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MID-TERM REVIEWS OF COUNTRY AND REGIONAL PROGRAMMES

Mid-term review of the fourth country programme for Brazil

Report of the Administrator

SUMMARY

The present report is submitted in accordance with Governing Council decision 89/11 of 23 February 1989, requesting the Administrator to report on a representative selection of mid-term reviews of country programmes.

INTRODUCTION

A. IPF funds committed to new projects during the period under review

1. As at January 1989, the indicative planning figure (IPF) entitlement for the fourth country programme had been increased to \$17,937,000 as a result of Governing Council decision 88/31. Of this amount, \$14,979,000, or 83.5 per cent of the IPF entitlement, had been budgeted against approved projects during the period under review, with \$12,624,000 allocated to new projects and \$2,355,000 to projects carried over from the third country programme.

B. Uncommitted IPF balances

2. At the time of the review \$2,095,000 of the IPF entitlement remained to be approved. However, there is a more than sufficient pipeline of projects to ensure that available resources will be fully utilized during the present cycle. In fact, the active pipeline is \$7,470,000.

C. Expenditures against approved projects during the period under review

3. Total funds budgeted for approved projects within the fourth country programme as at August 1989, including the IPF and government cost-sharing were \$53,495,000. Of the IPF entitlement, \$8,097,000, or 45 per cent, had been expended in the first two years of the Programme. Of the total funds, including cost-sharing, \$19,223,000, or 36 per cent, was expended by the end of the same two-year period.

D. Unexpended balance of funds committed to projects

4. The unexpended balance of funds committed is \$34,274,000 after allowing for expenditures in 1987 and 1988. In addition, there is indicative budgeting of \$13,118,000 for pipeline projects, of which \$7,747,000 is IPF entitlement and \$5,371,000 is government cost-sharing.

E. Expenditures of Central Project Development Facility funds during the period under review

5. Two projects were formulated through the use of the Project Development Facility. The first project, BRA/89/001 - Optimization of the Use of National Coal - whose Project Development Facility allocation of \$20,000 was spent, involved the recruitment of an international consultant to appraise a project proposal from ELETROSUL for the local development of technologies to burn high-sulphur coal while minimizing its environmental impact. A second project, for which \$20,000 from the Facility has been secured, involves the Ministry of External Relations, the International Trade Centre and the United Nations Industrial Development Organization (UNIDO), in the formulation of a project to modernize and improve Brazil's commercial promotion system.

I. PROGRAMME/PROJECT DATA

A. Comparison of planned project list against actual project approvals

6. The comparison shows that nearly all projects have proceeded consistently with the original plan. Of the 57 projects included in the fourth country programme (47 new and 10 ongoing) when it was approved, only 10 have not yet started activities.

B. Projects not in original country programme

7. During the present country programme period, a large irrigation project included in the programme was divided into three separate projects: BRA/87/008 - Agrometeorology - BRA/87/005 - Social Impact of Irrigation - and BRA/86/014 - Legal Aspects of Irrigation - each with its own implementing agency. Aside from these, only three projects which have been approved were not in the original country programme although each one is consistent with the objectives of the programme. These projects are:

BRA/88/014 - Independent non-governmental organizations (NGOs) network, which has a total funding of \$49,000, of which \$10,000 is IPF;

BRA/87/036 - Economic Delimitation-Tourism - which has a total funding of \$72,000, all of which is IPF;

BRA/88/012 - Global Economic Trends - which has a total funding of \$95,000, all of which is IPF.

C. Progress in programme implementation: activities and results

8. The implementation of the fourth country programme has followed the objectives and planned direction of the approved programme very closely. The continued application by the United Nations Development Programme (UNDP) and the Government of a rigorous monitoring and evaluation process throughout the programme at the project identification, formulation and implementation stages has meant that UNDP resources have been used as planned, primarily to facilitate access to necessary external technology, rather than serve as budgetary support to recipient institutions. The bulk of UNDP funds is, therefore, being used on funding consultants and experts, training abroad for Brazilians, and equipment which is demonstrably needed and part of a technology-transfer package. In June 1989, out of the 63 projects approved within the programme, 13 had been operationally completed. During the period under review, seven projects commenced with a preparatory assistance phase. In addition to monitoring the implementation of the country programme, the UNDP field office is also active in assisting the Government in its efforts to mobilize other resources. This occurs particularly in regard to the large number of project proposals which are identified but which, primarily because of limited funding resources, cannot be accommodated within the IPF entitlement of the country programme.

9. Both NGOs and private-sector entities are becoming increasingly involved in project execution, for example, in management training for projects in the Amazon region (BRA/87/021), in the centre west of Brazil (BRA/87/004), and in rural extension work (BRA/87/010).

