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COUNTRY AND INTERCOUNTRY PROGRAMMES AND PROJECTS

FOURTH COUNTRY PROGRAMME FOR PANAMA*

<u>Programme period:</u>	<u>Actual resources programmed</u>	<u>\$</u>
January 1987-December 1991	IPF for 1987-1991	4 125 000
	Other resources programmed	<u>6 345 000</u>
	Total	10 470 000

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* Detailed listings of projects and other related data prepared as part of the country programming exercise are available on request. These listings include: (a) ongoing projects; (b) proposed projects; (c) distribution of resources by objective; (d) planned activities of operational funds and programmes under the authority of the Administrator; (e) distribution of new country programme by sector.

I. DEVELOPMENT TRENDS, STRATEGIES AND PRIORITIES

A. Current economic trends

1. During the 1970s Panama's economy was marked by sustained development, reflected in a 4.5 per cent average annual growth rate of the gross domestic product (GDP) over the period 1970-1979. Growth, was not constant over that period, there being a phase of marked expansion in the early and later years of the decade and a phase of recession during the three-year period 1975-1977. The upswing in the economy lasted into the early years of the present decade, and then began to show signs of falling off. 1982 was the last year in which there was an increase - of 5.5 per cent - in GDP. Growth levelled off after 1983 and there was even negative growth in 1984 (-1.2 per cent). According to the latest, though as yet preliminary, estimates, 1985 will have seen a recovery, with a growth rate of about 3.3 per cent.
2. The stagnation of the economy is due to both domestic and external factors. The former include the sharp cutbacks in public spending since 1983 as a result of the Government's new economic policy. It should be pointed out that Government spending was a major stimulus to economic growth in the 1970s. The need to reduce the budget deficit has led to a decline in public sector investments and current expenditure, giving rise to a fall in aggregate demand, in which fixed investment plays a dominant role.
3. The principal external factors with repercussions on the country's economy have been the world recession and the economic, financial and balance-of-payments crisis affecting the Latin American countries. Demand for services, linked to the latter's foreign trade, dropped sharply beginning in 1983, and exports of goods and services from Panama levelled off that year and declined in 1984 (-2.6 per cent).
4. With regard to production performance in the various sectors, the stagnation observed in 1984 was due to a decline in output in nearly all sectors, with the exception of certain services where some modest increases occurred. The sharpest decline was in the construction sector, with a drop in activity of some 10 per cent. It should be noted that there had already been a sharp decline in this sector in 1983 (-31 per cent). This was due to the saturation of a segment of the market, leading to a decline in investment in this sector. Considering that this was one of the strongest growth sectors between 1970 and 1980, the decline in this sector has obviously contributed to the recession. Various branches of the manufacturing industry are in fact boosted by growth in the building sector, which plays a large part in creating jobs and hence in generating income and demand.
5. In the manufacturing sector, the downward trend first observed at the beginning of this decade has persisted, and in 1984 production declined for the second year running. Not only has there been no growth in this sector but its relative share in GDP has continued to fall (11.3 per cent in 1975 as against 9 per cent in 1984). The economic recession and loss of earnings in the construction sector have tended to keep domestic demand for manufactured goods at a low level, although there have been some signs of recovery since 1985.

6. There has been a relatively modest growth in the agricultural sector's share in GDP, except in a few years (1978, 1981) when bumper harvests of sugar cane and rice boosted agricultural output substantially (7.7 per cent and 8.3 per cent increases, respectively). The average real annual growth rate for the period 1974-1983 was 2.2 per cent, which was lower than the population growth rate (2.5 per cent per annum on average), resulting in a decline in the per capita food supply, higher prices for agricultural products and the need to import increasing quantities of foodstuffs.

