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PROGRAMMES OF ECONOMIC ASSISTANCESpecial Plan of Economic Co-operation for Central AmericaReport of the Secretary-General

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# ABBREVIATIONS

BCIE	Banco Centroamericano de Integración Económica
CABEI	Central American Bank for Economic Integration
CATIE	Centro Agronómico Tropical de Investigación y Enseñanza
CCI	International Commerical Centre (Centro de Comercio Internacional)
CCT	Central American Tourism Council (Consejo Centroamericano de Turismo)
CADESCA	Action Committee in Support of the Economic and Social Development of Central America (Comite de Acción para el Desarrollo Económico Social de Centroamérica)
CORECA	Regional Council for Agricultural Co-operation in Central America (Consejo regional de cooperación agrícola de Centroamérica)
COMTELCA	Technical Commission for Telecommunications in Central America (Comisión Técnica Regional de Telecomunicaciones)
COTER	Cooperación Técnica Recíproca
CAMC	Central American Monetary Council
CMCA	Consejo Monetario Centroamericano
DIEICA	Institutional Development and Regional Electrical Integration of the Central American Isthmus (Desarrollo Institucional y Integración Eléctrica Regional del Istmo Centroamericano)
ECLAC	Economic Commission for Latin America and the Caribbean
EEC	European Economic Community
ERCAC	Regional Enterprise for the Marketing of Central American Handicrafts (Empresa Regional de Comercialización de Artesanías de Centroamerica)
IBRD	International Bank for Reconstruction and Development
ICAP	Central American Institute of Public Administration (Instituto Centroamericano de Administración Pública)
IDB	Inter-American Development Bank
IFAD	International Fund for Agricultural Development
IICA	Inter-American Institute for Co-operation on Agriculture

ILO	International Labour Organisation
ITU	International Telecommunication Union
OAS	Organization of American States
OPS	Organización Panamericana de la Salud
OSP	Oficina de Servicios de Proyectos
OIRSA	Organismo internacional regional de sanidad agropecuaria
PAHO	Pan American Health Organization
RUTA	Regional Unit for Technical Assistance
SCMCA	Executive Secretariat of the Central American Monetary Council (Secretaría Ejecutiva del Consejo Monetario Centroamericano)
SELA	Latin American Economic System (Sistema económico Latinoamericano)
SIECA	Secretariat of the General Treaty of Central American Economic Integration (Secretaría Permanente del Tratado General de Integración Económica Centroamericana)
SITCA	Central American Secretariat for Tourism Integration (Secretaría de Integración Turística Centroamericana)
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
WFP	World Food Programme
PMA	Programa Mundial de Alimentos
WHO	World Health Organization
WTO	World Tourism Organization

## I. INTRODUCTION

1. The present report is submitted pursuant to General Assembly resolutions 42/231 of 12 May 1988 and 43/210 of 20 December 1988.
2. By resolution 42/231, the General Assembly urged the international community and international organizations to increase their technical, economic and financial co-operation with the Central American countries for the implementation of the Special Plan of Economic Co-operation for Central America (A/42/949, annex), and thereby strengthen the efforts being made by the countries of the subregion to achieve peace and development.
3. In resolution 43/210, the General Assembly noted with satisfaction the agreement reached by the Central American Governments with regard to the mechanisms for the implementation of resolution 42/231, and the need to continue consultations on those mechanisms. The Assembly also recommended the convening of a meeting in early 1989, in close co-ordination with the United Nations Development Programme (UNDP), between the Governments of Central America, the bilateral and multilateral co-operating community, the organizations of the United Nations system, regional and subregional international financial institutions and intergovernmental organizations, for the purpose of reviewing the evolution of the development process, including assistance requirements, and of discussing the programmes and projects that could be implemented forthwith in support of the goals and objectives of the Special Plan. The Assembly also decided to review and evaluate, at its forty-fourth session the progress, in the implementation of the Special Plan in light of the report requested the Secretary-General in its resolution 42/231.
4. In June 1988, the Governing Council of UNDP, by decision 88/31, allocated \$US 20 million of Special Programme Resources (SPR) for the promotion, co-ordination, implementation and follow-up of the objectives of the Special Plan of Economic Co-operation for Central America. That allocation was distributed as follows: \$US 18.5 million for the formulation and execution of priority technical co-operation and pre-investment projects, as well as projects to strengthen both national and regional institutions; and \$US 1.5 million for institutional support to UNDP in order to fulfil its responsibilities as lead agency for the implementation of the Special Plan.
5. In fulfilment of General Assembly resolutions 42/1 of 7 October 1987 and 42/204 of 11 December 1987, Mr. Augusto Ramírez-Ocampo, Regional Director for Latin America and the Caribbean of UNDP, was appointed co-ordinator of the United Nations System for the Special Plan. Mr. Ramírez-Ocampo has been assisted by a modestly staffed Division for Central America, which was established in August 1988 with resources made available by decision 88/31 of the Governing Council of UNDP 1/ to promote and implement the Special Plan, to assist in improving the efficiency and effectiveness of the Country Programmes in the subregion and to facilitate the participation of UNDP in World Bank-led consultative groups for Costa Rica, Guatemala and Honduras. In addition, UNDP field offices in Central America have been strengthened, and a focal point for the Special Plan has been established within the UNDP office in San José, Costa Rica.

