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JOINT INSPECTION UNIT

United Nations technical co-operation in Central America
and the CaribbeanVolume II. The CaribbeanAddendumComments of the Secretary-General

INTRODUCTION

1. The Secretary-General has reviewed the report of the Joint Inspection Unit (JIU) entitled "United Nations Technical Co-operation in Central America and the Caribbean": volume II. "The Caribbean" (E/1985/3/Add.2). 1/ Agencies and other bodies of the United Nations system were invited to comment and their observations are reflected in these comments of the Secretary-General.

I. GENERAL COMMENTS

A. Overall views on the report

2. The report was issued in August 1985 and constitutes the second volume of a report dealing with an examination of technical assistance being provided by the United Nations organizations to the countries of the Caribbean. The first volume covered seven countries of Central America, while the present volume deals with the 22 countries of the Caribbean region.

3. This volume of the report offers an excellent analysis of the basic social and economic factors affecting the development prospects of countries in the Caribbean region. It identifies the main development issues and constraints in the Caribbean

region and the special challenges faced by the organizations of the United Nations system in supporting effectively the Governments' programmes of technical co-operation. It also assesses the extent to which United Nations technical co-operation has met the development needs of the subregion and has supported efforts by the countries to achieve sustained, self-reliant growth.

4. Among the important problems identified in the report which will require attention in the future are:

- (a) Lack of food production resulting in heavy imports of food;
- (b) Inadequate production of energy: the need to reduce the amount of petroleum (through conservation) and to explore renewable resources;
- (c) Excessive dependence on cash crops and light industries with dependent markets.

B. Question of resources and indicative planning figures

5. Two subjects dealt with by the report are of special importance:

- (a) The adequacy of resources for technical co-operation;
- (b) The question of institutional capacity and the role of technical co-operation.

6. The report identifies the special needs of small island developing countries. Several observations of organizations of the United Nations system support the Inspectors' comments regarding the calculation of gross national product (GNP) per capita and agree with their proposal that additional supplementary criteria should be taken into account in defining the indicative planning figure (IPF) levels for those countries, in addition to GNP per capita. The need for additional resources is also indicated by the decrease in government contributions (E/1985/3/Add.2, tables 1 and 2). Those countries are in need of additional rather than less external resources: they are unable to commit their own resources to compensate for the reduction of external sources of financing. Some areas which the report lists as main priorities, such as industrial development, soil conservation and diversification of agriculture, assistance has evidently been hampered by the constraint of declining resources.

7. When the Governing Council of the United Nations Development Programme (UNDP) decided in 1983, because of the inadequate levels of pledges, to reduce resources under the Programme to 55 per cent of the original illustrative IPFs established at the beginning of the third cycle, a special concession was made by the Council to small island developing countries: resources were maintained at 80 per cent of the originally established IPF for those countries with an IPF of \$1.5 million or less and a floor of \$1.2 million was established for those countries with an IPF in excess of \$1.5 million. More recently, the Governing Council, in its decision 85/16 of 29 June 1985, which established the criteria for the allocation

of resources covering the years 1987-1991, decided to include the category of island developing countries as a supplementary criterion for the calculation of IPFs. 2/ UNDP is aware that many of the smaller countries of the Caribbean continue to feel that the resources currently allocated are inadequate to finance their technical co-operation needs. That situation has been further complicated by the decision that some of those countries should bear a higher share of the costs of UNDP local offices. However, further concessions to the special circumstances of these countries would require a new decision of the UNDP Governing Council.

8. Organizations of the system observed that they have been able to provide additional resources for the development of the countries of the subregion. This has been done in spite of the declining overall resources within the United Nations system and despite relatively low participation of some agencies in UNDP-funded projects.

9. As the Inspectors point out, the relatively low levels of country IPFs would seem to be, at least in part, due to the skewing of the per capita GNP data resulting from the disproportionately large number of wealthy persons (usually expatriate) residing in the Caribbean.

