (f) Promotion of greater participation by the private sector in economic development; and
- (g) Speeding up of the exploitation of natural resources, especially oil and minerals.

20. It is against the background of the performance of the Sudanese economy and the remedial policies and measures which will be taken by the Government that the Government has prepared the UNDP country programme for 1983-1986. In essence, the programme is comprised of the following: (a) ongoing activities which cover by far the largest portion of the programme; (b) new activities which are confined to three identified projects for which funds are unavailable before late 1984 at the earliest; (c) an identified reserve list in certain sectors; and (d) an uncommitted reserve for programming at a later stage, particularly for 1985 and 1986, under the continuous programming concept and in accordance with the Government's declared priority requirements at that time.

A. Agriculture and irrigation 1/

21. Thirty-eight per cent of the Government's capital allocation to agriculture is to be devoted to the rehabilitation and modernization of the irrigated subsector, whilst the remainder will be devoted to the continuation of projects already under implementation, with particular emphasis on rainfed agriculture, both mechanized and traditional.

1. Ongoing activities

22. The project, Integration of Milk and Dairy Production into Smallholder Development in the Southern Region (SUD/78/004), will continue into 1984. Thereafter the extent of any further UNDP involvement will depend on the degree of financial support given to the project through the Project Development Unit of the Regional Ministry of Agriculture, from whom \$186,000 has been received for the small farm extension programme. Self-sufficiency for the farm is a realistic goal by 1985-1986. Additional attention will be given to increasing milk production through the stimulation of smallholder farms as well as to the expansion of marketing and health services. Dairy and poultry systems which can be replicated at the village level or on a larger scale will be established, and considerable emphasis placed on extension training. This is a revenue-generating project and farm revenue will be used by the Government to provide fuel, building material, animals, feed and drugs.

23. The importance of irrigation in the development of the Sudan's economy cannot be over-emphasized. The Nile water system is the life-blood of the country. Continued assistance to the Hydraulic Research Station at Wad Medani under the project (SUD/72/549) will be required throughout the programme period. The introduction

of new irrigation schemes, the rehabilitation of the Gezira, the downstream effects of the completion of the Jonglei Canal, and the necessity of arresting the loss of valuable cultivable land in the Northern Region through bank fall-in, all point to the value of the station, the physical resources of which should be completed by 1983 to enable it to carry out its full substantive activities.

2. New activities

24. Under the regional projects, (RAF/77/042) and (RAF/81/023), considerable funds have been earmarked for the co-ordination of co-operative action to reduce bird damage to crops in Eastern Africa. Although the Sudan is one of the five countries included in these regional bird control activities, no amount of regional activities will help, unless efficient national bird control services are built up with extension activities at the farm level. Every year the Sudan loses 5 per cent of its sorghum crop, 2 per cent of its millet crop, and 6.5 per cent of its wheat crop through damage caused by the quelea quelea bird. Unfortunately, shortage of IPF funds will preclude the commencement of activities to strengthen the Grain-eating Bird Control Unit until at least the second half of 1984.

B. Industry

25. No new public sector projects are planned in the manufacturing sector, where the principal objective is to rehabilitate the existing production units, especially in the sugar and textile industries. This sector has suffered from transportation, fuel and power constraints. The continued exodus of trained manpower to Saudi Arabia and the Gulf States, as well as shortages of foreign exchange for the import of spare parts and essential raw materials add to the difficulties of the industries. There is an acute need for training at all levels, from management to semi-skilled artisans.

1. Ongoing activities

26. The primary function of the project Improvement of the Efficiency of the Public Sector Industries (SUD/79/010) has been to build up an Efficiency Improvement Unit, whilst its secondary function has been to provide direct support in improving the performance of public sector industries. A major government policy change, in which industries in the public sector have been brought under the Companies Ordinance and the six holding corporations have been abolished, has meant that a multisector, overall, Efficiency Improvement Unit as such has become an anomaly and has no role to play in the future. The project is being altered considerably in the light of the Government's new policy, and three industry-oriented specialists will be appointed for the reorganization of the Ministry of Industry and the parastatal sector.

27. After June 1982, sufficient funds were available to provide only a small amount of equipment to the Central Instrument Repair Workshop under the project (SUD/73/045). There is a need for the installation of viable, ongoing, maintenance programmes to cater for organizations which utilize electronic instruments. The Government proposes to establish a central organization, with the proper status and authority to assist the management of these organizations in studying their maintenance requirements, designing and installing appropriate maintenance programmes, and training personnel in routine and preventive maintenance operations as well as in stores and spare parts management. Additional funds are needed before the Government's new requirements can be met.

28. The National Industry Survey assisted by UNDP under the project (SUD/80/006)

has had to be postponed until 1983 due to the lack of funds. This has meant that the Third Three-Year Public Investment Programme 1982/83-1984/85 had to be prepared without the benefit of the survey, which should have been a natural sequel to the UNIDO Solidarity Meeting of March 1981, at which considerable interest in assisting industrial development in the Sudan was demonstrated.