## II. THE MACRO-ECONOMIC FRAMEWORK

6. During the decade of the 1980s, the Central American economies deteriorated significantly, as revealed by major macro-economic indicators. According to ECLAC statistics, the average growth rate of Central America's gross domestic product (GDP) reached 3.6 per cent during the period 1981-1988, which is barely one third of the growth experienced by Latin America during the same period. None the less, when examined on a per capita basis, the growth rate of the subregion was minus 17 per cent, almost two and one half times lower than that of Latin America.

7. The slow-down of growth and the reduction of income were the consequence of several unfavourable trends and their secondary impacts, which combined to precipitate the subregion's economic crisis. Among those trends that merit special mention is the persistent decline of the terms of trade and the failure of export volumes to compensate for the decline in international prices, which reduced the purchasing power of exports throughout the region. Secondly, political unrest and civil strife discouraged private investments, forced an expansion of government current expenditures at the expense of needed investments and prevented the production of commodities owing to population displacements. Thirdly, the foreign debt service required the transfer of scarce foreign exchange, which could otherwise serve to finance investments and inputs for current domestic production. Lastly, the destruction caused by natural disasters generated a further decline in production, income and demand. The impact of those trends in the domestic economies, coupled with the delays in implementing economic reforms, contributed to the reduction in the standard of living conditions, and to the increase of poverty throughout the subregion.

8. Although it can be argued that, since 1986, the area experienced a modest recovery, in 1988, growth slowed down in Costa Rica and in El Salvador, stagnated in Honduras and fell sharply in Nicaragua. It was only in Guatemala that economic activity progressed in comparison to previous years. These results indicate that today, growth perspectives are elusive for Central America. In general, many economic forecasts suggest that the subregion will not be able to recover until the end of the century the levels of economic welfare of the 1970s. Moreover, broad-based sustainable economic development will be possible provided, inter alia, that the international community strongly supports the reconstruction efforts, and that lasting peace and democratization are achieved.

## III. IMPLEMENTATION OF THE SPECIAL PLAN

9. The Special Plan was launched in September 1988, when the Vice-Presidents of the five Central American countries approved a three-tier mechanism for the implementation of the Special Plan. The mechanism includes the five Central American Governments, the United Nations and other international and regional organizations, as well as donor Governments. A description of that mechanism was submitted to donor Governments and institutions for comment on 21 September 1988.

10. The Vice-Presidents also approved an intraregional co-ordination mechanism that includes the participation of the Central American Governments, as well as regional integration institutions.

11. Within the framework agreed upon by the Central American Vice-Presidents, and in consultation with the Vice-Ministers responsible for economic integration (in the case of Honduras with the Vice-Minister for Planning), and with the Permanent Secretary of the General Treaty of Central American Economic Integration (SIECA), UNDP convened a preparatory meeting of the Support Committee, which is the technical component of the mechanism. That meeting was held in New York on 28 and 29 November 1988 with the participation of the five Central American Governments, SIECA, the World Bank, the International Monetary Fund, the Inter-American Development Bank, the Organization of American States, and the Economic Commission for Latin America and the Caribbean (ECLAC). Regional integration institutions such as the Central American Bank for Economic Integration (CABEI) and the Central American Monetary Council also participated.

12. The agenda of the preparatory meeting included the definition of criteria for the identification of priority technical co-operation and pre-investment projects, evaluation of 10 technical co-operation project proposals and approval of a work plan for the first semester of 1989. Lastly, in order to expedite the identification, formulation and approval of technical co-operation projects financed by Special Programme Resources, it was decided that monthly meetings with the Central American Vice-Ministers responsible for the Special Plan would take place with the participation of SIECA and UNDP. The first of those meetings took place in January 1989. In addition, on three occasions additional meetings have been held at the ministerial level.

