



## RCAR 2011 - Cuba

In 2011, the Cuban economic and social context was marked by the implementation of the “updating process of its economic model”. A landmark in this process is the *Economic and Social Policy Guidelines for the Party and the Revolution*. This document, presented by President Rail Castro on November 2010 as “*Proyecto de Lineamientos de la Política Económica y Social*”, captures the major national challenges and development transformations in the updating process. The “*Lineamientos*” served as basis for popular debate and were widely consulted (over 8 million people) from December 2010 to February 2011. Finally the revised document was discussed and approved during the Sixth Congress of the Communist Party of Cuba in April 2011.

A Permanent Commission of the Government for Implementation and Development was established by the Communist Party Congress to implement these guidelines. This committee monitors, verifies and coordinates the actions of all involved in this activity, suggests the incorporation of new guidelines, and leads, in coordination with the competent bodies, adequate disclosure of the process.

The “*Lineamientos*” address the fundamental axes of the updating process such as the economic management model, macroeconomic policies (monetary policies, exchange rate, fiscal policies, and pricing), foreign economic policy, investment policy, social policy, agro-industrial policy, industrial and energy policies and, other sectoral policies (tourism, transport, construction, trade, housing) and science and technology.

Within the area of foreign economic policy there is a sub-section dedicated to international cooperation offered and received by Cuba, which emphasizes the need to ensure effectiveness and compliance with the national priorities. This sub-section highlights guideline number 112, which calls for the promotion of a multilateral collaboration, with particular reference to the institutions of the United Nations System, in order to channel “financial resources and technology in line with national development priorities” to Cuba.

Among the innovative topics addressed in these strategic guidelines are: recovery of discipline in the repayment of external debt, domestic market development, creation of Special Development Zones, separation of state and corporate functions, incentive for business autonomy, bankruptcy, the possibility of transferring state assets to cooperatives, non-agricultural (urban) & second tier cooperatives, self-employment and private employment, the relaxation of procedures related to housing and property transfer, and the possibility to rent state facilities.

As part of the economic and social measures taken under the implementation of the guidelines are: authorization and facilitation of the transmission of property of homes and cars (sale and donation); flexibilization and broadening of self-employment sector as an employment option; creation and facilitation of a credit policy system by financial institutions (benefiting self-employment sector, agricultural producers with legal custody of

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land, and individuals for home construction activities by own efforts); granting of subsidies to low income-people to undertake self-construction or self-repair of housing; authorization for direct sales of agricultural producers (Agricultural Production Cooperatives (CPA), Credit and Services Cooperatives (CCS), Basic Units of Cooperative Production (UBPC) and state enterprises with organic farms) to tourist facilities in Cuban Pesos without the intermediation of a government agency.

In fostering non-state forms of management as an employment alternative in a context of restructuring state labour force, specific measures include relaxed regulations, tax cuts, reduced licensing fees, exemption for the elderly from paying into Social Security, waiving of tax payments for some independent workers, changes to facilitate the hiring of employees, space rental. Cuban authorities also decided to further expand the current categories of private jobs up to 181.

The GDP growth rate in 2011 was estimated at 2.7%, less than the 3% planned, due to the non-execution of investments and the shortfall of agricultural and food industry products and construction materials. This year the country's trade balance was positive. President RaúlCastro, addressing the National Assembly in December 2011 stated that "structurally, the economy is improving on the basis of better adjusted proportions in relation to investment, prioritizing those of a productive and infrastructure nature". Additionally Cuba's Minister of Economy and Planning announced that, "at the close of 2011, the level of employment within the economy increased slightly as compared to last year (0.3%), with a decrease in the state sector and an increase in non-state employment, as a result of policies being implemented in this area".

A GDP growth rate of 3.4% was projected for 2012. In line with the top national priorities of food production and import-substitution, a reduction of food imports is planned for 2012, 50 million (usd) less than the 2011 estimate. The national production of rice, beans, powdered milk, among other products, should replace those imports. Cuba, imports nearly 80% of the food it consumes, which represents an important burden in the national budget. Regarding the employment situation for 2012, the Minister of Economy and Planning announced a reduction of 170,000 employees in state entities and an increase of 240,000 in non-state sector.

On 25 October 2011, the United Nations General Assembly voted to condemn, for the 20th consecutive year, the embargo imposed in 1962 by the US Government on Cuba. The General Assembly passed the resolution Necessity of ending the economic, commercial and financial embargo imposed by the United States of America against Cuba, with 186 votes in favour, 2 against and 3 abstentions.

Although the updating process has created new opportunities for the work of the UN in the future years, the institutional changes and new mechanisms for economic planning, introduced this year within the framework of the updating process, have however led to challenges in the implementation of the UN agencies' programs and projects. Consequently, it has been necessary to take additional measures and adjust implementation schedules in order to achieve a substantive programmes implementation. Unfortunately, agencies implementation was affected as was the level of execution of the UNCT work plan. This situation also applied to joint programmes.