2. New activities

29. The Government is deeply grateful to the Government of China for its generous gesture in allocating \$100,000 from its own national IPF for Technical co-operation among developing countries (TCDC) activities in the Sudan. The sum will cover the procurement of equipment and the provision of expert services in assisting the Khartoum Ready-Made Clothes Factory. UNIDO Special Industrial Services (SIS) funds have been used in upgrading the Khartoum Central Foundry, in assisting to establish a soap factory, in the gasification of agricultural residues, in balanites exploitation, and in providing laboratory equipment for the Leather Corporation. Twenty-five separate projects were identified at the Solidarity Meeting and follow-up action is underway involving the Governments of China, India, Morocco, the Netherlands, Oman, Turkey and Yugoslavia, together with the Islamic Development Bank. Should IPF funds become available, the reserve list of projects include ones for upgrading the development plan for the textile industry, establishing a textile quality control centre and a textile training centre, spare parts production for the textile industry, the integrated development of the leather industry, and establishing a training centre for the development of human resources in the sugar cane industry.

C. Transport and communications

30. In a country the size of the Sudan, transport and other basic infrastructure are a prerequisite for economic development. Without adequate transport facilities, goods produced in the hinterland remain unsold and the value of their output is lost to the economy. Poor transport has been one of the major constraints in realizing the full benefits of the appreciable production capacity which has been built up in agriculture and industry. Infrastructure development has suffered in Western Sudan and what existed in Southern Sudan has had to be rebuilt.

31. The establishment of five regional governments, in addition to the existing one in the south, is consonant with the major policy objective of the Government of encouraging a more even spread of development throughout the country. An effective transport and communications system is an essential prerequisite for the success of regional development. This embraces the need to improve existing facilities in road, river, rail, sea, air and telecommunications. Although the costs are high, the distances involved are enormous and the benefits are virtually incalculable. UNDP assistance in this sector is concentrated on building up institutional capacity as well as improving actual operational conditions.

1. Ongoing activities

32. The transport economist provided to the Ministry of Transport in Khartoum under the project (SUD/74/038) has continued to give valuable assistance in the improvement of planning and management information systems in three transport corporations and in the Ministry itself. A new system of materials management for the Sudan Railways Corporation and the training of local staff in its operation is being carried out under the project Assistance to the Sudan Railways Corporation in Materials Management, Atbara (SUD/79/009). The project calls for the development and introduc-

tion of new procedures for stock control and purchasing and of an improved system for the use of computer facilities in materials management. Should the Government and IBRD reach agreement on a loan for Railways V, which would include an element of technical assistance, the UNDP-financed project, which is already being executed by IBRD, would be included in it and IPF funding would cease in the middle of 1983.

33. For a number of years the project, Maintenance of Essential Roads in the Southern Region (SUD/76/027), has tried to improve and maintain key sections of roadway with capital financing provided by the Canadian International Development Agency (CIDA). The other objective has been to try to establish and develop the capabilities of a Road Improvement and Maintenance Unit. There are insufficient funds available to continue the project beyond the end of the first quarter of 1983. Negotiations are underway to integrate the plant and the workshop with an IBRD-funded highway project for road development and maintenance in the Southern Region.

34. The project, Implementation of the National Aviation Plan (SUD/80/002), has the immediate objective of enhancing the capability of the Civil Aviation Authority in flight operations inspection, aerodrome engineering, air traffic control planning, airworthiness surveying and electronic engineering. The need to develop civil aviation facilities throughout the Sudan cannot be overemphasized. Assistance to the Aeronautical Telecommunications School under the project (SUD/79/013) began in late 1982.

35. The extension of the country's microwave network under the project (SUD /78/005) has underlined the importance of the Telecommunications, Test, Repair, and Maintenance Centre in Khartoum. However, it is considered that the development and improvement of telecommunications in Sudan needs to be based on a systems approach, and a need exists for the development of an over-all maintenance programme covering all operational sectors that emphasizes routine as well as preventive maintenance. Unfortunately, the lack of funds precludes continuation of this assistance to the Centre beyond the first quarter of 1983.

2. Identified reserve

36. Projects involving assistance to the Sudan Railways Corporation Training Centre at Atbara and to telecommunications training at the national level in Khartoum have had to be held in abeyance due to lack of available funds.

D. Human Resources

37. Basic education in rural areas is being expanded through the creation of integrated rural education centres. However, the general emphasis in education and training is on vocational and technical instruction. More emphasis is being placed on the expansion and improvement of technical education schools, vocational training centres, teachers' training institutes, and the establishment of crafts centres and community colleges throughout the country to meet the increasing demand for skilled workers, teachers and technical cadres required for development. Efforts are also being made to ensure sufficient professional and technical cadres, especially in agriculture, veterinary sciences and engineering. High priority is given to the development of rural societies and the poorer sections of towns and cities, to provide them with a fair share of basic services.