13. It is important to remember that, in terms of its implementation, the Special Plan can be viewed from two perspectives. First, it provides a framework and establishes priorities for international development co-operation targeted to the subregion as a whole. In that respect, to facilitate the aid co-ordination process and avoid a duplication of efforts, a computerized information system, financed by UNDP, became operational in September 1989. Donors are encouraged to proceed directly with the recipient countries on the identification, formulation and implementation of projects. UNDP will be kept constantly informed of that process. UNDP and/or the specialized agencies of the United Nations system, however, will assist in that effort, if so requested by both donors and recipients. In other words, donors have the option of channelling bilateral resources to the region, using multilateral channels or working out multilateral schemes.

14. Secondly, the directive of the three-tiered implementation mechanism of the Special Plan is the preparation of the technical documentation required to present bankable projects and/or detailed project profiles to the international community, and the mobilization of financial resources.

15. The activities carried out during the past 12 months (September 1988 to August 1989), in particular the technical assistance projects financed from the \$US 20 million UNDP Special Programme Resources allocation, are reflected below. Annex I reflects the status of project approvals as at 1 August 1989. Twenty-one projects for a total of \$US 11,224,000 have been approved or are in the final stages of approval of which \$US 7,552,000 are charged to the \$US 20 million Special Programme Resources, the balance being covered by co-financing or parallel

financing modalities. The remaining available resources for the programming of technical assistance projects totals \$US 12,448,000.

16. It is noteworthy that a pipeline has been built-up, which includes 13 project profiles and projects at different stages of formulation, totalling \$US 13 million. Decisions on this portfolio will be taken, inter alia, in light of the outcome of the First Meeting of the Central American Governments with Co-operating Governments and Institutions, held at Geneva from 4 to 6 July 1989, the results of which are described below in greater detail.

17. In the following section there is a discussion of the progress achieved thus far during the implementation of the Special Plan, with special reference to the activities which the Central American Governments included in the work plan for the first semester of 1989.

#### IV. EMERGENCY PROGRAMME

##### A. Assistance to refugees, returnees and displaced persons

18. The emergency programme underscores the importance of providing assistance to the subregion's refugees, returnees and displaced persons. The Programme in Favour of Displaced Persons, Refugees and Returnees is the first result of successful resource mobilization efforts within the framework of the Special Plan. It has become a reality with the generous contribution, in the amount of \$US 115 million, from the Government of Italy. The Programme will assist displaced persons not only of the five Central American countries, but Belize as well, pursuant to paragraph 35 of the Special Plan.

19. The Programme was designed jointly by the six recipient countries, the Government of Italy and UNDP during the last two months of 1988. The project will assist in setting up the necessary infrastructure to satisfy the basic needs (health, water and sanitation, food and nutrition, education and housing) of specifically targeted populations in well defined geographic areas. It will also assist in the launching of income-generating activities aimed at making the targeted population economically self-sufficient. The Programme will benefit 136,500 persons directly and 245,900 persons indirectly. Detailed country-specific work plans for the first year of activities are expected to be approved in the autumn of 1989.

20. UNDP is directly responsible for the implementation of the Programme, and co-operates closely with UNHCR, WHO/PAHO and the ILO, and co-ordinates activities with UNICEF and WFP.

21. The San Salvador communiqué of 9 September 1988 (A/C.3/43/6, annex) called for an International Conference on Central American Refugees and stressed the need for national plans and programmes of action for Central American refugees, returnees and displaced persons. The General Assembly resolution 43/118 of 8 December 1988, inter alia, welcomed the decision arrived by the countries members of the Preparatory Committee to convene the Conference in May 1989.



22. UNHCR and UNDP co-operated actively in assisting the Governments in the preparation of the technical documentation for the Conference, which was held in Guatemala City from 29 to 31 May 1989. 2/ The Conference was successful in making the international community realize that displaced populations require just as much assistance, including international support, as refugees.

23. The need for and the effectiveness of joint and co-ordinated actions between UNDP and UNHCR were also recognized. It was acknowledged that, in addition to humanitarian or relief assistance, longer-term plans to include or reincorporate the uprooted in the national development path were also required. Also, the Conference allowed the updating of the section in the Special Plan on assistance to uprooted populations.

24. The Conference approved a plan of action, and mechanisms for promotion and follow up (see A/44/527, annex). It also adopted a declaration reaffirming the humanitarian and strictly non-political nature of the international assistance to be provided. In addition, it recognized that solutions to problems affecting uprooted populations should be incorporated into national economic and social development strategies. At the Conference, concrete project proposals amounting to \$US 380 million were presented, and it is hoped that the necessary financial resources will be mobilized.