7. The services sector is traditionally the predominant and most dynamic sector of the Panamanian economy. With the inclusion of all activities connected with the Panama Canal in the country's GDP, the services sector as a whole accounts for more than 70 per cent of GDP. Fifty-five per cent of jobs are created by this sector. However, basic services - by contrast to their vigorous growth in previous years - declined sharply in 1984. This was mainly due to the decline in transport, storage and communications (these being primarily bound up with exports from the Colón Free Zone to South American countries). These activities are of special importance in Panama since they represent 16 per cent of the country's total GDP, and any developments in this area have an immediate impact on overall economic activity.

B. National development strategies

8. The general frame of reference for action by the Government and economic entities is the Plan of Guidelines, Objectives and Activities for the Development of Panama, introduced in January 1986. This Plan is a strategy document and the Government's priority proposals made therein are set out by major target areas, without going into the particulars of indicative programming.

9. The main economic policy objective in the industrial sector is to change the sector's development pattern through a shift away from a policy of import substitution to one of export promotion.

10. Likewise, economic policy for the agricultural sector is directed towards promoting exports through a reduction in production costs, thereby making it more competitive in international markets. Lower prices should benefit the domestic consumer, and increased production and productivity should help to create jobs in rural areas and thus prevent rural-urban migration.

11. The services sector includes services and activities connected with Panama's geographical position. The three main priority areas are the canal zone, the recovered areas and the international services provided by Panama. The basic policy objective for this sector is to take full advantage of the geographical position of the country as a natural resource playing a fundamental role in the country's development, with the Canal as its main focus.

12. Government policies for the public sector may be divided into three sets of measures, relating to the public administration, fiscal policy and State involvement in the economy. The main public administration objectives are to improve overall efficiency and reduce operating costs. In the institutional

sphere, steps will be taken to strengthen and rationalize decentralized public entities such as the Social Security system, the electricity and telephone companies and the ports authority. With regard to State involvement, the aim is to reduce the role of the State in production and increase private sector participation in the economy.

13. The Government's objectives also cover labour and employment policy, with the aim of raising the productivity of the Panamanian work-force; to that end mechanisms have been introduced to reduce the relatively high cost of labour. Incentives to higher productivity have also been introduced, and employment is being promoted through the opening up of new job opportunities. The Government considers that these policies will be successful only if they provide enough jobs, reduce the number of disadvantaged, curb the influx of rural dwellers to the towns and alleviate the problem of the parallel economy.

C. Technical co-operation priorities

14. In order to identify and determine the technical co-operation priorities, Government proceeded in the following manner:

(a) A draft medium-term indicative plan of technical co-operation was drawn up. The Plan of Guidelines, Objectives and Activities for the Development of Panama, of January 1986, was taken as the frame of reference. In addition, organizations in the public sector (see para. 38), the central Government and the decentralized institutions were surveyed to ascertain their needs for technical advice in the medium term, ranked in order of priority. The priority requirements for international technical co-operation were identified on the basis of those two Plans.

(b) The Ministry of Planning and Economic Policy and the UNDP Office undertook to consult and exchange opinions - the letter of the Resident Representative forms part of the consultations - to identify the areas of technical co-operation in which the United Nations system would be involved.

(c) The agencies of the United Nations system were also consulted on the contents of the draft programme. Most of them made comments and several dispatched programming missions to Panama. The suggestions relevant to the programme were considered in preparing the final version of the document. Consultations also took place within the Government.

15. International technical co-operation must support the Government's policies in four priority areas: the drawing up and carrying out of a comprehensive plan for taking advantage of the country's geographical position; improvement of efficiency in the public sector; increase in the productivity and competitiveness of the production sector; and creation of jobs.

Exploitation of Panama's geographical position

16. Technical co-operation activities in this area cover three main sub-sectors:

(a) The first is related to the entire group of projects aimed at improving, conserving and maintaining the physical infrastructure of the land that has reverted to Panama. Technical co-operation must be provided under the different components of the scheme of projects: design, selection of alternatives, submission of bids, monitoring of implementation and evaluation.

(b) The second has to do with management of the recovered land. This includes all planning and support activities relating to the exercise of authority over the territory per se (legal and other aspects) and activities having to do with the operational and administrative management of the Canal Zone (Canal, ports, railways, road transport and support services).