10. Another important dimension of the programme's international development activities is the emphasis placed by Brazil on sharing its knowledge and know-how with other developing countries. Thus it has for many years sought to include Technical Co-operation among Developing Countries (TCDC) activities within many of the country programme projects. A major example in the fourth country programme is BRA/86/001, which is providing this catalytic support in the areas of agriculture, agro-industry, energy, transport and communications, public administration and mineral research.

11. The fourth country programme also contains projects in which women are among the active participants and major beneficiaries. Thus, although IPF resources are not being used to finance projects which are specifically or exclusively for women, the women's component of the programme is fully integrated without being separately identified. For example, project BRA/87/010 on rural extension is recruiting and training both women and men to be extensionists. In project BRA/86/002 - Management Training for Primary Education Projects - women are the main beneficiaries.

12. Rigorous monitoring of ongoing projects is done jointly by the Brazilian agency for co-operation and UNDP.

II. PROGRAMME ANALYSIS

A. What are the reasons for its deviations from its original goals and targets?

13. The original goals and targets have remained unchanged. What has changed, however, during the period under review has been various economic and political parameters. The Government has taken several budgetary and organizational decisions which have led to some projects not yet starting. The government measures also include budgetary cutbacks in areas affecting the country programme projects. As a result of these decisions, it has been necessary to keep all projects under active review in order to identify, and respond where appropriate, to government decisions which might affect the validity of the programme.

B. Were the new projects in the country programme identified as planned?

14. As indicated, projects have been identified as planned.

C. What were the major problems experienced in the implementation of the programme?

15. Although the implementation of the programme in the first two years of the fourth cycle has proceeded largely as planned, there have been some problems or constraints that have had to be faced during project implementation. The first of these relates to the institutional strength of some government agencies. The large

number of institutional and personnel changes that have occurred, with associated budget cutbacks, have caused some difficulties. These cutbacks have led, for example, to over \$7 million of government programme cost-sharing funds not yet materializing, although this has been more than compensated for by an increase in funds for project cost-sharing. Also, some agencies can no longer make full use of the appropriate administrative instruments, for example, to manage project funds, while elsewhere there has been a decrease in project management capacity in some government implementing agencies. This has resulted in a few ongoing projects requiring action to be taken to overcome an unforeseen decrease in the implementing agencies' institutional strength. Greater consideration will need to be given in future to an implementing agency's management capacity when deciding whether or not a project should proceed. Another problem has been the increasing difficulty of attracting high-level overseas experts with the conditions of service offered by UNDP. This has resulted in an increasing number of national experts and short-term consultants being engaged.

D. Was the country programme a useful tool for United Nations system and other donors in identifying other national assistance projects?

16. The Government carried out its own needs assessment for international technical co-operation immediately prior to the preparation of the country programme. The Government and UNDP are always on the watch to identify project opportunities not originally contemplated in the country programme. The country programme pipeline is proving a useful tool for identifying assistance projects for other donors.

E. Continued relevance of original country programme objectives

17. The country programme is being implemented during a period of considerable political and economic change in Brazil. Politically, the country has been ruled by a civilian Government elected in 1985 following a 21-year period of military rule. The civilian Government's introduction of its own priorities has resulted in various changes in official policies and administrative arrangements. Economically, Brazil has continued to be negatively affected by its very large foreign debt (currently about \$120 billion), a large internal debt (the current government budget deficit is some 5 per cent of the country's gross national product); and the country has experienced high levels of inflation (currently over 1,000 per cent per annum). The Government has introduced a number of fiscal and monetary measures to address these problems.

18. Despite these significant events, the country programme, which was formulated in the context of the Government's own national development plan, has proved to be a very useful planning tool for the utilization of UNDP resources. Nearly all projects are being implemented as planned but with some changes in emphasis and minor variations which reflect evolving circumstances and events. This has necessitated efforts towards institutional strengthening and the implementation of projects at these levels.

F. Major changes identified in technical assistance needs at the national or sectoral level (e.g., as a result of the National Technical Co-operation Assessment and Programme or similar exercises, or country programme evaluation)

19. No significant changes have been identified. However, changes in circumstances and priorities have led to some shifts of emphasis in several aspects of the country programme. At the national level, with the deterioration of the capacity of the country's administrative machinery, the country programme is frequently being called upon to provide managerial support for the Government's own development projects. At the sectoral level, the increasingly global interest in environmental issues has led to an enhanced recognition of an emphasis on the environment component of country programme projects. It is the Government's view that no National Technical Co-operation Assessment and Programme is necessary in Brazil.

G. Programme adjustments in response to changes in the political or economic environment

20. In the period under review, very few major programme adjustments have been necessary. The major adjustments have been in the deferral of ten new projects. Nearly all of these projects retain their validity, but are not able to proceed for one or more of several reasons: lack of appropriate agency to house them (two projects); lack of clear policy direction and adequate funding (four projects); no longer valid as a result of changed economic circumstances within Brazil (two projects); lack of sufficient resources to ensure the results (one project). These projects may be deleted if the new Government has different development assistance priorities; one of these is due to the decentralizing nature of the new Brazilian Constitution, leading to a need for institutional strengthening at both the state and the municipal levels; another responds to the need to reorient development priorities in the face of a changed international trading environment.