25. UNDP and UNHCR have made an assessment of the minimum financial resources required to carry out their respective responsibilities to implement the Plan of Action and provide adequate support to the promotion follow-up mechanisms. Given the budgetary constraints of both UNDP and UNHCR, the international community is urged to provide the required resources.

#### B. Food aid

26. The Special Plan indicates that the Central American Governments and the World Food Programme (WFP) "have assessed immediate food needs at approximately \$US 104 million" (A/42/949, annex, para. 42). WFP has been requested to submit updated information on its assistance to the region in 1988, as well as on their programme for 1989.

#### C. Urgent energy needs

27. Some of the urgent energy needs included in the Special Plan (see A/42/949, annex, paras. 44-49) were identified at the time of a persistent drought in the region. The drought has since ended and the needs no longer exist. Nevertheless, international co-operation is still urgently required in connection with the maintenance of hydroelectric plants and an electrical interconnection (see A/42/949, annex, paras. 112-117, and sect. VII-E below). The resources needed for increasing the voltage of the interconnecting line between the sub-stations of Pavana (Honduras) and León (Nicaragua) have been approved by Canada.

## V. PROGRAMME OF IMMEDIATE ACTION

### External debt

28. The Special Plan of Economic Co-operation for Central America reflects the fact that the burden of external debt has become one of the major constraints of Central American economic recovery. In 1980, the subregion's debt amounted to \$US 7.7 billion, in 1986 it had risen to \$US 17.2 billion, and this year it exceeds \$US 19 billion. The debt service is equivalent to nearly one half of the region's export earnings.

29. In order to alleviate the external debt crisis, the Special Plan reflects several proposals amounting to \$US 2 billion, which "should be taken as a preliminary approach" (A/42/949, annex, para. 51) in connection with debt to private banks and agents, bilateral public debt and multilateral debt (A/42/949, annex, paras. 54-64).

30. Nevertheless, the General Assembly, on 12 May 1988, adopted by consensus resolution 42/231 on the Special Plan. At that time, some delegations expressed reservations on the specific proposals outlined in the Plan in the external debt area, and noted that the international debt strategy implemented by the World Bank and the International Monetary Fund should be the basis for action.

31. Since then, the international debt strategy has evolved. There is consensus that the Brady Plan should be seen as a right step in the direction of a solution to the international debt crisis. Hopefully, within the context of an evolving strategy towards more permanent solutions to the debt problem in the 1990s, the Central American debtors will benefit from substantial improvements, including debt reduction. That will undoubtedly facilitate the implementation of the Special Plan.

32. With regard to technical assistance, the support of UNDP has been limited to financing the project entitled Administration of External Debt (RLA/87/030) executed by ECLAC and UNCTAD for the purpose of establishing a computerized information system for debt monitoring and follow-up in each Central American country. It is worth noting that, in November 1988, the Government of Mexico signed an agreement with ECLAC within the framework of the project through which Mexican experts have provided technical advice to Central American Governments on debt administration and renegotiation.

**VI. FINANCING TO REACTIVATE THE CENTRAL AMERICAN COMMON MARKET  
AND REDUCE TEMPORARY IMBALANCES IN COUNTRIES' BALANCE OF  
PAYMENTS**

**A. Proposal to provide liquidity to the Central American  
payments system**

33. At the initiative of the Executive Secretariat of the Central American Monetary Council (SCMCA), an UNCTAD-executed technical co-operation project proposal (CAM/88/004) was formulated in order to (a) design a Central American payments system to facilitate the reactivation of intraregional trade, and (b) initiate a resource mobilization effort to allow the new mechanism to function. Since the European Economic Community has offered to assist the region in that area, it was decided to postpone since the the execution of this project.

**B. Strengthening of the Central American Monetary  
Stabilization Fund**

34. With the approval of Governments and the Secretariat of the Central American Monetary Council, UNDP is financing the project entitled Strengthening of the Central American Monetary Stabilization Fund (CAM/88/006). After consultations with the Central American Central Banks and with the Secretariat of the Central American Monetary Council, the project included a draft proposal to restructure the Fund, which was finalized in early June 1989.

35. The draft proposal includes the following modifications of the Fund's structure and functions (basic organization, decision-making process, conditionalities, and supervision); operational mechanism (resource allocation and utilization; transitory financing; disbursements; interest rates etc.); and the relationship with other fundamental components of the Central American monetary system. Based on the existing proposal, which has been approved by the Central American Monetary Council, consultations will take place with multilateral financing organizations. A resource mobilization effort with bilateral and multilateral donors will be initiated in late 1989. It is anticipated that the proposed reform measures will contribute towards a significant increase in financial resources for the Fund.