(c) The third involves the technical co-operation needed to expand existing activities relating to the country's exports. This category covers the services linked to international trade and the assistance for the establishment of export industries, which enjoy a comparative advantage owing to Panama's geographical position.

Modernization and improvement of the efficiency of the public sector

17. The modernization and improvement of the efficiency of the central public administration and the decentralized enterprises as a whole is another priority area for technical co-operation. The main aspects to be taken up are specifically the following: (a) utilization of management and budgetary-control techniques in the central administration and in the decentralized institutions; (b) application of operational techniques to improve tax and customs administration, with a view to increasing tax collections; and (c) modernization of institutions for administering the new economic policy, and management training for senior government officials.

Increased productivity and competitiveness

18. There is a close cause-and-effect relationship between these two areas of technical co-operation, because increased productivity of the factors of production (especially manpower) creates the conditions that make the country's production more competitive internationally. Technical co-operation in these fields deals mainly with the transfer of technology for agricultural and industrial production processes; strengthening of the support institutions for the agricultural and livestock sector and of the management mechanisms; improvement of quality-control systems; research on export markets; management of trade information (flows, prices, seasonal fluctuations); and training for small producers. The institutional reinforcement of the production sectors receives technical co-operation from bilateral sources, especially the United States Agency for International Development (USAID), and also multilateral sources (World Bank and Inter-American Development Bank (IDB)).

Employment creation

19. Curbing the expansion of the Government's economic activity and later reducing that activity - as envisaged by the current economic policy - will mean that the public sector will cease to be the most dynamic force for employment creation, that

responsibility now shifting to the private sector. Thus, technical co-operation in this area will have to centre on State institutions and machinery responsible for facilitating investment and employment creation by private enterprise.

D. Aid co-ordination arrangements

20. The International Technical Co-operation Department of the Ministry of Planning and Economic Policy has made considerable strides in the last few years in its task of regulating and co-ordinating the technical co-operation that the country receives from various sources. The achievements on that score have been numerous: the International Technical Co-operation Department has a computerized system for follow-up and supervision of the projects of most of the multilateral agencies; it has a compendium of project proposals submitted by ministries and public institutions and arranged in order of priority according to their needs; and lastly, it has prepared a draft of the medium-term indicative plan of technical co-operation.

21. UNDP officials played an active role in organizing these systems and procedures, and the Government's technical co-operation agency is receiving assistance under a project financed from the indicative planning figure (IPF). The exchange of information and co-ordination among donor agencies promoted by the Government and UNDP are proceeding satisfactorily. Inter-agency co-operation within the United Nations system and also the co-operation with major multilateral financing agencies like the World Bank have proven effective. The preparation of this programme began in the second half of 1985. As part of the preparations, the Government reviewed the programme with various countries and undertook consultations with the donor agencies. Upon receiving the note of the Resident Representative, the first draft of the programme was prepared and circulated to all the specialized agencies of the United Nations system, 20 of which returned written comments and 11 sent sectoral missions to Panama. This co-ordination effort is reflected especially in the fourth objective of the programme, where it is proposed that there should be joint and convergent action by UNDP together with the World Food Programme (WFP), the United Nations Fund for Population Activities (UNFPA), the International Fund for Agricultural Development (IFAD), the World Health Organization (WHO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the International Labour Organisation (ILO), the Department of Technical Co-operation for Development (DTCD), the United Nations Centre for Human Settlements (Habitat) and the United Nations Children's Fund (UNICEF). The consultation procedure also made it possible to avoid duplication with bilateral agencies covering most of the co-operation needs of the production sectors.

II. THE COUNTRY PROGRAMME

A. Assessment of current country programme

22. The third programme set out four objectives: (a) increasing capacity for the preparation and management of plans and projects for economic and social development; (b) incorporation and integration in the national economy of the

assets recovered under the Torrijos-Carter Panama Canal Treaties; (c) development of human resources and improving the quality of life of the most disadvantaged segments of the population; (d) support for the agricultural and livestock production, encouragement of industrial investment, and promotion of traditional and industrial exports.