10. It is also pointed out that insufficient importance is accorded to a country's own development effort compared to other criteria, such as GNP per capita. In fact, for some developing countries the economic return to development programmes is often not in proportion to inputs owing in large part to such factors as inadequate use of trained personnel (E/1985/3/Add.2, para. 59), lack of national counterparts and duplication or overlapping of various schemes of aid. On the other hand, countries which have higher per capita GNP but are making a great national effort in both financial and human resources may receive much more limited co-operation. This is regrettable since more aid would greatly benefit those countries.

11. The World Bank has recently declared that some countries of the subregion are ineligible for IDA concessional loans on the ground that their current per capita GNP exceeds the IDA cut-off point of \$795. That decision has major economic implications for those countries since they are also not considered sufficiently credit-worthy to have access to the World Bank's regular loans. The Prime Ministers of the countries concerned and the President of the World Bank have exchanged views on the issue, which has featured prominently on the agenda of the Caribbean Group for Co-operation in Economic Development (CGCED). As part of the continuing consideration of the issue, the World Bank has carried out a review of the national accounts of some of the countries affected in order to verify their true per capita GNP. In the meantime, a proposal to establish a Special Project Development Facility for the member countries of the Organization of Eastern Caribbean States (OECS) to compensate for loss of access to the International Development Association (IDA) is currently being considered by the Caribbean Group.

12. Some organizations, such as the International Telecommunication Union (ITU) regretted that the report did not refer to their programmes and projects, which were in part financed by UNDP resources.

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13. One agency's Regular Programme, through the Regional Office for Latin America and the Caribbean, has played an important role in promoting the establishment of a technical co-operation network in the fields considered highly relevant by the countries themselves. At the national level, this support through the Regular Programme has been increased during recent years, as indicated by the value of national projects, amounting to \$10.5 million, approved for Caribbean countries under the Technical Co-operation Programme.

C. Institutional capacity

14. The report illustrates the special difficulties involved in seeking to formulate an appropriate technical co-operation programme in support of the development of small island countries with weak institutional structures and a limited number of highly trained personnel. The United Nations is seeking to develop an effective programme that is responsive to their special needs. In this respect, the United Nations is working closely with the Governments, subregional institutions and other donors, both bilateral and multilateral, to ensure a co-ordinated approach to development.

15. The United Nations agrees with the Inspectors that "weak institutional capabilities and shortage of trained manpower" are hampering development efforts and that United Nations assistance should "emphasize institutional development and training" (E/1985/3/Add.2, para. 25). The United Nations concurs with the Inspectors' recognition that "inadequacies in institutional and technical capabilities", together with a "high turnover of decision and policy level government officials", constitute a "serious constraint to programming and project identification" (E/1985/3/Add.2, para. 56), and would certainly agree that projects should address the need to improve the structures within which government officials, who are often returning United Nations fellows, must function. The United Nations endorses the Inspectors' conclusion that the lack of counterpart staff presents great obstacles to a successful project and it would therefore support focusing efforts on improving the quality and efficiency of institutions and mechanisms on policy strategies, on better organization and management and on the training of professional and technical manpower.

16. The experience of the United Nations system with project implementation, particularly in the OECS region, has demonstrated that the success of a project often depends on the strength of the counterpart organization. Projects therefore should always have an institutional development aspect and the United Nations system will continue to insist on adequate counterpart staff. The lack of adequate counterpart staff is a recurring problem in technical co-operation; once a counterpart staff member is trained and has experience, he often leaves the Government organization. It is also necessary to emphasize the importance of expeditious clearance by Governments of experts proposed for technical co-operation project implementation. Arrangements have to be worked out with the related Governments to institute actions that would retain trained and specialized personnel.