38. The continual emigration of trained manpower is a serious drawback and means that more and more training has to be financed. Regrettably, the Sudan suffers an

annual loss in this vital sector. It is estimated that a total number of 300,000 trained Sudanese are currently working abroad. This vicious circle severely hinders internal development. It also means that assistance to training institutions tends to last a very long time, because of the constant turnover of trainers. No sooner has someone acquired additional skills than he is apt to seek employment abroad.

1. Ongoing activities

39. Assistance to the Yambio Institute for Agricultural Technicians under the project (SUD/82/002) is a further phase of the project (SUD/72/035), the aim of which was to develop the capacity of the Institute to train and graduate the required numbers of agricultural extension agents. The physical resources of the Institute are still unsatisfactory, and it is proposed to rectify this through assistance from the United States Agency for International Development (USAID). The present UNDP project is something of a holding operation designed to permit the Government, first of all, to determine the state of its over-all programme for improving agricultural productivity and production and the specific role and importance of extension services and agents in that programme; and, secondly, to establish what the competence of the extension agents should be at the time of their graduation. Once this has been determined, additional funds will be required to ensure that the Institute is adequately staffed until such time as sufficient nationals have been trained.

40. The Phase II project, Management Development Centre (SUD/70/544), came to an end in 1982, after the Centre had received continuous UNDP assistance for 17 years. The Centre has now reached a self-management stage and is a viable institution. However, it still requires additional funds to run its annual Young Executives Training Programme, and the Government is trying to seek these from alternative sources.

41. The purpose of the project, Youth Training Centres Programme (YTC) (Phase III) (SUD/79/005), is to prepare young men who have not had the opportunity for secondary education to enter the employment market, and young women for self-employment and better home management, through pre-vocational training. The mainstream national vocational education and training programmes do not cover these specific categories of youth, and there is a strong demand, given the country's present circumstances, for workers with this level of training. The justification for promoting the integration of women in the country's development efforts is self-evident. This Phase III project concentrates on selected regional training centres as well as the development of women's activities. Additional funds will be required, especially for the building programme, to enable YTC to expand to meet the undoubted demand for this type of training. Such an expansion could also include the provision of training for some one-half million refugees in the Sudan.

42. The long-term project, Assistance to the National Vocational Training Scheme at Wad Medani (SUD/72/020), was completed in 1982, when all 27 instructors at the Centre underwent an intensive training workshop to upgrade their pedagogical skills.

43. The outputs and training activities of the project, Multiservice Training Centre in Juba (SUD/78/014), encompass two different categories: vocational and commercial. Vocational training covers seven trades, whilst commercial training upgrades the skills of junior office staff, chiefly typists. Although the Centre is only providing in-service training at present, it is expanding its capacity so that it will be able to undertake pre-service training also. The current international staff, the majority of whom are United Nations Volunteers, are concentrating on enhancing instructor capability through intensive on-the-job training. It should be noted that the vast

majority of trained personnel in the Southern Region prefer to remain and work in the region and do not emigrate. Bilateral funds are being sought by the Government to expand the commercial and secretarial training section.

44. The project, Accountancy and Financial Management Training in the Southern Region (SUD/80/015), is an offshoot of the training activities developed under the project, Development and Strengthening of the Financial Infrastructure in the Southern Region (SUD/78/006). However, in view of the great importance of training in financial management and administration in the region, it was decided that these needs could best be met through an institution specifically established for this purpose. The creation of the Regional Accountancy Training Centre was the result and the purpose of the project is to develop the Centre's capabilities in training or upgrading the skills of bookkeepers, budget assistants, and the auditing and tax administration divisions of the Regional Ministry of Finance and Economic Planning.

E. Multisectoral development

45. Economic planning and financial administration and its infrastructure has been a constant element of UNDP assistance to the Sudan over the past decade. There are currently five ongoing projects with the over-all goal of building up the national capacity to plan the country's economy as well as administer and budget its finances. Four of these projects are situated in the Southern Region where, in 1972, following 17 years of civil disorder, the administrative infrastructure was non-existent. Each project is a subsequent phase of a similar project started in the early 1970's, and each will continue throughout the programming cycle, its priority being to build up the institutional capacity of the Central and Southern Regional Governments in economic planning and financial management.

46. The Government fully recognizes that development planning and financial management are very sensitive areas in which to seek external assistance. The Government wishes to strengthen its policy planning and administrative capacity, and believes that UNDP provides the most suitable means of achieving these objectives. The impartiality and objectivity of assistance in this particular sphere is of paramount importance to the Government, which wishes this to be placed on record in this document.

47. The Government is doing a great deal to see that the co-operative movement throughout the country is given the support necessary to strengthen its capacity to organize creative self-help efforts for the development of local communities with the objective of achieving a higher standard of living, especially in the rural areas. Co-operative infrastructure is being developed in support of the several thousand agricultural, consumer and service co-operatives.

