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COUNTRY AND INTERCOUNTRY PROGRAMMES AND PROJECTS

SIXTH COUNTRY PROGRAMME FOR SINGAPORE*

<u>Programme period</u>	<u>Actual resources programmed</u>	<u>\$</u>
January 1987- December 1989	IPF for 1987-1989	1 980 000
	Third cycle balance	<u>747 000</u>
	Total	2 727 000

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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; and (d) distribution of new country programme by sector.

I. DEVELOPMENT TRENDS, STRATEGIES AND PRIORITIES

A. Current economic trends

1. The sixth country programme for Singapore will span a three-year period, from January 1987 to December 1989, within the fourth programming cycle (1987-1991). The major consideration underlying the decision to formulate a three-year, instead of a five-year country programme was the planning flexibility that a shorter programme would allow, given the extremely open nature of the Singapore economy, its high dependence on the global economy, and the need for it to respond quickly to changes in international economic conditions. All previous Singapore country programmes have also, for the same reasons, been of two- and three-year durations. The seventh country programme will be formulated in 1989 for the remaining two years (1990-1991).

2. An indicative planning figure (IPF) of \$3.3 million has been approved for Singapore for the fourth programming cycle, pursuant to Governing Council decision 85/16. In addition, approximately \$747,000 will be carried forward from the third programming cycle, increasing the total IPF allocation for the fourth cycle to approximately \$4.047 million. This compares to a total Government outlay for development of some \$12,000 million over a five-year period. Of the \$4.047 million, approximately \$177,000 is committed in 1987 for ongoing projects approved under the fifth country programme.

3. Singapore is heavily dependent on foreign expertise, technology and capital: almost 20 per cent of Singapore's GNP accrues to foreigners. Moreover, the general level of education is low in comparison to that of developed countries: for example, 43.7 per cent of Singapore's population above 25 years of age is totally without education, compared to 0.4 per cent in Japan and 3.3 per cent in the United States. Only 6.5 per cent of Singapore's population above 25 years of age has post-secondary education, compared with 32.2 per cent in the United States, 14.3 per cent in Japan and 28.4 per cent in New Zealand. In addition, there is a serious shortage of research and development (R and D) facilities; the ratio of gross national R and D expenditure to gross national product (GNP) stands at only 0.31, compared to 1.06 for South Korea, 0.70 for Taiwan, and 0.88 for New Zealand.

4. Against this background, UNDP resources available to Singapore, though relatively small, produce maximum benefit by concentrating on specialized, highly focused technical advice and training. This has been pointed out in an assessment carried out for UNDP by the Regional Representative and accepted by the Government. It should also be mentioned that the United Nations volunteers have played a useful role in the upgrading of technological facilities in the Singapore Polytechnic. NGO participation was introduced for the first time through collaboration with the United Nations Association of Singapore.

5. After two decades of continuous and healthy economic growth, the Singapore economy declined by 1.8 per cent in 1985. This sharp downturn - from the 8.2 per cent growth achieved the previous year - is attributed to the convergence of poor global demand conditions and major structural deficiencies in the economy.

6. All sectors of the economy were severely affected. Manufacturing output in 1985 fell by 7 per cent whilst key industries such as oil and marine-related industries (which account for 25 per cent of the manufacturing workforce) were especially adversely affected.
7. The slowdown in international trade in 1985 had an adverse impact on Singapore, which has an open economy and is highly dependent on trade and external demand. After nine years of continuous growth, exports fell by 2.3 per cent. Notwithstanding global appeals for freer trade, protectionist sentiments in both the industrialized and developing countries continued to run high. Singapore is located in the midst of major commodity-producing countries. The slump in all commodity prices has therefore meant less regional trade, a problem unique to Singapore, one not found in the other East Asian newly industrialized countries (NICs). In 1985, Singapore was alone amongst the four export-oriented Asian NICs to register negative growth.
8. Internally, loss of international competitiveness and structural rigidities in the economy have been identified as major causes of the recession. The slump in Singapore's construction sector is also a major contributor to the downturn.
9. The unemployment rate as at end of March 1986 stood at 6.1 per cent, the highest in more than 15 years.
10. The outlook for 1986, 1987 and 1988 is bleak. The economy is expected to shrink by another 1.5 per cent in 1986. For the first time in its history, the Government budget for the financial year 1986-1987 will suffer a deficit estimated at 15 per cent of the total budget. Several austerity measures have been introduced, including a severe reduction in real wages in both the private and public sectors. There are also firm moves under way to reduce overall civil service staffing levels by 10 per cent by 1990.
11. In keeping with the philosophy of a lean and trim civil service, and reliance on the private sector as the engine for growth, the Government has reaffirmed its commitment towards divestment of Government-owned companies to the private sector. The Government will instead focus on providing a conducive business environment and creating investment opportunities.