II. SPECIFIC COMMENTS ON THE REPORT

17. In paragraph 53 of the report, it is stated that "most of the LDCs ... were yet to programme all the available UNDP allocations for the 1982-86 cycle". While it is true that not all of the available IPF resources have been programmed, it should be mentioned that country programmes are normally implemented over a five-year period in accordance with annualized authorized budget levels, on the basis of a process of continuous programming. It is therefore expected that the resources available to these countries will be fully spent by the end of the cycle.
18. The approach described in paragraph 54 of the report regarding the importance of regional and subregional approaches to programming in the Caribbean has already been applied. Because of the small size of the individual countries and the similarity of the problems faced by them, UNDP has sought to encourage subregional projects financed from the Caribbean Multi-Island Fund as well as from the pooling of contributions from the various national IPFs. UNDP will continue to develop this approach in co-operation with the countries concerned in order to ensure an integrated approach to development in the region and also to rationalize the use of available resources.
19. With regard to the observation in paragraph 56 regarding the inadequacies in institutional and technical capabilities of the smaller countries and the need to strengthen their capacity to formulate long-term integrated development policies, the United Nations recognizes the importance of providing support in this area. In fact, significant resources have been provided by UNDP both at the national and at the regional level in support of that objective. For example, in most of the countries concerned, the strengthening of their development planning capability has been a major emphasis of UNDP-supported projects. Similarly, the OECS subregional statistics project financed from the Caribbean Multi-Island Fund and the Caribbean Common Market (CARICOM) Institutional Support project financed from the regional IPF have made an important contribution to the strengthening of the technical capability of the secretariats of OECS and CARICOM. In addition, the Inter-Agency Resident Mission in Antigua, which operates as a UNDP-supported project executed by the World Bank on the basis of joint financing between UNDP and other donors, has sought to assist the OECS countries in the preparation of their public sector investment programmes and generally to improve their overall economic performance. The Caribbean Centre for Development Administration (CARICAD), which is supported by UNDP, has also contributed, through its training programmes, to the improvement of public administration in the region. UNDP will continue to address those needs during the fourth programming cycle (1987-1991).
20. The United Nations agrees with the observation in paragraph 59 of the report that increased attention should be given to the retention of personnel in the post-training period. UNDP has in fact experimented with a scheme designed to supplement government salaries in an effort to retain highly specialized and trained personnel, as in the case of St. Lucia, Guyana and Haiti. In such cases, organizations have usually insisted, as a matter of policy, that the Government should make suitable budgetary provision to absorb progressively the full emoluments of such personnel over time. Moreover, through a modified scheme for the Transfer of Know-how through Expatriate Nationals (TOKTEN), UNDP has assisted

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in the return of qualified expatriate nationals to work in critical sectors. However, this has not been easy since, as pointed out in paragraph 12 of the report, the exodus of trained and professional manpower from a number of countries in the region has proved to be an intractable problem in view of current economic realities. This situation has been aggravated by the increased economic stringencies faced by those countries as they seek to embark on structural adjustment programmes. UNDP will nevertheless continue to explore new ways of ensuring the retention of qualified personnel as part of its technical co-operation programme in the region.

21. On the question of the evaluation by an independent team of experts as opposed to a single expert, which is dealt with in paragraph 63 of the report, both approaches are used in the evaluation of projects supported by UNDP. The number of persons used in the evaluation is usually determined by the size and complexity of the project. In the context of limited resources, a cost-effective approach to evaluation has been used, while seeking to ensure high-quality results. For example, in a recent case of two complementary projects in Haiti assisting the same group of co-operatives, the services of one consultant to evaluate both projects and to programme the missions in successive periods were utilized, thus attaining not only a coherent methodological and technical approach to the evaluation exercise, but also financial savings. In most cases, however, independent external consultants are used.

22. Also with respect to paragraph 63, the United Nations is aware of the need to give attention to monitoring and evaluation and it has initiated actions aimed at strengthening its capacity to undertake project evaluation, including new manuals and guidelines and a related training programme for government officials and United Nations system personnel.

23. Regarding the observations in paragraph 66, organizations are conscious that delays do occur in some countries largely because of particular bureaucratic procedures and requirements. UNDP has sought to maintain a constant dialogue with Governments on ways of speeding up the project approval and implementation process. In fact, the UNDP Governing Council, conscious of the difficulties which have occurred in a number of countries, recently adopted a resolution urging Governments to co-operate in expediting project approval and implementation. As a follow-up to that decision, UNDP is in the process of identifying those countries where the situation is particularly difficult with a view to developing a suitable strategy for dealing with it.