48. The balance of payments situation has been a considerable constraint to the efficient performance of the economy. During the past five years the Sudan has sustained a consistent deficit on both the balance of trade and the balance of payments on current account. Exports showed a downward trend in value, whilst the reverse was the case for imports. The Government wishes to close the widening trade gap. Although the value of exports is projected to almost double in current prices over the next three years, and despite the modest increase projected for imports, there will still be a substantial trade deficit and a continuing balance of payments deficit averaging over \$0.5 billion a year. The promotion of trade, including exports, has a vital bearing on the nation's economy.

1. Planning and administration

(a) Ongoing activities

49. The over-all objective of the project, Planning Assistance and Training (SUD/80/016), which the Government regards as the most important project in the country programme, is to build up the capacity of the central and regional planning ministries to carry out adequate long- and short-term planning on a continuous basis. Considerable assistance has been rendered to the Government under this project.

50. The project, Development and Strengthening of the Financial Infrastructure in the Southern Region (SUD/78/006), has been gradually building up the financial administration of the regional government into seven separate departments. On the other hand, the project, Strengthening of Administrative and Financial Management at Provincial and Local Levels (SUD/78/011), concentrates on improving the efficiency of administrative and financial management procedures and on training a target group to carry them out at the level of the provincial administration. Under the aegis of the project, Strengthening the Organization for Economic Policy Making and Planning in the Southern Region (SUD/78/012), an effective Directorate of Planning is being established to assist in identifying and formulating activities for annual planning as well as training national staff to carry out such activities.

(b) New activities

51. The project, Planning Assistance and Training (Phase II) (SUD/80/016), will enter a new phase (SUD/83/004) in the middle of 1983. The Government values highly the close links between UNDP and the World Bank, which is the executing agency for this project. The new phase will reduce the number of long-term advisory personnel and increase the number of consultants as it concentrates on systematically building up the institutional capacity of the Ministry of Finance and Economic Planning.

52. The project, (SUD/78/006) will be followed by the project, Financial Administration and Organization in the Southern Region (SUD/83/001), which will concentrate on preparing manuals and procedures as well as training a core-group of middle- and senior-level accountancy staff. The project, Local Government Administration in the Southern Region (SUD/83/002), a continuation of the project (SUD/78/011), will place particular emphasis on in-service training in conjunction with the Institute of Local Government Studies at the University of Birmingham in the United Kingdom. The project, Southern Region Economic Planning (SUD/83/003), will see the continuation and completion of the work undertaken by the project (SUD/78/012). As all these activities in the Southern Region had to start completely without preparatory activities, their duration has to be longer than under normal circumstances.

2. Trade and co-operatives

(a) Ongoing activities

53. The first phase project to assist in the development of co-operative training (SUD/74/027) and to help establish a National Co-operative Development and Training Centre (NCDTC) in Khartoum began in 1976. The aim of the present Phase II project, (SUD/79/006) is to enhance the capacity of NCDTC with regard to training and demonstration, research and development, extension and outreach, and publicity. The next immediate goal is to establish four regional co-operative development and training centres. Thus the future emphasis of the project, which falls exactly into line

with the Government's over-all policy, will be on decentralization, the creation of the regional centres, the outposting of personnel and the identification of specific outputs for the regional centres. Although there are no funds earmarked in this programme for the continuation of this project after the end of 1983, the Government wishes to keep its options open. A tripartite review will be held before the end of the present phase. If there is sufficient justification for further assistance, and should funds be available within the concept of continuous programming, the Government will decide after the review what course to pursue.

54. The projects, Co-operative Fisheries and Boat-building Industries at Malakal (SUD/77/009) and Strengthening of the Southern Region Co-operative Department (SUD/77/010), which had been under the same management, were merged into one project at the end of 1982. The main project (SUD/79/006) is developing the capacity of the Department of Co-operatives of the Regional Ministry of Co-operatives and Rural Development with regard to planning and statistics, personnel and training management, accounts and audit, preparations for a regional co-operative training centre and the establishment and development of model schemes and pilot zones. Project operations in Malakal, Wau, Yei and Juba are greatly assisted by the presence of six United Nations volunteers. The Canadian Embassy in Cairo in 1982 made available \$Can. 98,000 from its Mission Administered Fund to assist in the purchase of flour mills, sewing machines, and marine outboard engines. The Government has given high priority also to assistance in co-operative investment and credit.

55. Of special significance to the development of co-operatives in the Southern Region has been an allocation of \$745,000 from the Danish International Development Agency (DANIDA) through the International Labour Organisation (ILO) to assist in the establishment of a co-operative training centre in the Southern Region. There will be the closest possible co-ordination between the two projects in the Southern Region and they will be complimentary to each other.

