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COUNTRY AND INTERCOUNTRY PROGRAMMES AND PROJECTS

SECOND COUNTRY PROGRAMME FOR MONTSERRAT

<u>Programme period</u>	<u>Actual resources programmed</u>	<u>\$</u>
January 1987-December 1991	IPF for 1987-1991	560 000
	Other resources programmed	712 000
	Total	1 272 000

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I. DEVELOPMENT TRENDS, STRATEGIES AND PRIORITIES

A. Current economic trends

1. Montserrat, with a population of 12,000 and an area of 39 square miles, has a narrow economic base, limited arable land because of a rugged topography and few natural resources.
2. Between 1976 and 1983 the growth of the Montserrat economy was very uneven. As a result of a decline in agriculture and the construction industry, real gross domestic product (GDP) fell by 1.4 per cent per year between 1975 and 1977. From 1978 to 1980, however, the economy expanded rapidly at an average rate of 9 per cent annually, responding to a boom in tourism, tourism-related building and the construction of a medical school. The economy then slowed to a moderate growth in 1981-1982, registering a slight decline of 0.5 per cent in 1983.
3. Montserrat's economic and financial performance in recent years indicates that satisfactory long-term economic growth can be achieved. The Government will therefore continue its efforts to broaden the economic base of the island and maintain prudent fiscal management. In the medium term, 1985-1987, prospects of a 2 per cent to 3 per cent real growth in GDP will depend on sustained growth in tourism and manufactured exports, along with successful implementation of the public sector investment programme (estimated at \$US 11.5 million over the three-year period). The 2-3 per cent growth rate is unlikely to be exceeded during this period, since no major construction projects are foreseen.
4. Efforts to create a broad base for economic growth are constrained by the country's small population, limited arable land and few natural resources. However, the island offers the advantages of tourist potential, a well-educated and trainable labour force and good communications and transportation facilities with the outside world.

B. National development strategies

5. Montserrat's development strategy as articulated in its development plan for 1985/86-1988/89 envisages simultaneous action on several fronts to revitalize the economy. The tourism and manufacturing sectors will be expanded and a concerted effort will be made to realize the full potential of the agricultural sector. In the social sector, the present systems will be changed and improved wherever necessary to facilitate the effective functioning of community services.
6. In tourism the Government's stated policy is to ensure that the sector secures an adequate level of investment and a framework within which private agencies involved in the industry can effectively co-operate with each other and Government will be provided. The Government will also seek to create a diverse market and will orient the industry towards catering to higher-income tourists.
7. The Government is committed to the development of a stable, balanced industrial sector which will provide substantial employment and have a high value-added and export orientation. Fiscal incentives, support programmes and

trade advantages will be offered to investors. The development of a strong private sector will be encouraged. In special situations, however, resources permitting, the Government will participate in joint ventures or undertake industrial ventures itself. Industry in Montserrat is currently dominated by manufacturing and construction activities, which accounted for an average of 24 per cent of GDP and 28 per cent employment in 1983.

8. The Government will also focus its efforts on the development of forestry, fisheries and livestock and the increased production of vegetables, both to reduce high food imports and to generate exports. Irrigation has therefore been made a priority with a view to expanding existing facilities to other areas of the island.

9. Montserrat's agricultural sector continues to exhibit important weaknesses despite considerable efforts since the early 1970s to re-establish its viability. The Government therefore intends to support the expansion of agricultural production on public and privately owned lands so that the value of total exports will finance total imports within the next 10 years. Efforts will also be made to rationalize and develop the island's agricultural marketing capability and to adjust production systems so as to redress traditional marketing constraints. Training opportunities will be provided particularly to farmers.

10. The primary focus in the social sector is the modification of the educational system at the high school level. Emphasis will be placed on technical and vocational training, teacher training and curriculum development. The practice of selecting a small percentage of children from the 10-12 age group for entry to complete secondary education has been discontinued; all children have had such access since the beginning of the 1986 academic year.

11. In the health sector the Government's aim is to improve the quality of health care delivery. The strategy is to adopt the primary health care approach and to provide comprehensive integrated services which are affordable and which allow for active community participation.