24. The multi-island project on the development of statistical services in the OECS member countries, to which reference is made in paragraph 66 of the report, has indeed made an important contribution in seeking to build up statistical services both in the OECS secretariat and at the level of the individual member States, which are critical to overall development planning. It is true that, at the national level, the Governments have been slow in implementing the recommendations of projects designed to strengthen national statistical capabilities, but recently an attempt has been made to improve the situation, which is monitored very closely in order to ensure that this improvement continues.

25. Paragraph 70 of the report refers to the progress report of 1 December 1984 in respect of the multi-island project on energy development (CAR/84/001) and states that project implementation has been delayed because of "the absence of a signed project document and consequently the absence of authority to disburse funds". The duly signed project document was received by the executing agency on 3 January 1985. Since then, there have been no problems of this nature.

26. Reference is made in paragraph 71 to the difficulties experienced by Governments in providing adequate counterparts as a result of constraints on public spending. The provision of adequate counterpart staff has been a major problem, particularly in small countries with a limited supply of highly trained manpower. Consequently, while the United Nations supports in principle the recommendations made in the report regarding the development of a suitable strategy to ensure the retention by the Governments of trained personnel (paras. 77, 109 and 110), it would be unwise to underestimate the financial constraints faced by the Governments in ensuring the full absorption of such personnel, particularly in a situation where it is sometimes argued there is overemployment in the public sector.

27. In paragraph 72, it is asserted that no formal report has been submitted under the project concerned with debt restructuring (GUY/82/012). Under this project, Morgan Grenfell, a British merchant bank, was retained as consultant to assist the Government of Guyana in carrying out a comprehensive assessment of its debt situation and also to advise on the proposed debt-rescheduling negotiations within the framework of the Paris Club. The consultants did, in fact, submit an interim report on the preparation of a debt profile for Guyana with recommendations for rescheduling, but were unable to complete the remainder of the contract because the Government and the International Monetary Fund (IMF) did not complete negotiations which the creditors stipulated as a condition for the proposed Paris Club debt renegotiations. The consultants therefore refunded part of the fees that had been paid to them to carry out the exercise.

28. Reference is made in paragraph 72 to the fact that the contract of the legal draftsman under Barbados project BAR/77/002 was extended several times without satisfactory explanation. A similar observation is made regarding two projects in Trinidad and Tobago, namely, those dealing with the employment of a tax lawyer (TRI/82/005) and a legal adviser (TRI/82/006). In the case of the Barbados project, the legal draftsman has made an important contribution to legislative drafting in the post-independence period by updating the laws of the country, as well as by drafting current legislation. Representation for the continuation of his services was, in fact, made by the Government in recognition of his important contribution. At the time of his departure, an adequate number of local staff had been trained in legislative drafting. A similar situation obtained in Trinidad and Tobago, where the services of a legal adviser were provided in accordance with a special request addressed to the United Nations Secretary-General by the Ambassador of Trinidad and Tobago to the United Nations after the Government had itself failed to obtain the services of suitably qualified staff. The legal adviser prepared a comprehensive revision of the country's laws to reflect the new realities of independence. This exercise proved rather complex and time-consuming, as was in fact envisaged by the Government, which requested 10 man-years of expert services at the time the request was made. Following the completion of this assignment, the

Government requested the extension of the services of the expert to work with the Law Reform Commission in order to ensure, among other things, the continuous updating of the revised laws and the training of staff in the maintenance of loose-leaf editions of the laws. In the case of Trinidad and Tobago, based on the work of the UNDP-financed expert, the Government now has a full complement of trained staff to carry on this important work. Finally, the tax lawyer, who was recruited as an operational assistance expert (OPAS) under project TRI/82/005, made an important contribution to the work of the Island Revenue Department in the development of an effective tax system, which has resulted in the increased collection of revenues. Consequently, the extension of the work of the above-mentioned legal experts was not simply a matter of "tolerance" on the part of "project and programme reviewers", as the report suggests, but rather a recognition of the important contribution made by the experts concerned.