(b) New activities

56. At present, the Governments of Norway and Switzerland have provided \$1.0 million as funds-in-trust to the International Trade Centre of the United Nations Conference on Trade and Development (UNCTAD)/General Agreement on Tariffs and Trade (GATT) to assist in the promotion and development of exports as well as supply trade information, conduct market surveys, and train staff. These funds are sufficient to maintain present activities until the end of 1983. The Government launched an export action programme in 1981 to boost exports and the licensing system was tightened to restrict low priority imports. During the next three years the value of exports is projected to be almost doubled in current prices. In view of the concentration of effort on irrigated agriculture during the next Three-Year Public Investment Programme, and because the output of that sector is mainly for export, the over-all impact on exports will be very high. IPF funds will be used from 1984 for at least three years to ensure that Sudanese foreign trade is developed and that a sound trade policy is formulated. These funds will complement other contributions, notably from EEC, towards export promotion.

F. Health

57. In the over-all context of rural development it was intended that UNDP assistance be focused on making safe drinking water available to as many people as possible in conformity with the goals of the International Drinking Water Supply and Sanitation Decade. With the heavy emphasis being placed by the Government on improving the per-

formance of the economy, allocations to social services have had to be curtailed and only a modest expansion is provided for at the national level; however, this is somewhat offset by assigning a larger share to services in the allocations to regional governments.

1. Ongoing activities

58. UNDP assistance to the project, Establishment of a Rural Water Supply Programme in the Southern Region (SUD/79/003), will be phased out during 1983. The reason for this is because the Government decided that the complimentary capital assistance of \$2.0 million from UNCDF was to be allocated for the rehabilitation of the sugar industry. The well digging programme and the strengthening of the institutional capacity of the Rural Water Department in the Southern Region will now be funded by WHO with the assistance from the Government of the Netherlands. Complimentary work on a large-scale is also being conducted by UNICEF in other provinces in the Southern Region.

2. New activities

59. Government priority is being given to preventive medicine and the expansion of existing programmes for the improvement of environmental sanitation. The prevalence of water-borne diseases, especially schistosomiasis, in the major irrigation schemes in the country not only poses a severe health problem but also has a cumulative adverse effect on productivity and thus on the nation's economy. The project, Blue Nile Health Scheme and Water (SUD/84/002), is a major Government undertaking under the Comprehensive Approach to the Prevention and Control of Water-Associated Diseases in Irrigated Schemes of the Sudan (CAWAD). Through a ten-year project which began in 1979, the Government hopes to prevent schistosomiasis and malaria from developing in the new Rahad irrigation and in the Gezira-Mangil schemes, as well as to develop and apply interim and long-term comprehensive strategies to control and prevent major water-borne and diarrhoeal diseases. Besides UNDP, other donors involved to date in this multi-million dollar project are WHO, the United Nations Environment Programme (UNEP); USAID; the Governments of Japan, Kuwait and the United Kingdom; and the Arab Fund for Economic and Social Development (AFESD). The total cost is \$155 million.

G. Jonglei Area development

60. In 1959 the Governments of the Sudan and Egypt signed the Nile Waters Agreement, whereby the yield from the White Nile, in particular, was to be increased for agricultural development through the prevention of undue losses, especially in the Sudd, a permanent swamp lying in the flood plain of the Southern Sudan. It covers an estimated area of 8,000 square kilometres (km²) at the height of the dry season and 19,000 km² at the height of the wet season. A Permanent Joint Technical Commission for the Nile Waters was established in 1974 for the development of the Jonglei Canal.

61. The construction of the 360 kilometre (km) canal linking Bor in the south with Sobat in the north will increase the annual water yield of the White Nile at Malakal by 4.7 billion cubic metres (m³) and by 3.8 billion m³ in the Nile at Aswan. The extra water is to be divided equally between the two countries, which are sharing the excavation costs. Navigation locks, head and tail regulators as well as bridges are included. Excavation costs for the fully navigational Jonglei Canal is estimated at \$150 million.

62. A diversion of the magnitude of 20 million m³ water a day will reduce the water

level in the permanent swamps by 10 per cent. The completion of the Jonglei Canal will have a far-reaching effect, not only on the lives of millions of people downstream who need more water, but also on the lives of those living in the area through which the Canal is being constructed. The Canal will help to control the creeping flow by blocking off the habitual east-west drainage. The intermediate lands will then remain open to grazing for long periods in the dry season. With regular water provided by the Canal, possible control of the creeping flow, and greater utilization of the intermediate grazing, there will be far less need for the Nuer and Dinka people who inhabit these areas to migrate annually with their cattle.

63. In recognition of the importance of the Canal, in October 1974, the Government established a National Council for the Development of the Jonglei Canal Area, which was entrusted with the formulation of socio-economic development plans for the Jonglei area and the promotion of studies on the effects of the construction of the Canal on the lives and the livelihood of the local inhabitants. The Council was also given the task of establishing for JEO an administrative structure which is to implement and co-ordinate all development projects in the Jonglei Canal area. The major sources of financing are UNDP in conjunction with UNCDF, the European Development Fund (EDF), EEC and the Government of the Netherlands. The Sudanese Government hopes to attract additional funding from a variety of donors.