**VII. ECONOMIC REACTIVATION**

**A. Industrial rehabilitation and reconversion**

36. In consultations with SIECA and ECLAC, UNDP formulated a preparatory assistance project entitled Industrial Reconversion in Central America: Assessment and Identification of Technical Co-operation Needs (CAM/89/012). This preparatory assistance, totalling \$US 307,000 (which was initiated in September 1989), will prepare assessments of selected industrial branches and will undertake consultations with Governments and specialized organizations in order to formulate a large-scale technical co-operation project for this important sector. Implementation of this large-scale project will probably begin in early 1990.

## B. Agricultural development

37. In Central America, there are several regional institutions that are responsible for different specialized areas related to agriculture. In order to co-ordinate their activities, an Inter-Institutional Group for the Agricultural Sector was created. 3/ UNDP has participated in several of the Group meetings, to apprise it. members of the implementation of the Special Plan, as well as of the procedures required to submit technical co-operation requests for UNDP financing.

38. Based on the Group's proposals, the Ministers of Agriculture recommended that the Ministers responsible for the Special Plan request UNDP financing for the following five technical co-operation projects: (a) improved seed production, with emphasis on basic foods; (b) exports of new processed agricultural products; (c) biotechnology; (d) research on cellulose and Kenaff fibre; (e) prevention, control and/or eradication of the fruit fly. Requests have been received and are currently under evaluation.

39. The RUTA II project, entitled Technical Assistance for the Agricultural Development of Central America (CAM/89/001), was initiated in January 1989 with a budget of \$US 4.4 million. It is being executed by the World Bank and is financed by UNDP, IFAD and the Government of Japan through a trust fund with the World Bank. The Inter-American Institute for Co-operation on Agriculture (IICA) also participates in the project, which involves close co-operation with CABI. The objective of the Regional Unit for Technical Assistance is to generate agricultural investment projects, taking into account macro-economic and sectoral adjustment policies. The project will also train local personnel responsible for the programming, execution, follow-up and evaluation of investment programmes and projects in this sector.

40. In April 1989, the regional focal point of experts (Regional Unit for Technical Assistance) was established in Costa Rica, and national technical units were set up in each country. A detailed work plan for the semester (April to September 1989) was agreed upon by each Government.

41. Owing to the fact that the Regional Unit initiated its execution in January 1989, it is premature to specify the precise dates when investment projects will be ready to be presented to the international donor community for resource mobilization. Nevertheless, during the first six months of 1990, a significant portfolio of projects ready for investment should be available. UNDP, with the support of the World Bank and IFAD, will provide the required information to those donor Governments that have expressed special interest in the agricultural sector.

## C. Trade concessions

42. Although so far UNDP is not financing a specific project in the area of trade concessions per se, it is financing activities aimed at facilitating the trade activities of the Central American countries. The project on the Automation of Customs Clearance Procedures and Trade Facilitation (CAM/88/007), approved in March 1989, is being executed by UNCTAD with a budget of \$US 680,000. It will

rationalize, simplify and computerize custom clearance procedures, it will establish a system for the gathering and analysis of trade statistics, and it will also train operators in the use of computerized systems for the follow-up and monitoring of foreign trade.

43. The regional project will be complemented by country-level assistance provided by several donors. Those country-level support activities are at different stages of negotiation and/or approval. The regional project started in February 1989.

#### D. Physical infrastructure

44. In the area of telecommunications, a UNDP-financed preparatory assistance project (CAM/88/010), implemented by ITU in close co-ordination with CABEI and the Regional Technical Commission for Telecommunications, has resulted in the formulation of a draft large-scale technical co-operation project aimed at generating investments to improve and expand telecommunications in the subregion. That project is currently under consideration by the Central American Governments.

#### E. Investments in the energy sector

45. With a view to co-ordinating efforts with multilateral financing institutions, and in order to update and complete the technical documentation required to mobilize financial resources, the Central American Governments agreed on the need to give priority to and update the portfolio of investment projects for the electrical subsector included in the Special Plan. In March 1989, the Central American Sub-Committee on Electrification approved the first phase of a programme, entitled Institutional Development and Regional Electrical Integration of the Central American Isthmus (DIEICA) which is precisely aimed at carrying out the updating of and granting of priority to the investments projects in the field of electricity. UNDP project CAM/89/011 - DIEICA (phase I) supports that effort with a budget of \$US 114,800. It is being executed by the World Bank, with ECLAC as associated agency. The results of the project will be made available to the donor community after its completion in the autumn.