23. The main features - in the Government's view - of the United Nations technical co-operation system in general and of the UNDP country programme in particular are as follows: (a) the programme addresses central aspects of the Government's development policy; (b) technical advisory services are actively involved in the policy-making centres on a continuing basis; (c) the international technical co-operation provided by UNDP is concerned more with quality than with quantity; and (d) finances are constantly shrinking, not only in real terms, but also in absolute terms.

24. The programme gives appropriate priority to the subject of pre-investment, including five projects which provide for specific measures towards that end. Although none of the five projects is a pre-investment project proper, all have helped to identify investment opportunities for a total of \$67.6 million (in the private industrial sector, improvement of irrigation systems, the forestry sector, building up the infrastructure for the manpower training system, and community development).

25. The third programme comprises 16 projects, of which only 3 have not been carried out. This translates into a delivery rate of 80 per cent. From the operational point of view, implementation problems have arisen both in the national institutions and in the donor agencies; as regards the former, some of the projects have not been given the necessary priority, or the human and financial resources necessary were not provided in timely fashion. As regards the donor agencies, delays have occurred in responding to the Government's requests and in delivering the appropriate inputs, owing, above all, to the complexity of the procedures and regulations of the agencies' headquarters.

26. The cut in resources under the IPF has necessitated an increasingly selective and priority-conscious use of technical co-operation. Also, it has led to better use of other financing sources, including the Government's contribution, which accounted for over 60 per cent of the total programme resources.

27. Attention is drawn to the results achieved in connection with the projects for support institutions which took over technical functions as a result of the Canal treaties: they include the expansion and technical strengthening of the naval school (PAN/81/005) for training Canal pilots for the near future, the installation of maritime radio-telegraphic services (PAN/82/016), the organization and training of national port personnel (PAN/85/002) and effective support for the Civil Aeronautics Board (PAN/82/007) to ensure the continuity of air transport services.

28. The outstanding achievements in the field of planning are the formulation of regional and urban development policies and programmes (PAN/82/001), the drafting of studies and plans for the agricultural, livestock and forestry sectors (PAN/81/011 and PAN/82/004) and the preparation of the national civil aviation plan

(PAN/82/007). To support planning, information systems have been set up, such as that for agricultural planning, that for national and regional planning, technical co-operation (PAN/81/004) and that for hydro-meteorology (PAN/82/006).

29. As regards the third objective of the programme, the training of over a thousand Panamanian citizens, through projects implemented in the five-year period, has been of especial benefit to the telecommunication, maritime, aviation, culture, technical, agricultural and regional co-operation sectors.

B. New programme proposal

30. The Government has decided to request UNDP's technical co-operation to support development activities in certain priority areas among those defined in the economic policy guidelines and in the draft indicative plan of technical co-operation. Consequently, the objectives of the fourth programme are as follows:

- (a) To make the most of Panama's geographical position;
- (b) To increase the efficiency of the public sector;
- (c) To increase the international productivity and competitiveness of the production sectors;
- (d) To devote attention to disadvantaged areas.

Exploitation of Panama's geographical position

31. UNDP's technical co-operation will be aimed at providing support for the Government's efforts to make the most of Panama's geographical position, with special emphasis on: (a) planning, administration and operations in the recovered areas, whose economic focal point is the Canal; and (b) development of the services sector for exporting high-technology services (support services for commerce, transport and trade). The Government has decided to request technical advisory services under the country's fourth programme, since the United Nations system - through UNDP/Government co-financing - launched activities during the third cycle which are directly related to Panama's strategic objective (training of human resources for maritime operations and meteorological measurement and control systems for managing the Canal Zone basin).