1. Ongoing activities

64. UNDP assistance is being provided to four ongoing projects in a closely linked package. Together with assistance from UNCDF, the total value is slightly in excess of \$11 million, making this the largest operation in which UNDP is involved in the Sudan. The project, Assistance to the Executive Organ for the Development Projects in the Jonglei Canal Area (SUD/77/003), consists of direct support to the work of JEO through the provision of a land-use planner, an administrative officer at Bor, which is the provincial capital of Jonglei Province, and consultancy services and fellowships.

65. The project, Integrated Rural Development in Kongor District (SUD/78/016), is the major one in the package. In the short-term, the project aims to provide basic community services (schools, medical clinics, veterinary dispensaries, and water supply) in places of immediate and critical need. Its long-term focus will be on conducting studies and pilot projects sufficient to identify the large-scale investments in infrastructure and production which will be required for effective rural development in the area. The United Nations funds are being complemented by co-ordinated contributions from EEC and the Government of the Netherlands. The project is just moving from its inception stage, where the main emphasis has been on providing veterinary assistance. Over at least a ten-year period, improvements in flood control, animal husbandry, range management and agriculture will be the pattern in Kongor District. On a wider scale, the project will contribute to improving health and education. In essence, the object of the project is to prepare the inhabitants of this area for the complete change of life-style which will be caused by the completion of the canal. It is a long-term and, initially, relatively slow process, but one of considerable importance.

66. At the same time, assistance is being provided under the project, Development of Fisheries in the Sudd (SUD/79/001). Although the Sudd will shrink after the opening of the Canal, it will still have large quantities of fisheries resources in it, the larger proportion of which remains untapped. It is intended to develop artisanal fisheries along co-operative lines. Once full-time fishermen have been

identified, the project will evolve ways of improving their fishing operations, fish handling, hygiene and marketing.

67. The linchpin of these operations in the initial stage is provided by the Project Infrastructure Support Unit (PISU) (SUD/79/004). PISU is providing the physical infrastructure support services which the Government has not the resources to provide, and which the private sector has shown little interest in providing except at the most exorbitant prices. PISU has constructed already in Kongor District some staff houses for national and international personnel, a veterinary clinic, a rural dispensary, and a mechanical workshop. PISU responsibilities cover the choice of materials, design, engineering, construction, supervision, logistic support, and management for the various buildings that need to be constructed for the Iongor and Sudd fisheries programmes. It has also served as the administrative umbrella for hydrological and topographical surveys, the latter enabling the commencement of flood control works around Kongor.

68. PISU is organized as though it were a commercial enterprise, except that it operates on a no-profit, no-loss basis. An independent evaluation in December 1981 stated that PISU had demonstrated a unique way of implementing construction services in remote areas with difficult geographic features and logistic conditions, at a much lower cost than any alternative. PISU has now a trained building force of 150 men who have been operating under very adverse conditions inasmuch as the weather and the level of the flood waters only really permit construction in Kongor District from late December until early June. To avoid dispersal of this valuable trained nucleus upon completion of the project building programme in 1983, discussions are underway to find ways of integrating the Unit within the Regional Ministry of Housing. This would enhance greatly the Southern Region Government's capacity to carry out its own construction programme to the exclusion of costly and largely expatriate-controlled contractors.

II. ACTIVITIES FINANCED BY NON-IPF FUNDS UNDER THE AUTHORITY OF THE ADMINISTRATOR

A. United Nations Sudano-Sahelian Office (UNSO)

69. Through the Swedish International Development Authority (SIDA), an allocation of \$910,000 has been made for the management of grazing resources around permanent water supplies. The Government is striving to offset adverse economic, social and ecological imbalances in the semi-arid regions of the country by checking desertification through soil conservation and pasture rehabilitation measures. This project will contribute to the attainment of this objective by: (a) restoring land productivity through the improvement and systematic management of rangelands; and (b) contributing to the diversity and quality of agriculture and livestock production, thus promoting the area's over-all economic and social development. This is to be achieved by providing an economically viable, self-help approach to rangeland management which, if applied on a broad scale, could improve significantly the quality of rangeland in the Sudan.

70. The amount of \$1.5 million has been approved for restocking the gum belt for desertification control and a further \$310,000 has been granted by the Government of the Netherlands to strengthen the National Desertification Unit. The project will contribute to desertification control by the reforestation of a limited area of the gum belt, by increasing the employment and income of farmers as well as reducing migration to the cities; it will also assist in alleviating the balance of payments deficit through the increased export of gum Arabic. These projects are executed by

the Government with FAO as the co-operating agency.