46. A second phase of the programme (CAM/89/015) is being formulated with a view to increasing the administrative, financial, operational and commercial efficiency of the utilities companies. Complementary technical co-operation projects will be formulated to assist them in achieving that goal.

## VIII. SOCIAL DEVELOPMENT

### A. Social investments

47. A profile for a pilot project on the treatment of children affected by violence in Central America is currently under consideration. The objective of the project, which is to be executed by UNICEF, is the testing of a treatment methodology that could be used on a large scale. Should the results of the testing be favourable, a large-scale technical assistance project would be prepared for submission to the international donor community.

48. With respect to the health sector (including nutrition, drinking water and sanitation), it was agreed with the Central American Governments and WHO/PAHO that regional project proposals formulated within the framework of the WHO/PAHO programme, entitled Priority Health Needs in Central America and Panama, also known under the title Health: a Bridge for Peace in Central America and Panama, would be included in the Special Plan. The proposals set forth in that programme were formulated by the Ministries of Health, with the co-operation of PAHO, and with the collaboration of UNICEF for the child survival area, and the collaboration of the Nutrition Institute of Central America and Panama for the food and nutrition area.

49. PAHO submitted a progress report on the approval of health projects, both at the national and regional levels, for presentation to the First Meeting of Central American Governments with Co-operating Governments and Institutions, held at Geneva from 4 to 6 July 1989. It is worth noting that, for the seven priority areas included in Health: a Bridge for Peace in Central America and Panama, the co-operating community has approved \$136.7 million for regional projects, and \$310 million for national projects.

### B. Food security

50. The approval of a project for the transfer of technology in compounded or enriched flours, with a budget of \$200,000, is being contemplated by UNDP. The Nutrition Institute of Central America and Panama would execute the project, which constitutes the first stage of a process that would culminate in the installation of five compounded flour-processing plants in Central America.

51. Five pre-feasibility studies would be carried out during the first stage, thus facilitating the subsequent approval of specific investment projects in food processing, using local inputs (raw materials, technology and financing) for the benefit of vulnerable groups. The technology that would be transferred has been developed by the Institute. There are successful experiences in its application in Guatemala, where a high-nutrition cracker has been produced over the last three years and distributed in schools for the benefit of 1.2 million low-income children.

### C. Tourism

52. Following a process of consultations that included the Central American Governments, the World Tourism Organization (WTO), the Central American Secretariat for Tourism Integration (SITCA) and UNDP, a preparatory assistance project (CAM/89/004) was initiated in May 1989. The objective of preparatory assistance is to identify and evaluate technical co-operation needs in the following areas: (a) tourism circuits; (b) development and promotion of the tourism image of Central America in foreign markets; (c) hotel and tourism training; (d) security and protection of tourists; (e) tourism facilitation; (f) tourism legislation; and (g) tourism statistics. Those areas were selected taking into account the priorities identified by the Central American Tourism Council (CCT) at its meeting held at Managua in May 1988.

53. Technical co-operation project documents will be available for the above-mentioned areas in September/October 1989.

### D. Strengthening of co-operatives

54. The establishment of the Regional Enterprise for the Marketing of Central American Handicrafts has been given special attention. To support this endeavour, a project, financed by UNDP and executed by UNIDO, has been approved.

55. The project, entitled Modernization and Support for Handicrafts Development, Micro-enterprises and Small-Scale Industry within the context of Central American Integration (CAM/89/006), is designed to consolidate the structure of ERCAC in order to increase its capacity to provide basic services to Central American producers of handicrafts with respect to production, design and quality control. The objective of the project is to contribute to the development of an export-oriented supply of high-quality Central American handicrafts. Project activities started in August 1989.

### E. Central American Bank for Economic Integration

56. UNDP, in co-ordination with other sources of financing (IDB, IBRD and EEC) and with the agreement of the Central American Governments, approved a preparatory assistance project (CAM/89/010) for a duration of two months with a view to defining the technical co-operation needs to strengthen the Central American Bank for Economic Integration (CABEI).

57. The draft large-scale technical co-operation project document that was submitted to CABEI in July 1989 includes (a) the identification of co-operation needs in the operational, institutional, legal and financial areas of CABEI; (b) recommendations for the effective contribution of technical co-operation to the reforms that CABEI is undertaking with a view to increasing its capacity to obtain and channel a considerable volume of resources, as well as to increase its operational efficiency. It is expected that the project will initiate its activities in September/October 1989.