C. Technical co-operation priorities

12. As part of the country programming exercise, initiated by the submission of the resident representative's Note, UNDP assisted the Government in preparing an overall technical co-operation programme (TCP). The Government intends to mobilize to the fullest the resources available from the United Nations system and other multilateral and bilateral donors to meet the technical co-operation needs identified. In order to maximize the effectiveness of the available aid flows and to provide a rational basis for the integration of technical co-operation activities into the development process, the country programme is being utilized as a frame of reference for all external technical co-operation inputs. The Government has therefore prepared this country programme within the socio-economic development framework described earlier and on the basis of the overall needs reflected in its own TCP, which it intends to update yearly to coincide with an annual review of the country programme. This yearly exercise will permit the incorporation of new projects from donors and agencies which have not yet identified the specific needs to be financed beyond 1986. This exercise also stems

from the decision adopted at the June 1985 meeting of the Caribbean Group for Co-operation in Economic Development (CGCED) 1/ that UNDP should co-operate with the Caribbean Development Bank and the World Bank in preparing the technical co-operation programme for incorporation in the World Bank Economic Memoranda. The various multilateral and bilateral donors and agencies will be approached to supplement or co-finance projects included in the country programme for which financing is still required. Consequently, UNDP is also being requested, to assist the Government in the mobilization of resources from all sources during the implementation of the programme.

13. The total external financing required for the TCP are estimated at \$US 1,272,000. The Canadian International Development Agency (CIDA), The Commonwealth Fund for Technical Co-operation (CFTC), the British Development Division (BDD), the Pan American Health Organization of the World Health Organization (PAHO/WHO) and the United Nations Educational, Scientific and Cultural Organization (UNESCO), among other donors, have been approached for commitments amounting to \$US 682,000 while the Government has pledged cost sharing of \$US 30,000. The priority technical co-operation needs are summarized below.

(a) Agriculture: The focus will be on horticulture and forestry development, irrigation, vegetable production, fisheries and training.

(b) Tourism: The major aims are the improvement of tourism and the formulation and implementation of a policy for the industry. In the 1985/86-1988/89 Public Sector Investment Programme (PSIP) about 24 per cent of the total capital expenditure is allocated to tourism, marketing and advertising, plant improvement and consulting services.

(c) Industry: Technical assistance is required to upgrade management and supervisory skills in a small garment factory along with marketing assistance to the Montserrat Sea Island Cotton Company, a government-owned enterprise which cultivates cotton and produces such finished products as clothing, tablecloths and napkins.

(d) Transportation: In anticipation of an increase in tourist arrivals, the Government will advance plans for the construction of a medium-haul jetliner airport, and is seeking technical assistance for the design of a realigned runway, the improvement of safety standards at the airport, including a study of wind shear, and the design of a launching and recovery system for marine offshore rescue craft based at the airport.

(e) Education: Particular emphasis is placed on curriculum development and in-service teacher training, technical and vocational education, and educational management.

1/ A collective consultative group arrangement jointly sponsored by the World Bank, the International Monetary Fund (IMF), the Inter-American Development Bank (IDB), the Caribbean Development Bank, the Organization of American States (OAS) and UNDP.

(f) Health: The prime requirements are the upgrading of tertiary core services, health manpower development, solid waste disposal, and sanitation improvement.

14. The foregoing proposals will be developed further in collaboration with the relevant executing agencies. The Food and Agriculture Organization of the United Nations (FAO) has already been approached to elaborate those relating to the agricultural sector.

