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SUPPORT

PROGRAMME PLANNING

COUNTRY AND REGIONAL PROGRAMMES

Reports on mid-term reviews

MID-TERM REVIEW OF THE FOURTH COUNTRY PROGRAMME FOR PERU

Report of the Administrator

SUMMARY

The present report is submitted in accordance with Governing Council decision 89/11 of 24 February 1989, requesting the Administrator to report on a representative selection of mid-term reviews of country programmes.

The mid-term review of the fourth country programme for Peru (1987-1991) confirms that the three original objectives of the Programme are still valid and that the new priorities of economic stabilization and reform, investment promotion, social compensation, restoration of peace through social programmes and strengthening of the public sector management could be met by reorienting projects under the original objectives and by using the small unprogrammed reserve for new projects.

I. SUMMARY OF THE FOURTH COUNTRY PROGRAMME

1. The original fourth country programme for Peru (1987-1991) was approved by the Governing Council of the United Nations Development Programme (UNDP), in its decision 86/22 of 25 June 1986. The programme concentrated on the following three objectives:

(a) Scientific and technological development: Gaining access, through the United Nations system of organizations, to modern technology and methods conducive to development in keeping with national goals. The application of modern technology to priority sectors of the economy rather than pure research;

(b) Strengthening of central administration: Strengthening the administrative capacity of the State to confront major problems at both the national and the international level and increasing the State's efficiency and effectiveness in producing goods, providing services and drawing up regulations;

(c) Critical poverty: Tackling in a decisive manner the complex set of problems relating to critical poverty in Peru and initiating programmes designed to incorporate the most disadvantaged population segments into the country's life, through programmes to raise incomes and through basic service programmes.

2. At the time of approval of the country programme in 1986, there was a programmed reserve of \$2.1 million consisting of project ideas in an advanced state of negotiation in the areas of science and technology and critical poverty (see annex to the present report).

II. METHODOLOGY OF THE MID-TERM REVIEW

3. The mid-term review was undertaken from mid-December 1988 to the end of February 1989. A basic document was prepared containing the following:

(a) An analysis of the economic, social and political context of the country during the period 1985-1988;

(b) An analysis of the evolution of the country programme to meet changes in the above context; and

(c) Conclusions and recommendations for the future.

4. The Chief of Division I of the Regional Bureau for Latin America and the Caribbean discussed and agreed to the outline of the review during her visit to Peru in December 1988.

5. The document was prepared jointly, in a series of iterations, by the National Planning Institute (INP), UNDP-Lima, the Office of the Prime Minister and the Minister for Foreign Affairs, as well as sectoral ministries as needed. The following organizations of the United Nations system were consulted during

February 1989: the United Nations Fund for Drug Abuse Control (UNFDAC), the United Nations Children's Fund (UNICEF), the Office of Project Services (OPS) of UNDP, the United Nations Development Fund for Women (UNIFEM), the United Nations Population Fund (UNFPA), the World Food Programme (WFP) and the Food and Agriculture Organization of the United Nations (FAO). During February 1989, the Resident Representative also consulted with the major bilateral donors represented in Lima.

6. An external consultant assisted the whole process by reviewing the preparatory documents, assisting in the negotiations and preparing jointly with UNDP-Lima the final mid-term review document.

III. MAJOR FINDINGS OF THE REVIEW

7. Since the approval of the present country programme, economic and political developments in the country have made some review of priorities essential. The period since 1986 has been characterized by accelerating inflation, growing public sector and balance of payments deficits, the exhaustion of international reserves and acute shortages of basic goods and foodstuffs. There have also been civil disturbances with mounting insurgency. The new priorities were conceptually related to the three existing country programme objectives, however, and it was possible to accommodate the new needs without introducing new objectives. Accordingly, the 65 ongoing projects in Peru at the time of the review are all related to the three objectives set out in the original country programme (see para. 1 above). It should be noted that the Development Plan and the Technical Co-operation Plan have not been formally revised by the Government since approval of the country programme.