## IX. INSTITUTIONAL ASPECTS AND MANAGEMENT CAPACITY

58. The project entitled Institutional Strengthening of UNDP for the Implementation of the Special Plan (CAM/88/003) was approved in response to the mandate of the General Assembly, and to decision 88/31 of the Governing Council to provide UNDP with the needed human resources and infrastructure for the promotion, co-ordination and mobilization of funds for the execution of the Special Plan. The project, entitled Support for the Mechanisms of the Special Plan (CAM/88/005), was approved for execution by ECLAC based on the joint work of UNDP and ECLAC in the formulation of the Special Plan and taking into account the specific technical responsibilities of ECLAC in its implementation.

59. Given the central role of SIECA in the intra-Central American co-ordination mechanism for the Special Plan and the fact that it is the Integration Secretariat of Central America, a support project has been approved (CAM/89/013). At the same time, the project, entitled Support to Governmental Institutions in Charge of the Execution of the Special Plan in the Management of International Co-operation in Central America (CAM/89/014) is about to be initiated to strengthen the capacity of Central American Governments in the management of international co-operation at the regional level. A project has also been approved (CAM/89/007) with the Central American Institute for Public Administration (ICAP) (for assistance in training and research in public administration in Central America.

60. The linkages between those projects and aid co-ordination in general will be facilitated by the establishment of a System of Computerized Information for the Implementation of the Special Plan (CAM/89/009). The project will make available a fully operating computerized information system that will provide data on the formulation, approval and implementation of projects at both the regional and national levels. Because of that system, both the international donor community and the Central American Governments will be adequately informed on the implementation of the Special Plan itself (regional level), as well as on country-level projects in the sectors or areas to which the Special Plan gives priority.

61. Finally, the project entitled Dissemination of Information on the Special Plan (CAM/89/008) was initiated in September 1989. Its main objective is to produce information for the media on the implementation of the Special Plan. Among other information activities, the project will publish a newsletter on the implementation of the Special Plan, which will be widely disseminated to inform various groups (non-governmental organizations, private enterprise, labour movements etc.) on the activities which the Special Plan is promoting.



**X. RESULTS OF THE FIRST MEETING OF CENTRAL AMERICAN GOVERNMENTS  
WITH CO-OPERATING GOVERNMENTS AND INSTITUTIONS (Geneva,  
4 to 6 July 1989)**

62. Pursuant to General Assembly resolution 43/210, the meeting provided a twofold opportunity for a collective dialogue between the Central American Governments and co-operating Governments and institutions. The Central American Governments were expected to provide an overall assessment of the economic and social situation in the region, as well as of their priority regional financial and technical assistance requirements. The donor community was to make explicit their sectoral and/or thematic priorities within the framework of the Special Plan to facilitate the process of resource mobilization.

63. The meeting produced the expected results. It was attended by 27 Governments, 29 organizations of the United Nations and 15 subregional Central American integration organizations, as well as the European Economic Community (EEC), the Organization of American States (OAS) and the Inter-American Development Bank (IDB). In total, there were 71 delegations with 211 participants. The meeting was presided over by the Vice-President of Costa Rica, and the Central American Governments were represented at the ministerial level.

64. During the meeting, most of the representatives of co-operating or donor Governments emphasized the urgent need for the Central American Governments to move forward with the implementation of the peace plan known as Esquipulas II, 4/ and to comply with the commitments reflected in agreements reached at Presidential summit meetings held in 1988 and 1989, including democratization. They also indicate that they felt that the Central American Governments should move forward on the implementation of the required economic reform measures. They saw all of the above as indispensable requirements for successful resource mobilization in support of the Special Plan.

65. In that context, the various agreements reached last August by the Central American Presidents in Tela, Honduras, provide new hope for major progress in the peace process and which should encourage the donor community to provide the necessary resources for the successful implementation of the Special Plan of Economic Co-operation.

Notes

1/ See Official Records of the Economic and Social Council, 1988, Supplement No. 2 (E/1988/19).

2/ For the report of the Conference, see A/44/527.

3/ At the last meeting of the Inter-institutional Group for the Agricultural Sector (GISA) in San José, the following institutions were represented: CADESCA, CATIE, CORECA, COTER, ECLAC, IICA, ORISA and UNDP

4/ A/42/521-S/19085, annex. For the printed text, see Official Records of the Security-Council, Forty-second Year, Supplement for July, August and September 1987, document S/19085, annex.

5/ For the Tela Declaration of 7 August 1989, see A/44/451-S/20778.