B. National development strategies

12. In March 1985, the Government appointed a high-level team (called the Economic Committee), comprising public and private sector representation to undertake an in-depth review of the state of the economy, and to identify new directions for future growth. The review, which was timely in view of the severe economic downturn in 1985, was completed in February 1986. The report of the Economic Committee has since been adopted by the Government as the national economic development plan for the rest of the decade.

13. The report has identified Singapore's economic priorities and targets as well as long-term and short-term measures aimed at achieving them. On the macro level,

the Economic Committee has reaffirmed Singapore's long-term objective of restructuring the economy, and has concluded that moving towards an economy based on high value added activities is the only viable long-term option for Singapore.

14. The key to achieving sustained growth is increased productivity, particularly since Singapore has few natural resources apart from people. The training, upgrading and education of workers and management is therefore of paramount importance. Recognizing this, the Government has re-emphasized its policy to give top priority to educating each individual to maximum potential and has stressed the need for continuous training and retraining.

15. The Economic Committee has underscored the importance of the manufacturing sector, and has recommended active measures to ensure that it remains strong and viable. Manufacturing contributes 23 per cent of Singapore's GNP. More importantly, the manufacturing sector earns more than 50 per cent of Singapore's foreign exchange, and provides roughly one third of total employment. There are also important linkages between manufacturing and key service sectors such as finance and banking, transportation and communications.

16. Other crucial sectors identified as having high growth potential include finance and banking, transportation and communications and other internationally tradeable services. Other specific service industries that have been targeted for development are: the air transport services industry - a key subsector in view of Singapore's strategic location; computer services; laboratory and testing services; agro-technology; and hotel management services.

17. Tourism is also a major earner of foreign exchange. With visitor arrivals slowing down, the Government has emphasized the need to upgrade the tourist sector by injecting greater professionalism in the production of tourist services.

C. Technical co-operation priorities

18. As already mentioned, the relatively small IPF makes it important that UNDP technical co-operation be focused on a few well-defined needs and priority areas rather than diffused over a broad front. Care has been taken to ensure that target areas are in line with the national development strategies identified by the Economic Committee and that the institutions concerned with these areas are capable of utilizing UNDP resources effectively in terms of translating them into benefits for the economy at large. The experience of these institutions with UNDP resources utilized in earlier country programmes was a key consideration in this regard.

19. Based on these considerations, the needs and priority areas for technical co-operation have been identified as follows: (a) the upgrading of industrial technology; (b) the development of public sector services; (c) the upgrading of the transportation and communications sector; and (d) the development of manpower in the public sector.

20. The programming process for the sixth country programme started in late 1985 with a call for project proposals from the Ministry of Finance, Revenue Division,

which is the Government agency in charge of UNDP matters. This call was made on all Government Ministries and Statutory Boards (quasi-Government agencies). A significant number of project proposals was received. The Ministry of Finance, Revenue Division, in consultation with the Regional Representative, adopted a rigorous screening process to select only those projects that fall within the needs and priority areas defined by the Government. Additionally, only well thought-out and well focused projects with promising economic or social potential have been included.

21. The sixth country programme for Singapore will be complemented by activities under the fourth cycle inter-country programme (1987-1991) for Asia and the Pacific. In this regard, the Government has submitted to UNDP a number of proposals for new regional projects that could take advantage of technological bases available in Singapore for regional co-operation under the aegis of Technical Co-operation among Developing Countries. These are intended to follow the example of RAS/71/040, Civil Aviation Training Centre, which has demonstrated the successful application of the concept of Technical Co-operation among Developing Countries. The Centre conducts a variety of courses in civil aviation matters, such as primary air traffic control, aerodrome control, airport rescue and fire fighting, airport engineering and aeronautical cartography.

D. Aid co-ordination arrangements

22. Externally financed technical co-operation is co-ordinated by the Government itself. The total amount is rather modest: for example, in 1984 it was approximately \$7 million from all donors combined. Among the multilateral donors, the UNDP contribution in 1984 ranked first, with approximately \$1.1 million. All bilateral aid combined amounted to \$3.5 million, of which France contributed \$1.5 million in the field of science and technology. All multilateral aid, excluding that from UNDP, amounted to \$2.3 million.

23. As in the case of the fifth country programme, the Government proposes to supervise and monitor projects closely and has requested, subject to the concurrence of the Administrator, the responsibility of executing most of the projects through its institutions and agencies. Wherever useful, the Government will co-ordinate contributions from other donors with those from UNDP.