D. Aid co-ordination arrangements

15. By deciding to use the country programme as a frame of reference for external technical co-operation inputs, the Government of Montserrat is seeking to establish a more systematic arrangement for co-ordinating all donor activities. In this connection, the Government will approach bilateral and multilateral agencies outside the United Nations system for financial assistance for those projects identified in the TCP. As in the past, UNDP assistance will be sought when necessary to facilitate these approaches. The Government will also encourage and participate from time to time in joint meetings with donor agencies in the region to discuss the broader parameters of its technical co-operation needs. It will also continue to participate as a beneficiary country in the CGCED, which provides an important framework for promoting co-ordination among the various donor agencies, both in terms of capital investment and technical co-operation as well as on overall economic policy issues. UNDP and the United Nations agencies and organizations represented in the Eastern Caribbean, namely FAO, PAHO/WHO, the United Nations Industrial Development Organization (UNIDO), the United Nations Children's Fund (UNICEF) and the World Food Programme (WFP) work closely in co-ordinating their activities in support of the Government's development efforts. This is done through periodic meetings as well as consultations among the organizations on an ad hoc basis. Although, for the purposes of the country programme, a joint programming mission was not carried out by the United Nations organizations of the Joint Consultative Group on Policy (WFP, UNFPA and UNICEF), these organizations, as well as the other United Nations agencies represented in the region, were fully consulted on both the form and content of the programme.

II. THE COUNTRY PROGRAMME

A. Assessment of current country programme

16. The 1982-1986 country programme sought to assist the Government to broaden its economic base by providing technical assistance inputs primarily in the sectors of agriculture, natural resources (water), statistics, education and manufacturing.

17. In manufacturing, the project for the establishment of a tannery (MOT/74/003) assisted the Government with the development of a leather industry. Four nationals were trained and an FAO tannery adviser was made available.

18. The project achieved its objectives with the actual establishment of the Emerald Tannery. It absorbs the total production of hides and skins on the island

and imports additional supplies from within the region. Only a small part of the leather production is utilized by the local leathercraft industry, however, because of a limited market demand. In the early years of the project, exports to other islands were very successful. Recently, however, because of the lack of appropriate machinery which would facilitate the production of full-grain leather, among other things, there has been a drastic reduction in exports. The Caribbean Food Corporation is considering providing assistance to the tannery which would overcome these constraints. \$US 47,000 or 10 per cent of the IPF was provided for this project.

19. The natural resources sector received the largest portion of funds from the IPF: \$US 162,000 or 34 per cent was provided for the implementation of Water Resources Assessment and Development (MOT/85/005). The project provided the services of a civil engineer. In-service training was conducted for staff of the Water Authority in data collection and basic hydraulics. Two reports were prepared, one on hydrogeology and proposals for increasing exploitation of ground water, and the other on the quality of ground water in selected sites. \$US 12,000 is earmarked from the fourth cycle IPF to permit completion of the project in February 1987.

20. Public water supply is based on spring-fed rivers. Though rainfall is plentiful, there are occasional prolonged droughts that reduce the water supply. The Water Resources project coincided with the International Drinking Water Supply and Sanitation Decade and complemented the Government's initiatives to exploit all natural resources fully and to meet the growing demand of the agricultural sector for irrigation facilities. The country has reached the level of self-sufficiency in vegetable production and is aiming towards exportation. Not only is the availability of adequate supplies of water crucial to this effort, but the ability of the Montserrat Water Authority (MWA) to economically exploit water resources and manage them soundly is also important. Project inputs have advanced the institutional capacity of the MWA to meet the challenge.

21. In statistics, assistance was provided to strengthen the country's capacity to collect, compile, analyse and publish reliable economic, social and demographic data. Eight staff members of the Statistics Department were provided with on-the-job training and three fellowships in National Accounts and Demographics were awarded. There is need, however, for further training especially in such areas as balance of payments and surveys so as to increase the sophistication and reliability of the Government's statistics. IPF funds of \$US 74,000 or 16 per cent were allocated during the cycle.

22. In agriculture, the Caribbean Agricultural Rural Development and Advisory and Training Service (CARDATS), (CAR/81/002), financed by the IPF and Multi-Island programme resources, has made steady progress with the implementation of improved small farming systems, higher yields of fresh vegetables and with the provision of training and extension services to farmers. This project will continue into the next cycle with emphasis on food production, marketing, irrigation and post harvest losses. The country has become self-sufficient in vegetables and has exported surplus products to St. Marten and Antigua. Due to production, marketing, and transportation constraints, however, the country is unable to maintain a steady supply to these markets. These areas will continue to receive priority attention in the next programme. UNDP provided \$US 57,000 or 12 per cent of the IPF.