71. Resolution 1980/70 of the Economic and Social Council and General Assembly resolution 35/90 led to multi-agency drought missions which visited the Sudan in September 1980 and October 1981. Whilst the mobilization of international assistance to support recovery and rehabilitation efforts have by no means met expectations, the response by UNSO to date has been the most positive and the most praiseworthy. UNSO is continuing its efforts to identify potential donors for such pipeline projects as sand dune stabilization and reclamation; firebreak construction in Western Sudan; rehabilitation of severely degraded rangelands; integrated village development; and a public education campaign for desertification control. The fight against desertification is centred chiefly in the Kordofan and Darfur Regions of Western Sudan, where the loss of marginal lands is at its greatest. If unchecked, this will lead ultimately to far too great a concentration of people and animals moving inexorably towards the Nile.

B. United Nations Capital Development Fund (UNCDF)

72. Current assistance from UNCDF to the Sudan totals \$16.2 million, involving eight projects. Four of them, totalling \$4.2 million, concern the Jonglei area development and are closely linked to the projects. Integrated Rural Development in Kongor District (SUD/78/016); Development of Sudd Fisheries (SUD/79/001); and Rural Water Supply (SUD/79/003). The specific areas involved are co-operative fish marketing, livestock development, health services, and water supply. The remaining \$12 million is to assist in the rehabilitation of four sugar factories through the provision of agricultural machinery, equipment and spare parts. The rehabilitation of the sugar industry has the highest Government priority. The Sudan has the capacity to be a net exporter of sugar, but instead is importing over one-half of its present annual consumption of 450,000 tons to the detriment of its balance of payments.

C. Special Measures Fund for the least developed countries

73. During the year 1973-1981 inclusive, the Sudan received a total allocation of \$5,648,000 from the Special Measures Fund, of which \$5,355,978 was disbursed. The major portion of these funds was allocated to the Administrative and Logistical Support Unit (ALSU) under the project (SUD/72/022). The country programme for the Sudan could not be run without ALSU which embraces the whole operation of UNDP aircraft in the Sudan as well as the operation and maintenance of the radio network which links Khartoum with Juba, Malakal, Kongor, Bor, Maridi, Yambio, Wau and El Obeid. With project personnel living as far apart as 1,300 miles, and with internal communications difficult, the aircraft is indispensable in transporting personnel and their dependents, consultants, visiting missions, supplies, smaller items of equipment and badly-needed spare parts. Most important of all, it has saved the lives of critically ill or badly injured personnel through successful medical evacuation flights. The aircraft and the radio network are the umbilical cords of UNDP operations in the Sudan.

74. In the past, the Special Measures Fund has also been used to finance UNCDF pre-investment missions, the development of Jojoba cultivation, sesame production, agricultural training courses for the Southern Region, and the initial stages of PISU (SUD/79/004). The balance of \$292,022 remaining at the beginning of 1982 will be allocated to ALSU (SUD/72/022), which will continue throughout the third programming cycle. Whilst the Fund's actual annual allocation to the Sudan is not known until after each pledging conference, any balance remaining after ALSU will be fully utilized by the Government under the concept of continuous programming.

D. United Nations Financing System for Science and Technology for Development

75. In May 1981 the Sudan National Council for Research (NCR), in collaboration with UNIDO, held a national seminar on industrial technology. Subsequently, in October 1981, NCR organized a conference on building the modern scientific state, following which several project proposals were formulated. The first project in the Sudan to be financed by the Financing System was approved in February 1982, Cellulose Chemistry and Technology Research Unit (ST/SUD/82/001), at a total cost of \$647,000. The immediate objective of the project is to establish the unit and to conduct research on local fibrous raw material residues with a view to converting them into fibre boards, pulp and paper, animal fodder, briquette fuels, etc.

76. Further proposals have been short-listed for submission to the Financing System for financing (depending upon the availability of funds), among them ones for the establishment of a national centre for technology and the utilization of solar energy to drive a mini hydro-electric power plant.

E. United Nations Revolving Fund for Natural Resources Exploration (UNRFNRE)

77. The negative results of the initial phase of the exploration of diamonds in south-western Sudan at Hofrat-en-Nahas (SUD/78/NR/001) carried out under a subcontract in the amount of \$315,000 are still under consideration by the Government. Whilst it is unlikely that there will be any continued involvement of UNRFNRE in this project, the Government is considering a new request concerning the development of various mining and geothermal possibilities in the Southern and Western Regions of the Sudan.

F. United Nations Volunteers Programme (UNV)

78. In the middle 1982 26 volunteers were serving in the Sudan, 15 of whom were funded under the national IPF; 3 from the Special Measures Fund; 3 from the UNICEF budget; 3 by WFP; 1 under the regional IPF; and 1 from funds-in-trust. Whilst the recruitment of two additional volunteers is underway, a number of posts have had to be suspended or cancelled due to lack of available funds in the national IPF. UNV headquarters has offered to look for additional funding.