II. THE COUNTRY PROGRAMME

A. Assessment of current country programme

24. The fourth and fifth country programmes for Singapore were undertaken within the ambit of the third programming cycle (1982 to 1986). The fourth country programme covered the three-year period 1982 to 1984, whilst the fifth country programme covered the two-year period 1985 to 1986. This assessment deals only with the fifth country programme.

25. Singapore's developmental objectives and priorities over the period of the fifth country programme were focused on the development of manpower resources, the upgrading of industrial technology and the development of public sector services. Indeed, the fifth country programme was formulated within that framework.

Development of manpower resources

26. UNDP support to projects under this objective was directed at the Public Service Division (PSD) and the two polytechnics.

27. Under the projects, SIN/81/001, High-Level Manpower Development and SIN/84/001, High-Level Manpower Development Phase II, PSD organized training courses to prepare senior civil servants for the increasing scope and complexities of Government functions. Senior civil servants from several ministries and departments have benefited under this project.

28. UNDP assistance to the Polytechnics was aimed towards the development of technical training facilities through five projects: (a) SIN/78/005, Workshop Curriculum and Staff Development Programme; (b) SIN/80/009, Curriculum and Staff Development Programme; (c) SIN/78/009, Singapore Polytechnic (Phase II); (d) SIN/80/002, Development of the Instrumentation and Control Diploma Programme (Phase II); (e) SIN/84/003, Technician Training Programme for Upgrading Manpower and Facilities. Under these polytechnic projects, thirty five people have been trained in the development of new training programmes in micro-processor technology; in environmental health engineering and industrial management; and in developing the capability to manage and conduct training courses in these areas.

Upgrading of industrial technology

29. The Singapore Institute of Standards and Industrial Research (SISIR) is a well-established Government institution for the support of industries. UNDP assistance to SISIR was aimed at developing new, specialized areas of competence with two projects: (a) SIN/81/002, Development of Materials Technology and Applications Centre; and (b) SIN/84/004, Modern Chemical Centre for Materials Evaluation. These two projects cover key areas directed at upgrading Singapore's industrial and manufacturing sector and are being successfully implemented.

Development of public sector services

30. In the transportation sector, project SIN/81/004, Reinforcement of Civil Aviation, was administered by the Civil Aviation Authority of Singapore (CAAS). The project was successful in its objectives of establishing sound operational infrastructure to comply with stringent international standards for the provision of aviation and airport-related services. The quality of technical services at Changi Airport is exemplified by the fact that it has consistently received top rating from the International Federation of Airline Pilots Association (IFALPA). This success is partly attributable to the experts provided under UNDP assistance.

31. In the health service sector, UNDP continued assistance to the Veterinary Public Health Institute under its project SIN/78/014. This project is in its final

stage of implementation. It has enhanced the capabilities of the Public Health Laboratory and its expertise to plan, implement, monitor and support a wide range of veterinary public health activities.

32. With the exception of one project, SIN/79/004, Occupational Safety and Health Institute, which encountered implementation difficulties arising from the quality and timing of experts provided, the Government is overall extremely pleased with the projects executed under the fifth country programme. The Programme has reinforced the Government's convictions on the usefulness of the UNDP contribution to the development of Singapore.

B. New programme proposal

Upgrading industrial technology

33. The importance of the manufacturing sector in Singapore's economy cannot be over-emphasized. At present, two thirds of the manufacturing sector GNP is generated by multi-national corporations, with local manufacturers playing a relatively small role since they lack technical expertise and know-how.

34. The Singapore Institute of Standards and Industrial Research (SISIR) is vested with the responsibility of upgrading the technical competence of local manufacturers in the areas of quality control, materials applications and process technology. To this end, SISIR has established with UNDP assistance a Materials Technology and Applications Centre (MTAC), the primary objective of which is to assist local manufacturers in understanding materials technology in order to make better and more efficient use of materials.

35. Under the sixth country programme, UNDP assistance amounting to \$195,000 is being sought for the development of specialized areas of materials technology in MTAC. This project will be implemented as Phase II of the ongoing project, SIN/84/004, Development of Modern Chemical Centre for Material Evaluation, under the fifth country programme. In this regard, it should be emphasized that whilst the ongoing project focuses on developing competence in the area of chemical technology, the new phase of this project to be financed under the sixth country programme will aim towards enhancing and accelerating the development of specific, selected areas of materials technology. In turn, the know-how acquired will be used to provide assistance to local firms in the private sector to upgrade, innovate and carry out research and development in materials technology. Disbursement of funds under Phase II of the project will begin in 1988 because of the carry forward into 1987 of resources made available under the fifth country programme.

36. SISIR is also aware of the existence of UNDP modalities of assistance other than the IPF and plans to tap these to further the objective of upgrading industrial technology. These modalities include bilateral funding made available through UNDP under the short-term advisory services (STAS) and the United Nations Financing System for Science and Technology for Development (UNFSSTD) programmes.