23. In education, the country benefited from inputs from the Multi-Island Education Project (CAR/83/001). The project promoted technical and vocational training and integrated it into the formal curriculum of the school system. An IPF contribution of \$US 34,000 or 7 per cent of the IPF was provided.

24. In the area of health, PAHO/WHO and the United Nations Fund for Population Activities (UNFPA) have provided assistance in training of personnel, in family planning and family life education, nutrition, public health and maternal child health. Three workshops on Health and Family Life Education were conducted to train teachers and a medical policy on contraception was proposed to the Government.

25. The Government has also benefited from the efforts of UNDP to promote technical co-operation among developing countries (TCDC). Under the programme, Montserrat officials participated in an agricultural study tour to Argentina hosted by the Government of that country; the Government of Jamaica provided training in Library Studies for one student, and an official participated in a TCDC promotion seminar in Barbados. Additionally, the services of an insurance adviser and a netball coach were provided by the Governments of Barbados and Jamaica respectively to advise the Ministry of Health, Education and Community Services.

26. Beyond the assistance outlined above, the country has benefited from regional United Nations technical assistance projects in water resources assessment and development, meteorology and operational hydrology, development administration and statistics. The country has also participated in other regional projects, such as the Caribbean Network for Innovation in Educational Development (CARNEID) (RLA/81/004) and Science and Technology in the Caribbean (RLA/85/013). During the fourth cycle Montserrat is expected to continue to benefit from activities carried out under new phases of some of these projects, as well as under new Caribbean regional projects in the areas of disaster planning and management and solid waste disposal.

27. The Government will also make use of the resources available at the Economic Commission for Latin America and the Caribbean (ECLAC) in the areas of planning and statistics.

28. The Caribbean Centre for Development Administration (CARICAD) provided various inputs which improved the functioning of the public service. Top management workshops were convened to define the roles of organizations and personnel within the public sector and a middle management survey was conducted to ascertain the level of education and training with a view to the development of relevant programmes. Additionally, a manual was developed to assist in the standardization of procedures and the training of personnel and missions was undertaken to assist in the strengthening of the public service training division.

B. New programme proposal

29. The programme is formulated to assist Government in its efforts to develop the agriculture sector, to restructure and upgrade the educational system and to improve health services in the country.

30. Maximum use will be made of available national and regional expertise and United Nations Volunteers (UNV) will be employed as another cost-effective approach. The UNV modality will be used in particular to fill vacant line positions while incumbents are receiving training overseas. IPF funds totalling \$US 50,000 are earmarked for this purpose. The Government is also providing a cost-sharing contribution of \$US 30,000.

31. Efforts will also be made to promote TCDC activities, especially within the region. \$US 15,000 from the IPF has been reserved to meet this objective.

First objective: Increased agricultural production

32. Agricultural production must expand to achieve self-sufficiency in vegetables, fruits, beef, pork, mutton and fish. Forestry development is also an urgent priority, first, to restore and enhance natural beauty and prevent erosion and, second, for the possible production of charcoal, fuelwood, poles, fence posts and timber.

(a) Ongoing projects

33. Assistance under the CARDATS subregional project, designed to assist small farmers, will continue into the fourth cycle. The sum of \$US 31,000 is earmarked from the IPF for this purpose.

34. Technical assistance in soil and water conservation to develop and implement agricultural projects has been provided by CFTC. This assistance terminates towards the end of 1986. UNDP is therefore requested to meet the cost of continuing the project. The project involves a water conservation engineer, who will identify and prepare soil and water resources conservation projects and provide related training to farmers. \$US 34,000 is earmarked from the IPF. In addition, the Water Resources Development project (MOT/85/005), which ends in February 1987, will receive \$US 12,000 from the IPF.

(b) New projects

35. A project in agricultural development will provide inputs in reforestation, water protection, horticulture, post-harvest physiology, pathology and marketing. IPF funds of \$US 150,000 have been reserved for this activity.