G. UNIDO Special Industrial Services (SIS)

79. Assistance is being given for upgrading the Khartoum Central Foundry, establishing a soap factory, the gasification of agricultural residues and setting up a pilot plant for brick production. The total cost involved is \$170,000. Unlike the Special Measures Fund, SIS assistance is not being used as a supplement to the IPF but is specifically concerned with urgent requests. The number of such requests is expected to increase as the Government comes to grips with basic problems of rehabilitating the industrial sector.

H. UNDP regional, interregional and global projects

80. The Sudan participates in a large number of intercountry projects, although the degree of participation and the benefits directly accruing therefrom vary considerably. Through its membership in the Economic Commission for Africa (ECA) and the Organization of African Unity (OAU), the Sudan is able to participate in a number of regional projects falling under the aegis of the Regional Bureau for Africa, as well

those projects funded under the regional programme for the Bureau for Arab States. However, only one intercountry project has its headquarters in the Sudan (Regional Management of the Major Aquifers in North East Africa), although there are a number of projects with resident personnel, notably, Development of Fisheries in the Red Sea and the Gulf of Aden (RAB/77/008) and (RAB/81/002); Sorghum and Millet Improvement (GLO/81/002); Testing Solar Energy Pumps for Irrigation; Testing and Manufacture of Rural Water Hand Pumps (INT/81/026); and the Control of Grain Eating Birds in Eastern Africa (RAF/77/042 and RAF/81/023).

81. A geophysical survey involving Northern Sudan and the Southern part of Egypt has just started operations and a regional project to develop jojoba cultivation is scheduled to begin in 1983. This is a direct result of an earlier national project involving jojoba cultivation and development. The Middle East and Mediterranean Telecommunication Network (Medarabtel); the Hydrometeorological Survey of the Catchments of Lakes Victoria, Kyoga, Sese Seko and Albert; the Arab Maritime Transport Academy; the Arab Planning Institute and the Programme for the Identification and Preparation of Inter-Country Investment Projects and Related Feasibility Studies are inter-country projects of special importance to the Sudan.

III. FUNDS-IN-TRUST ARRANGEMENTS

82. The UNDP offices in Khartoum and Juba, where appropriate, provide the same assistance to the following projects, some of which have not been included so far in the presentation of this Programme, as to those funded under the IPF: (a) Federal Republic of Germany/UNESCO - Integrated Rural Education Centre, Maridi - \$702,000; (b) Federal Republic of Germany /ILO - Development of the Labour Department in the Southern Region - \$903,390; (c) Switzerland/ILO - Agricultural Machinery Training Centre Malakal - \$837,400; (d) Switzerland and Norway/UNCTAD-GATT-ITC - Trade Promotion - \$1,000,000; (e) Netherlands/FAO/UNCDF/UNDP - Integrated Rural Development in the Kongor District - \$900,000; (f) Netherlands/UNSO/FAO/UNDP - Restocking of the Gumbelt - \$1,500,000; (g) Netherlands/UNSO/UNESCO/UNDP - Strengthening the National Desertification Control, Co-ordination and Monitoring Unit - \$307,000; (h) (SIDA)/UNSO/FAO - Management of Grazing Resources around Permanent Water Points - \$910,000; (i) (DANIDA)/ILO - Southern Region Co-operative Training Centre - \$745,000.

Notes

1/ The classification of sectors is that used by the Government.

Annex

FINANCIAL SUMMARY

A. <u>Resources</u>		\$		
<u>IPF and other resources</u>				
(i)	Illustrative IPF for 1982-1986	58 500 000		
(ii)	Less Unprogrammed balance <u>a/</u>	(11 700 000)		
(iii)	Less Authorized Budget Level for 1982	(9 500 000)		
(iv)	Previous IPF cycle balance	(6 892 000)		
Total resources available for programming:		30 408 000		
B. <u>Use of resources</u>				
(a) Programmed				
(i)	Ongoing projects	14 258 000		
(ii)	New projects and new phases of ongoing projects included in the country programmes	8 704 000		
(iii)	Farmarked for specific objectives and activities for which projects are to be worked out at a later stage	-		
Subtotal:		22 962 000		
(b) Reserve				
		7 446 000		
Total programmed plus reserve:		30 408 000		
C. <u>Financial distribution of programme, by sector</u>				
	<u>Sector</u> ^{b/}	<u>Ongoing projects</u>	<u>New projects</u>	<u>Total</u>
		\$	\$	\$
02	General development issues, policy and planning	4 534 000	4 794 000	9 328 000
03	Natural resources	1 270 000	-	1 270 000
04	Agriculture, forestry and fisheries	5 446 000	2 350 000	7 796 000
05	Industry	700 000	-	700 000
06	Transport and communications	1 945 000	-	1 945 000
07	International trade and development finance	-	300 000	300 000
10	Health	(430 000)	1 146 000	716 000
12	Employment	793 000	114 000	907 000
TOTAL		14 258 000	8 704 000	22 962 000

a/ Representing 20 per cent of the illustrative IPF which has not been taken into account for programming.

b/ According to ACC classification.