Annex

Special Plan of Economic Co-operation for Central America (PEC)

UNDP-financed technical assistance projects

Approval status

(Thousands of United States dollars)

Item	Number and title of project	Initiation date and duration	Headquarters and participating countries	Executing agencies	Total	Budget UNDP	Other	In kind	Status of project approval
									Government UNDP
1	CAM/88/001 Preparatory assistance: Programme favouring displaced persons, refugees and returnees	April '89 6 months	El Salvador Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Belize	UNDP/ OPS	647	400	Italy	---	Approved
2	CAM/88/002 Support to the co-ordination secretariat of the meeting of Central American Vice-Presidents	Sept. '88 8 months	Guatemala Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua	UNDP/ OPS	20	20	---	---	Approved
3	CAM/88/003 Institutional support to UNDP for the implementation of the Special Plan	Feb. '89 24 months	New York Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua	UNDP/ OPS	1 498	1 498	---	---	Approved
4	CAM/88/004 Assistance in reactivating the payment mechanism for intraregional trade	10 months	Costa Rica Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua	UNCTAD	213	213	---	75	Pending
5	CAM/88/005 Technical support to the mechanism for the implementation of the Special Plan	Feb. '89 24 months	Costa Rica Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua	ECLAC	350	350	---	112	Approved
6	CAM/88/006 Strengthening of the Central American Monetary Fund	Feb. '89 4 months	Costa Rica Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua	UNDP/OPS	49	49	---	33	Approved
7	CAM/88/007 Automation of customs clearance procedures (ASYCUDA)	Feb. '89 24 months	Guatemala Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua	UNCTAD	680	680	---	---	Approved

Item	Number and title of project	Initiation date and duration	Headquarters and participating countries	Executing agencies	Total	Budget UNDP	Other	In kind	Status of project approval
									Government UNDP
8	CAM/88/009 Formulation of strategies and projects of assistance to refugees, displaced persons and returnees in Central America	Jan. '89 6 months	Costa Rica Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Belize	UNDP/ OPS UNHCR	329	329	---	---	Approved
9	CAM/88/010 Development of telecommunications	March '89 3 months	Honduras Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua	ITU	35	---	Project Development Facility UNDP	6	Approved
10	CAM/89/001 Technical assistance for agricultural development (RUTA II).	Jan. '89 36 months	Costa Rica Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua	World Bank	4 390 a/	1 200	IFAD IBRD Japan	1 621 b/	Approved
11	CAM/89/004 Tourism development in Central America	May '89 2 months	Nicaragua Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua	WTO	45	45	---	---	Approved
12	CAM/89/005 Regional integration: Trifinio Plan	April '89 18 months	Guatemala, El Salvador, Honduras	UNDE/ OPS	750	550	CABEI	250	Under consideration
13	CAM/89/006 Modernization and support for crafts and micro- and small-scale industry in the context of Central American integration (ERCAC)	June '89 12 months	Costa Rica Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua	UNIDO	500	500	---	---	Under consideration
14	CAM/89/007 Strengthening of public administration (ICAP)	May '89 24 months	Costa Rica Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua	UNDP/ OPS	409	409	---	388	Approved
15	CAM/89/008 Dissemination of information on the implementation of the Special Plan	May '89 12 months	Costa Rica Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua	UNDP/ OPS	93	93	---	20	Approved

Item	Number and title of project	Initiation date and duration	Headquarters and participating countries	Executing agencies	Total	Budget UNDP	Other	In kind	Status of project approval Government	UNDP
16	CAM/89/009 Information system for the Special Plan	Feb. '89 36 months	New York Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua	UNDP/ OPS	249	249	---	---	Approved	Approved
17	CAM/89/010 Strengthening of the Central American Bank for Economic Integration (CABEI)	May '89 2 months	Honduras Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua	UNDP/ OPS	103	103	---	---	Approved	Approved
18	CAM/89/011 Regional development and integration of the electrical sub-sector (DIEICA)	May '89 6 months	Washington Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua	World Bank/ ECLAC	115	115	---	---	Approved	Approved
19	CAM/89/012 Industrial reconversion in Central America	July '89 6 months	Guatemala Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua	ECLAC/ UNIDO	307	307	---	---	Approved	Pending
20	CAM/89/013 Support to SIECA for the implementation of the Special Plan	May '89 12 months	Guatemala Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua	UNDP/ OPS	147	147	---	35	Approved	Approved
21	CAM/89/014 Support to the ministries responsible for the implementation of the Special Plan	June '89 24 months	Costa Rica Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua	UNDP/ OPS	295	295	---	---	Approved	Approved
Subtotal of approved projects					9 761	6 289		2 215		
Subtotal of pending projects					1 463	1 263		325		
GRAND TOTAL					11 224	7 552		2 540		

a/ IFAD contributes \$600,000 and the Government of Japan contributes \$2,590,000 through a Trust Fund with the World Bank.

b/ IICA contributes \$360,000 and the Central American Governments \$1,261,000.