Ongoing projects

Panama naval school (PAN/81/005)

32. Support and strengthening of the Panama naval school by means of direct training of officers for the Panamanian merchant fleet and for Canal operations; advisory services for improving the examination systems for the licensing of masters and officers of the Panamanian merchant navy; naval training for personnel of the Consular and Shipping Board of the Ministry of the Interior and of the National Ports Authority (planned allocation: \$100,000).

Proposed projects

Exploitation of Panama's geographical position

33. The project is aimed at collaborating with the Government in working out plans and projects to take advantage of the country's geographical position and of the areas and assets recovered by Panama as a result of the Torrijos-Carter Treaties. Implementation of the plans and projects will be accompanied by a training programme for human resources - at home and abroad - the aim of which will be the exercise of full national sovereignty over the assets recovered. This project will be based at the Ministry of Planning and Economic Policy (planned allocation: \$800,000).

Support for the maritime sector

34. The Panamanian maritime sector needs a broad system of technical advisory service programmes and projects. The main areas are: maritime administration, which covers the granting and administration of professional licences, investigation of accidents, examination and inspection of vessels, marine pollution, port technology and security; training, important both for preparing officers for the merchant navy and skilled workers for the Canal operations, and general back-up training for the country's maritime administration; development of services which can be provided to the international maritime sector and the fleet for transport through the Panama Canal (back-up services for ships, repair and maintenance). Technical advisory services in these areas will facilitate the establishment of an international shipping centre in Panama. The co-operation programme in the maritime sector will be carried out at the various intergovernmental institutions responsible for the programme (planned allocation: \$800,000).

Linkages

35. The three projects described under this first objective of the fourth country programme are complementary since the naval school support project is geared to the training of personnel to exploit Panama's maritime potential, both in the area of its merchant navy and in the area of basic training for future operators of the Canal. Priority is attached to both of these aspects within the overall objective of exploiting the country's geographical position.

Programmed reserve

36. Various government bodies have formulated ideas for projects which are related to the recovered areas and to the country's geographical position (for example, management of the Canal basin, urban planning in the recovered areas, development of export services) which could form the bases of projects for which financing could be obtained (subject to appropriate Government approval) and for which a programmed reserve of \$800,000 has been established for this first objective.

Increased efficiency in the public sector

37. The development objectives pursued by the Government in this field are to strengthen the management capacity of the State administrative apparatus (both centralized and decentralized) in order to improve its standard of service to the public, contribute to the implementation of economic recovery measures, and increase the productivity of State enterprises. The Government has included this priority area in the fourth country programme in view of the fact that the United Nations has long been co-operating with the Ministry of Planning and Economic Policy in the formulation of development plans and programmes. These efforts should continue to make maximum use of the installed capacity in the areas of information, and working methods and procedures.

Ongoing projects

Upgrading of public sector management (PAN/84/004)

38. This project was begun in November 1985 and is chiefly intended to upgrade the management and technical capacity of the ministries under the executive for the formulation and management of national policies; establish co-ordinating mechanisms to identify the priority activities of public agencies; and enhance the capacity for the evaluation and the programmed increase of the institutional output of the decentralized agencies in the production sectors (planned allocation: \$300,000).

Development of civil aviation (phase 2) (PAN/86/006)

39. The objectives of this project are related to tasks formulated during the third programme and which should now move on to the implementation phase. These include the implementation of the National Plan for the Development of Civil Aviation, and the implementation of planning systems for the economic aspects of air transport. This project will also continue the activities in support of the functions of the Civil Aeronautics Board in the area of technical training, automation and computerization of the Aeronautic Information Service, the Air Transport Service, and the Communications System. An amount of \$1 million has been earmarked for this project, 75 per cent of the total cost of which will be financed by the Government (cost-sharing).

Proposed projects

Public administration development plan

40. The preliminary objectives of this project (strengthening the national training system, developing the management capacity of the central Government and of the decentralized sector, and improving local authorities administration) will be refined in the light of the results of project PAN/84/004, which is under way. The operational focal point of the project will be the Institutional Development Department of the Ministry of Planning and Economic Policy and the project will be implemented through ministries, municipalities, and through decentralized public sector agencies (planned allocation: \$500,000).