29. The concerned organization is not aware of a lack of enthusiasm among locally recruited staff in the case of two of the offices visited, to which reference is made in paragraph 78 of the report. Since the offices are not mentioned by name, it is difficult to respond to this observation in more specific terms. Nevertheless, the observations have been brought to the attention of the field offices visited and they have been invited to submit their views on the subject. UNDP will certainly institute any corrective action that is indicated.

30. The observations made in respect of the computer provided by the executing agency for project GUY/81/002 are essentially accurate. The problem derived from some differences in perception between the Government and the agency regarding the level of sophistication felt to be necessary in terms of the equipment purchased. Clearly, the Government felt that it was capable of handling a much more sophisticated computer than that provided by the Department Technical Co-operation for Development.

31. The observation in paragraph 81 of the report in respect of project BAR/80/POI that the Optical Mark Reader is now regarded as obsolete is essentially correct. While that equipment was extremely useful for census processing, it is not immediately applicable for future applications within the Government of Barbados, because of limitations in its design and the non-availability of computerized systems which could take advantage of its particular characteristics. This fact was known at the time of acquisition, but more suitable equipment could not be purchased because an early decision (it is not clear by whom it was taken) on the design of the census questionnaire made it impracticable to purchase any other model than the one which was acquired. Rental of the equipment was discussed, but it was not feasible since the manufacturer did not service that machine in Barbados. Furthermore, given the delays experienced during the processing of the census data, the cost of rental would probably have become more expensive than the outright purchase.

32. The delay in delivery of the additional computer work stations for the population census project in Haiti (HAI/78/POI) mentioned in paragraph 83 was partly caused by non-availability of funds, and partly by difficulties in dealing with the supplier of this equipment, who repeatedly delayed the negotiations. The original computer configuration was purchased by the Government. With it came an

English version of the operating system. In view of the fact that the equipment dealer in the Dominican Republic promised to supply free-of-charge the word-processing system (that is, the English version), the purchase of two corresponding work stations were requested for the project. Although the conversion of the work stations to French would not be too costly, the purchase of the French version of the word-processing system for the project was not affordable. Instead, a micro-computer was purchased which now provides a word-processing capability.

33. It should be noted that RLA/82/001 refers to the project of assistance to the Latin American Centre for Development Administration (CLAD) and not to the project of assistance to CARICAD, which is RLA/84/004. In paragraph 102, the Inspectors recommend that CARICAD should forge links with the Central American Institute for Public Administration (ICAP) in order to benefit from the Institute's longer experience with training. The point should be made that CARICAD is not trying so much to provide training directly as it is attempting to strengthen the capabilities of training institutions which already exist in the region and to serve as a catalyst and co-ordinator in order to encourage those other institutions to pool their resources.

34. Mention should be made of the fact that the report does not refer to the following projects in water resources exploration, assessment and development in the Caribbean executed by the Department of Technical Co-operation for Development:

Bahamas	-	BHA/82/001
Bermuda	-	BER/82/001
Cayman Islands	-	CAY/82/001
Grenada	-	GRN/85/011
Jamaica	-	JAM/83/004
Monserrat	-	MOT/85/005
Saint Vincent and the Grenadines	-	STV/82/003
Regional	-	RLA/82/023
Regional	-	CAR/79/R01 (United Nations regular programme)

35. The total inputs of UNDP, the United Nations regular programme and various United Nations trust funds in those projects are over \$3 million. Follow-up investment by the individual Governments and international and bilateral financing organizations is well over \$20 million. Since water is a major factor in the development of most island countries in the Caribbean, this important sector should probably have been included in the review by the Joint Inspection Unit.

36. Considering the complexity of the problem and the efforts of many agencies of the United Nations system, paragraph 94 seems to give short shrift to education. The financial situation of most small island States, especially those in the eastern Caribbean, does not permit the allocation of significant resources for new projects which do not have a positive impact on the immediate balance-of-payment situation. Thus the inevitable reduction or non-allocation of resources for social services, including education. In addition to these financial problems, other constraints should be noted, such as the critical shortage of skilled workers and technicians in all economic sectors, a situation further aggravated by the fact

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that employment opportunities in all sectors are limited and subject to changes due to reduced export.