Linkages

36. Increased agricultural production will stimulate activities in agro-industry and other sectors and facilitate the establishment of new markets within and beyond the region. In addition to resources already identified, the Government will request additional contributions from related regional programmes in both the areas of agriculture and infrastructure development. For example, funds for irrigation will be requested from the regional project, Water Resources Assessment Development and Management in the Small Islands of the Caribbean (RLA/82/003).

37. The services of interregional advisers in the area of natural resources will also be utilized under this objective.

Second objective: Improvement of the educational system

New projects

38. A project in curriculum development and in-service teacher training will assist in broadening of the primary school curriculum to include practical science, creative arts and crafts and provide relevant training for teachers. UNESCO will be requested to provide \$US 15,000. In addition, \$US 50,000 is allocated from the IPF for technical and vocational training.

Linkages

39. UNDP support for the education sector will complement the BDD programme of technical assistance for the restructuring of the sector, training of teachers and educational management. The current modification of the educational system at the high school level emphasizes technical and vocational training and thus provides a wider scope for co-operation with technical and vocational institutions in the region.

Improvement of health services

New projects

40. A project for Upgrading Tertiary Care Services will bring consultants to the country on a regular basis to meet needs where specialists are not available locally. PAHO will be requested to provide \$US 10,000.

41. A project for Improvement of Sanitary Conditions will develop a programme of education aimed at improving awareness of basic sanitation and hygiene. The sum of \$US 200,000 is required for this purpose.

42. A project for Solid Waste Disposal will assist the Government in the selection, maintenance and management of a waste disposal site. PAHO and CIDA have been identified as potential donors to meet project costs estimated at \$US 120,000.

43. The foregoing programme objectives will be the main focus of the fourth cycle country programme for Montserrat. The programme nevertheless also reflects the Government's concern for accelerated TCDC activities (\$US 15,000 from the IPF reserve to meet this objective) and the utilization of United Nations Volunteers primarily to fill line positions within Government (\$US 50,000 reserved for this purpose).

44. CARICAD proposes to carry out a number of missions to continue to strengthen the public service Training Division and to provide support to the certificate programme in Public Administration (CPA) in order to establish it as an in-service middle management training programme.

C. Unprogrammed reserve

45. The sum of \$US 218,000 is set aside as an unprogrammed reserve. This amount exceeds the 10 per cent normally recommended as an unprogrammed reserve. However, in view of this country programme's use of IPF funds as seed money to mobilize other resources for financing overall technical co-operation needs, the Government and UNDP have agreed that such a reserve is the minimum necessary to make the resource mobilization strategy viable.

Annex

FINANCIAL SUMMARY

I. ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING

<u>A. UNDP-administered sources</u>	<u>\$</u>	<u>\$</u>
Third cycle IPF balance	-	
Fourth cycle IPF	560 000	
Subtotal IPF		560 000
Special Measures Fund for Least Developed Countries	-	
Special programme resources	-	
Government cost-sharing	30 000	
Third-party cost-sharing	-	
Operational funds under the authority of the Administrator	-	
UNDP special trust funds	-	
Subtotal, UNDP non-IPF funds		30 000
 <u>B. Other sources</u>		
Funds from other United Nations agencies or organizations as a result of the programme exercise (PAHO/WHO, UNESCO, UNEP, UNFPA, UNICEF)		
1. Firmly committed	-	
2. Additional funds required	372 000	
Parallel financing from non-United Nations sources (USAID, CIDA, BDD, CFTC)		
1. Firmly committed	-	
2. Additional funds required	310 000	
Subtotal, other resources		<u>682 000</u>
TOTAL ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING		<u><u>1 272 000</u></u>

II. USE OF RESOURCES

Ongoing projects	77 000	
New project proposals	<u>977 000</u>	
Subtotal, programmed resources		1 054 000
Unprogrammed reserve		<u>218 000</u>
TOTAL USE OF RESOURCES		<u><u>1 272 000</u></u>