Strengthening of the national system of international technical co-operation

41. A number of measures were taken during the third programme to revitalize the system of international technical co-operation (PAN/81/004). This project is intended to consolidate the system in order to improve and enhance the results obtained in this area of public administration. The new project will cover such aspects as upgrading of management tools, with special emphasis on the follow-up and evaluation of international technical co-operation projects, methodologies, training of officials from ministries and autonomous agencies, and strengthening of international technical co-operation sub-systems (planned allocation: \$300,000).

1990 national censuses

42. The aim of this project is to provide advisory services for the 1990 national population and housing censuses, and for related population studies. The technical co-operation required covers different aspects of the census process: sampling, cartography, demographic analysis, organization and training for the censuses of population, housing and migrations, data-processing, and population and economic variables. It is expected that this project will be co-financed by the United Nations Fund for Population Activities (UNFPA) (planned allocation: \$400,000).

Upgrading of the institutional management system of the National Telecommunications Institute (INTEL)

43. During the third programme, the National Telecommunications Institute (INTEL) received UNDP co-operation in the form of three projects (personnel training, radio communications and financial management). This new project seeks to provide comprehensive technical advisory services to the Institute with a view to modernizing the basic systems of the enterprise (administrative, financial, accounting and planning) and improving technical and operational skills in areas related to user services. It will also establish a proper basis for the technological changes which INTEL needs to undergo as a modern public sector enterprise. This is a cost-sharing project in which the Government is providing 85 per cent of the total expected costs (planned allocation: \$2 million).

Linkages

44. The six projects aimed at this objective are closely related in so far as those ongoing projects which are to be continued (public sector management and civil aviation) focus on the institutional strengthening of the decentralized enterprises, which is part of a broader effort to modernize the entire public sector, a goal which the new programme proposal seeks to achieve. The basic data obtained from the population and housing censuses are vital elements in development planning and State administration. International technical co-operation is also an essential complement for the achievement of the national objectives.

Programmed reserve

45. A reserve of \$215,000 is planned for new activities to be defined in the context of this objective.

Increasing productivity and international competitiveness in the production sectors

46. Part of the IPF will be used to finance technical co-operation aimed at supporting Government policies towards the production sectors, chiefly agriculture and non-agricultural rural activities. A new impetus is to be given to these sectors by improving productivity and competitiveness internationally. The Government's operational programmes will require technical assistance in aspects such as the development of training systems for rural development and increasing agricultural productivity. The Government regards the participation of the United Nations system in this area as outstanding and, with the inclusion of the project described in the following paragraph, is providing a follow-up to some of the recommendations of the United Nations inter-agency mission on rural development which visited the country recently (April 1986).

New project

Organization, participation and training for rural development

47. The objective of this project will be to co-operate in the training programmes of the Ministry for Agricultural Development as part of an existing body of support activities financed from other sources of funding for technical and administrative organization, participation and production of the small farmers. The education and training of these groups, which includes the transfer of technology for increasing productivity, is a sine qua non for their integration into the process of producing for market, which is the basic official policy objective for this sector (planned allocation: \$500,000).

Programmed reserve

48. A programmed reserve of \$550,000 is planned for this objective. Some activities which are expected to be financed by part of these resources relate to technical co-operation with the Sindicato de Industriales de Panamá (Panamanian Association of Manufacturers) as a follow-up to co-operation during the third programme.

Assistance to economically depressed areas

49. The Government and UNDP agreed to earmark IPF resources for the continuation of the technical advisory services started during the third programme in respect of dire poverty and assistance to economically depressed areas. An exhaustive diagnosis was already made in the previous phase of the situation of that part of the Panamanian population which falls into these economic and social categories, and the current programme will move into a strictly operational phase.