37. The United Nations supports the conclusion regarding soil erosion in paragraph 104 of the report, as well as the suggestion for a more decisive regional approach to the problem. In 1984, UNEP formulated, in co-operation with the Government of Jamaica and UNESCO the Hope River Watershed Management Project for the integration of land/soil management. UNEP intends to raise the issue at the next intergovernmental meeting on the Action Plan for the Caribbean Environment Programme, which is scheduled to be held during 1986.

Recommendations

38. Most of the recommendations are addressed to UNDP, the United Nations Fund for Population Activities and the Department of Technical Co-operation for Development. Nevertheless, other organizations have expressed their support for these recommendations, since they are in line with the overall strategy, medium-term objectives and priority programmes which have influenced the presence of these organizations in the Caribbean. The points raised in the recommendations have been dealt with in previous sections above. Thus, with respect to recommendation 1, paragraphs 14 to 16 above reflect United Nations general support for this recommendation, which emphasizes the need for a better linkage between United Nations development-system activities and the definition of development strategies in the short, medium and long term. The United Nations endorses the need for greater attention to institution-building, particularly to increase national capabilities for identifying priorities and financial feasibility of priority projects. Organizations are already actively providing special support in this respect through various Caribbean institutions.

39. Recommendations 2, 3 and 4 appear to call for actions which are already being undertaken by regional institutions, assisted by UNDP and the Department of Technical Co-operation for Development. This is certainly the case with, for example CARICAD, which is trying to create a roster of human resources capabilities in the Caribbean region, with the help of the Department's experts financed by UNDP.

40. Also with respect to recommendations 2 and 3, the United Nations supports the stress laid by the Inspectors on ensuring retention of trained personnel in the countries concerned and on the need for continuing attention to be paid to institutional reform and policy changes to ensure this result. It is agreed that TOKTEN is unlikely to have lasting effects. Policy interventions for retention of trained manpower should be pursued from a long-term perspective (see also para. 20 above).

41. The United Nations endorses recommendations 2 and 3 that training should be one of the highest priorities in every project where this need is identified, together with the recommendation that measures should be taken to ensure that those who receive training are subsequently provided with suitable opportunities to employ their newly acquired skills. In light of the continuing need to build human resource pools, the relevant United Nations organizations will seek to ensure that training and fellowship components are part of agreements made between them and the Government concerned.

42. Concerning recommendation 5, there is agreement that optimum and long-term use are primary considerations in the acquisition of equipment and should be taken into account in the procurement of equipment for technical co-operation projects.

43. With respect to recommendation 6, the validity of regional projects for smaller countries in preference to individual national projects is recognized, but there is a need for flexibility within such regional projects to cater to the specific needs of the individual countries, which could very well be at different levels of development.

44. Recommendation 7 is also fully supported and should be considered in the context of the new measures introduced by UNDP, in particular, to better monitor performance of projects and to improve the quality of programmes and projects.

45. Recommendation 8 is valid and the necessary caution will be taken by the concerned parties with projects concerned which deal with energy.

46. Recommendation 9 will be brought to the attention of the Governing Council of UNDP. In this connection, attention is drawn to Council decision 85/16 of 29 June 1985, in paragraph 5 (e) (iii) of which the island developing countries were recognized as a category which will benefit in the fourth cycle (1987-1991) from the application of supplementary criteria.

47. As concerns recommendation 10, UNDP has instituted steps through its Central Evaluation Office and its newly established Project Development Facility to increase the availability to Governments of independent advice in the evaluation and assessment of projects (see also paras. 21 and 22 above).

Notes

1/ Originally issued under the symbol JIU/REP/85/6.

2/ See Official Records of the Economic and Social Council, 1985, Supplement No. 11 (E/1985/32 and Corr.1), annex I.



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Volume II. The Caribbean

Note by the Secretary-General

The Secretary-General has the honour to transmit to the Economic and Social Council the report of the Joint Inspection Unit entitled "United Nations Technical Co-operation in Central America and the Caribbean", volume II, "The Caribbean" (JIU/REP/85/6).