Development of public sector services

37. The development of high value-added services has been identified as an integral part of the overall strategy for future growth. One Government agency involved in this process is the National Computer Board (NCB), set up to spearhead the drive towards greater computerization in the private and public sectors and to promote computer-related services. NCB plans to submit a proposal for UNDP assistance for which a sum of \$300,000 will be set aside as a programmed reserve.

38. The Government recognizes the value and importance of having good, reliable, easily accessible and up-to-date information. To this end, it has commissioned the development of computerized national data bases to serve both the private and public sectors.

39. The first data base is the Land Information Data Base being developed by the Ministry of Law. This data base will collate, process, store, update and furnish data pertaining to land matters on a national basis. The Ministry of Law has requested UNDP expertise estimated at \$545,000 for the development of the Land Information Data Base.

40. The second data base is the Economic/Statistical Data Base being developed by the Ministry of Trade and Industry. This data base will collate, process, store, update and furnish data pertaining to economic matters on a national basis. The Ministry of Trade and Industry has asked for UNDP assistance amounting to \$121,000 for computer software development for this data base.

Upgrading the Transportation and Communications Sector

41. The transportation and communications sector is a vital service sector whose share of GNP has been increasing steadily from 11 per cent in 1975 to 14 per cent in 1984.

42. Air transport services is a key subsector, though one that is unlikely, because of mounting protectionism, to repeat the robust growth experienced in the last decade. It is important, therefore, for airport management and aviation-related services to be continually upgraded and improved and for CAAS staff to keep abreast of the latest technologies and techniques in civil aviation.

43. Towards this end, CAAS has formulated a project entitled Towards Excellence in Civil Aviation, for which it has requested UNDP assistance amounting to \$360,000, in the form of experts and fellowships in diverse aviation-related areas.

Development of manpower in the public sector

44. The Public Service Division (PSD) has in the past received UNDP assistance in organizing training courses for high level civil servants (SIN/81/001, Phases I and II). PSD has asked for an amount of \$553,000 to be provided for an extension of this project (Phase III) in the sixth country programme. This amount will be used for training in new areas such as the analysis of labour statistics for formulating human resources and the use of economic data in collective bargaining, workers compensation and demography/population studies.

45. The Singapore Tourist Promotion Board is the government agency in charge of promoting tourism. It has recently established a unit to study human resources development for the tourist sector, i.e., to examine specific ways of injecting greater professionalism into tourist services provided by the local tourist industry. It has asked for UNDP expert assistance amounting to \$242,000 to formulate the strategy and work plan for this unit.

46. In line with the Government objective of increasing female participation in the labour force, without compromising the importance of raising a family, the Ministry of Community Development has embarked on a child care development programme for the establishment of professionally managed child care services. Professional child care is a new concept in Singapore and the Ministry has therefore requested UNDP expert assistance, in an amount of \$132,000, to draw up the programmes for these centres and to train the staff to run them.

C. Unprogrammed reserve

47. The total amount of resources required for the implementation of the sixth country programme is estimated at \$2.72 million. Almost all of this will be deployed towards the provision of experts and training, with only a small amount being used to finance specialized equipment. This is done deliberately, as it is recognized that the value of UNDP assistance lies principally in the high quality of experts and training that can be procured under UNDP auspices. The remaining \$1.32 million of available resources will be retained for the seventh country programme, to be formulated in 1989.

Annex

FINANCIAL SUMMARY

I. ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING

A. UNDP-administered sources

	\$	\$
Third cycle IPF balance	747 000	a/
Fourth cycle IPF (1987-1989)	1 980 000	b/
Subtotal IPF		2 727 000
Special measures fund	-	
Special programme resources	-	
Government cost-sharing	-	
Third-party cost-sharing	-	
Operational funds under the authority of the Administrator	-	
UNDP special trust funds	-	
Subtotal, UNDP non-IPF funds	-	

B. Other sources

Funds from other United Nations agencies or organizations firmly committed as a result of the country programme exercise	-	
Parallel financing from non-United Nations sources	-	
Subtotal, other sources	-	
TOTAL ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING		<u>2 727 000</u>

II. USE OF RESOURCES

A. Programmed

Ongoing projects	925 000	
New project proposals	1 400 000	
Programmed reserve	300 000	
Subtotal, programmed resources		2 625 000
Unprogrammed reserve		<u>102 000</u>
TOTAL USE OF RESOURCES		<u>2 727 000</u>

a/ Of which \$177,000 is already committed.

b/ The IPF for the full fourth cycle is \$3.3 million, of which \$1,320,000 is for 1990-1991 and will be used in the seventh country programme.