H. Consistency of the country programme with World Bank sponsored structural adjustment programme

21. There are no formal structural adjustment programmes being implemented, other than the Government's own programmes, and Brazil has not been the subject of World Bank Consultative Group meetings. However, at the request of the Government, UNDP does work closely with the World Bank in the identification of projects suitable for World Bank financing, and assisting with technical support during their implementation.

I. What technical assistance modalities were planned to be used to complement the country programme and what has been the experience to date?

22. There have been significant increases in both the government execution of projects and in project cost-sharing. With the growing global concern for the environment, more projects are including environmental components. Another important element of the programme is the emphasis that Brazil places on sharing its technical assistance gains with other developing countries through its many TCDC activities.

23. The selective increase in government execution of projects, from three in 1985 to 42 in 1989, suggests a growing maturity on the part of selected government agencies enabling them to undertake the implementation of projects. This has not led to a lower participation of United Nations system agencies. In fact, most government executed projects have United Nations agencies as associated co-operating agencies, and as government cost-sharing and total programmable resources have increased and the amount of total resources executed by the United Nations agencies has also increased.

III. EVALUATION

Are any evaluations planned for specific aspects of the whole programme?

24. Further decisions involving future evaluations of projects within the fourth country programme will necessarily be guided by decisions taken by the new Brazilian Government.

IV. RECOMMENDATIONS

Is the programme on track and do its objectives continue to be relevant?

25. The mid-term reviews recommended that:

(a) The country programme be reviewed again after the new Government takes office to ensure that the remainder of the programme is consistent with the development priorities of the new administration;

(b) Sectoral analyses of selected programme elements, particularly of those related to science and technology, public administration and macro-economic stabilization, be undertaken prior to the review;

(c) The existing rigour of continuous monitoring and evaluation of ongoing projects be maintained; and that the appraisal of new projects place added emphasis on ensuring that an adequate management capacity exists in proposed project counterpart agencies; and

(d) The evaluations of large ongoing projects be increased, especially in those cases where requests for a project extension into the fifth cycle are likely to be forthcoming.

Annex I

FINANCIAL DATA

I. ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING

Thousands of dollars

<u>Total resources taken into account for programming at time of approval of country programme</u>		58 863
<u>Resources taken into account for programming at time of mid-term review</u>		
IPF entitlement	17 937	
Programme cost-sharing	813	
Government project cost-sharing	43 887	
Third-party cost-sharing	-	
Other sources	8 135	<u>70 772</u>
<u>Net change in resources (increase)</u>		<u>11 909</u>

II. USE OF RESOURCES AT TIME OF MID-TERM REVIEW

Start of country <u>programme</u> (1987)	At mid-term <u>review</u> (1989)
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Thousands of dollars

Committed resources	3 342	53 495
Project proposals	54 521	13 118
Unprogrammed reserve	<u>1 000</u>	<u>-</u>
Total	<u>58 863</u>	<u>66 613</u>

Annex II

DISTRIBUTION OF IPF RESOURCES BY SECTOR

	<u>In accordance with country programme</u>	<u>Actual at mid-term review</u>	<u>Revised plan as result of mid-term review</u>
	<u>Percentages</u>		
General development	29	28	25
Natural resources	18	10	16
Agriculture	15	17	13
Industry	3	7	7
Transport/communications	10	18	14
International trade	-	3	4
Population	-	-	-
Human settlements	5	1	1
Health	-	0	0
Education	4	5	4
Employment	4	5	4
Humanitarian aid	-	-	-
Social conditions	-	0	0
Culture	2	2	2
Science/technology	<u>10</u>	<u>4</u>	<u>10</u>
Total	<u>100</u>	<u>100</u>	<u>100</u>

Annex III

DISTRIBUTION OF IPF AND COST-SHARING RESOURCES BY SECTOR

	<u>In accordance with country programme</u>	<u>Actual at mid-term review</u>	<u>Revised plan as result of mid-term review</u>
	<u>Percentages</u>		
General development	19	22	16
Natural resources	7	6	26
Agriculture	12	19	12
Industry	2	2	3
Transport/communications	37	37	20
International trade	-	1	1
Population	-	-	-
Human settlements	3	2	1
Health	2	0	2
Education	5	5	3
Employment	3	2	8
Humanitarian aid	-	-	-
Social conditions	0.5	1	1.5
Culture	0.5	1	0.5
Science/technology	<u>9</u>	<u>2</u>	<u>6</u>
Total	<u>100</u>	<u>100</u>	<u>100</u>