8. There was also an absolute increase over this period in programmable resources, including government programme and project cost-sharing (from \$16.0 million to \$19.5 million) which greatly facilitated the meeting of the new priorities.

9. The present focus of the country programme therefore emphasizes the following areas: economic stabilization, structural reform, investment promotion, social programmes to restore peace and enhancement of the management capacity of the Government.

10. The review further examined execution modalities and found that 65 per cent of programmed resources were executed by organizations of the United Nations system including OPS, and 35 per cent were executed by the Government. The overall distribution of project components was: international project personnel, 29 per cent; national project personnel, 23 per cent; equipment, 17 per cent; training, 12 per cent and travel, sub-contracts, missions and miscellaneous, approximately 10 per cent. Experts had generally adapted well and transferred expertise and most fellowship holders had returned to their institutions of origin.

11. No major obstacles or problems to implementation of the country programme were reported. The modality of government execution has functioned smoothly. Add-on funds were used to strengthen administrative support to the UNDP Office. Clearly, more support is required, particularly to facilitate monitoring and reporting.

IV. ADJUSTMENTS TO THE COUNTRY PROGRAMME

12. The mid-term review recommends that within the parameters of the existing country programme, which has shown considerable flexibility, the following priorities should be stressed:

- (a) Economic stabilization and structural adjustment;
- (b) Investment project promotion;
- (c) A programme of social compensation;
- (d) Restoration of peace, promotion of youth programmes, replacement of coca with other crops and prevention of drug abuse;
- (e) Development of the Sierra (mountainous region);
- (f) Strengthening of public sector institutions and management.

13. Priorities (a), (b) and (f), listed in paragraph 12 above are related to the original objective of strengthening central administration. Priorities (c), (d) and (e) in paragraph 12 above are related to the original critical poverty objective. These new needs can therefore be met without adding new objectives to the country programme.

14. The review finds that the present distribution of resources among the objectives, which is different from the original country programme distribution, could prove adequate for the remainder of the fourth cycle so far as can be predicted at the time of writing. As seen above and detailed in the annex to the present report, the country programme in terms of programmable resources has grown in terms of programme and project cost-sharing. The relative share of resources allocated to strengthening the central administration has grown considerably, to 43 per cent of all resources, which reflects the needs of the central Government in a time of economic and social crisis.

15. There is still an unprogrammed reserve of 6 per cent of available resources, a prudent contingency at a time when the economic and political situation is changing rapidly. It is recommended that this reserve be concentrated in existing and new projects in the critical poverty and public sector management areas so as to meet the new priorities outlined above.

Annex

FINANCIAL SUMMARY

FOURTH COUNTRY PROGRAMME FOR PERU (1987-1991)

I. ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING

A. <u>Total resources taken into account for programming at time of approval of country programme</u>	\$	\$
		16 030 274
B. <u>Resources taken into account for programming at time of mid-term review</u>		
IPF allocations	13 585 000	
Programme cost-sharing	1 035 436	
Government project cost-sharing	4 902 071	
Third-party cost-sharing	-	
Other sources	-	
Total		<u>19 522 507</u>
C. <u>Net change in resources</u>		3 492 233

II. USE OF RESOURCES BY OBJECTIVES

<u>Country programme objectives</u>	<u>Start of country programme (1986)</u>	<u>Mid-term (1988)</u>
Committed resources	2 076 827	18 368 549
Project proposals	10 223 000	-
Programmed resources	2 127 420	-
Unprogrammed reserve	<u>1 603 027</u>	<u>1 153 958</u>
Total use of resources	<u>16 030 274</u>	<u>19 522 507</u>

III. DISTRIBUTION OF RESOURCES BY OBJECTIVE

<u>Country programme objectives</u>	<u>In accordance with country programme</u>	<u>Actual at mid-term</u>	<u>Revised plan as result of mid-term review</u>
	(Percentage)		
Critical poverty	16	17	-
Science and technology	29	34	-
Strengthening central administration	32	43	-
Programmed reserve	13	-	-
Unprogrammed reserve	<u>10</u>	<u>6</u>	-
	<u>100</u>	<u>100</u>	-