New projects

Assistance and co-ordination of activities in economically depressed areas

50. The objectives of this project are as follows: the identification and design of programmes and investment projects to support Government activities in specific economically depressed areas and co-operation in mobilizing domestic and external

financial resources for social and/or productive investment in these areas. The priority sub-programmes forming part of this project are: (a) productive employment in non-agricultural economic activities, rural or urban, carried on profitably by small informal businesses; (b) plans for housing, services and basic infrastructure for the underprivileged population; (c) educational programmes for economically depressed areas in accordance with the priorities established for these sectors by the Ministry of Education: pre-school education outside the school system, adult education (literacy and post-literacy) and intercultural bilingual education; (d) technical co-operation in health matters, in the light in particular of the experience of the primary health care programmes put into effect by the Ministry of Health with the assistance of WHO. The co-ordination of these activities - and those of other technical co-operation institutions (WFP, UNICEF, IFAD, UNFPA) being developed as support for economically depressed areas - will be the responsibility of the Ministry of Planning and Economic Policy and activities in the field will be carried out by the existing governmental bodies (planned allocation: \$360,000).

Implementation of employment programmes

51. The purpose of this project is to provide support for the Ministry of Labour and Social Welfare in designing programmes and specific projects for creating productive employment for the disadvantaged population. Its results will be used in the employment sub-programme of the project of assistance to economically deprived areas described in the previous paragraph. ILO will provide a contribution from its own resources (\$45,000) to finance some project activities. Technical supervision will be the responsibility of the Panama Office of the Regional Employment Programme for Latin America and the Caribbean (PREALC).

Maternal and child health, and sex education

52. Under the technical co-operation programme submitted for consideration by UNFPA, which is one of the priorities of the fourth country programme, financing is requested to continue the development of maternal and child health activities, and sex education, focusing this time on the economically depressed areas. Activities in respect of the former relate to the improvement of the system for reporting and registering births and deaths, the administration of maternal and child health services and the provision of contraceptives. As regards sex education, technical advice is needed for the preparation, dissemination, implementation and follow-up of school programmes with a sex education component. Project activities will be co-ordinated with the project for assistance to economically depressed areas (planned allocation: \$100,000).

Linkages

53. The converging objectives and operational relationship of the projects that form part of this fourth programme objective are closely linked to the definition of the purposes of the project for assistance and co-ordination of activities in economically depressed areas, which is intended to be the focal point of technical co-operation activities, both at the national level and at the level of regional and subregional projects, relating to dire poverty, employment and education in economically depressed areas.

Programmed reserve

54. A programmed reserve of \$545,000 is planned for this objective.

Government contribution to the country programme

55. The Government plans to make an overall financial contribution to the fourth programme of \$3 million, in addition to the \$2,450,000 to be provided under cost-sharing arrangements. This co-financing represents 55 per cent of total programme costs.

C. Unprogrammed reserve

56. An unprogrammed reserve of \$840,000, corresponding to 8 per cent of total IPF resources plus cost-sharing is planned to finance unforeseen activities which may arise from new priority requirements of the Government not envisaged in the four programme objectives outlined above.

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	350 000	
Fourth cycle IPF	4 125 000	
Subtotal IPF		4 475 000
Special Measures Fund for Least Developed Countries	-	
Special programme resources	-	
Government cost-sharing	5 450 000	
Third party cost-sharing	-	
Operational funds under the authority of the Administrator	-	
UNDP special trust funds	-	
Subtotal, UNDP non-IPF funds		5 450 000
 <u>B. Other sources</u>		
Funds from other United Nations agencies or organizations firmly committed as a result of the country programme exercise (UNFPA)	500 000	
Parallel financing from non-United Nations sources (ILO)	45 000	
Subtotal, other sources		545 000
 TOTAL ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING		<u><u>10 470 000</u></u>

II. USE OF RESOURCES

Ongoing projects	1 400 000	
New project proposals	6 120 000	
Programmed reserve	2 110 000	
Subtotal, programmed resources		9 630 000
Unprogrammed reserve		<u>840 000</u>
 TOTAL USE OF RESOURCES		<u><u>10 470 000</u></u>