Additionally, during the first 9 months of 2011, the dialogue between UNDP and national authorities was affected by the fact that the Cuba HDI ranking was not included in the 2010 Human Development Report. This situation also conditioned the government's relations with the RC, on the one hand, and the UNCT as a whole on the other. These difficulties were successfully overcome as a result of joint efforts with national authorities by September. The 2010 Cuba HDI ranking was updated and the 2011 Human Development Report was presented in the country jointly with the government.

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## Summary on progress towards UNDAF outcomes

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Cuba's first UNDAF (2008-2012) addresses five key areas: Local Human Development, Natural Disaster and Risk Mitigation, Environment and Energy, Health and Food security. The relevance of the current UNDAF priorities to the national policies, plans and strategies has been recognized in several communications and discussions of the RC and UNCT members with MINCEX (our main counterpart) senior officials as well as line ministers and officials. The implementation of the joint programmes and the UN agencies' UNDAF-based programmes have notably contributed to progress towards the UNDAF outcomes.

The formulation of the second UNDAF for Cuba was initially planned for 2011; however the Cuban Government and the UNCT decided to extend the current UNDAF to fully align the new programming cycle (UNDAF and CPDs) with the Economic and Social Policy Guidelines ("Lineamientos"). In this context, significant efforts were made by the UN System to ensure harmonization of all *ex-com* agencies (UNDP, UNFPA, UNICEF and WFP) individual planning cycles with the UNDAF. Finally, the government also agreed to extend the current programmes of those agencies.

The next UNDAF for Cuba (2014-2018) will be critical to substantively contribute to a very interesting and complex national development process. In this sense, the RC has led a strategic dialogue with the government, in order to carry out a substantive, inclusive and participatory UNDAF formulation process. A joint coordination and working mechanism was agreed including several key national institutions and the UN resident and non-resident agencies.

One of the lessons learned from the previous UNDAF formulation process was the need for an UNDAF Roadmap, aligned with the national development cycle and agreed with the government. Consequently, a workshop-supported by the UNDAF Peer Support Group- on UNDAF the formulation process and its key milestones (lessons learned, options and scope) was carried out, with the participation of decision-makers from key national institutions and UN agencies. As a result, the government and the UNS agreed on the bases for the basis for a strategic road map that addresses the challenges and pace of the updating process.

Another important step towards an inclusive formulation process has been to keep Non-Resident Agencies (NRA) abreast of developments since the beginning. In this sense, an important milestone was the meeting (via illuminate) with seven NRAs, the UNFPA Regional Director- who is one of the two Cuban UNDAF Sponsors- the UNDG LAC secretariat. In addition MINCEX- our main counterpart- was also invited to participate. On that occasion the government outlined the national priorities in the current Cuban development context and the NRAs' strategic contribution to the UNDAF formulation process was discussed.

Finally the current UNDAF final evaluation (to be conducted January - February 2012) will identify issues and opportunities emerging from the implementation of the current UNDAF. The findings from this evaluation will be key points of reference for the new formulation process in a changing context.

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## Summary on progress in UN Reform

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i. efforts to align the national development processes

The government has recognized the relevance of the UN System areas of cooperation and their alignment with the current national priorities. In addition, the UN's capacity to support national authorities in addressing emerging issues and challenges has been acknowledged.

In this context of ongoing economic and social transformations, the UNCT's main priority was to effectively support Cuba's development objectives in a changing context. Accordingly, the UNCT has monitored the implementation of the updating process, as well as its main developments and challenges. An analysis of the UN System's strategic contribution to the "Lineamientos" was conducted, in order to effectively channel the response to these national priorities.

In this connexion, the UN System has substantively supported the national food security strategy and policy, which is considered by the government to be a top priority and a national security issue. Important contributions have been made in issues like capacity building for business and cooperative management, including new producers without previous experience in farming and livestock production; technical and training assistance in production technologies; and rehabilitation of agricultural infrastructure and equipment. Additionally, local management capabilities in distribution and marketing of food commodities are being enhanced. Important initiatives on nutritional education have been implemented.

Human local development and decentralization initiatives are also top priorities in the updating process. The national authorities have recognized the need for a form of local development that is compatible with the national strategic development plan. Local governments have been given the responsibility of implementing their own development strategy. This role will require a major decentralization of state functions in order to increase the government's capacities at the local level, to reinforce their institutions and to maximize their economic potential. In this context, the UN System has supported the management and decision-making capacities of local governments to draw up and implement their own development strategy. Closely working with the government, non state actors (mainly farmers and small local industries) have been supported to increase and diversify its goods and services productions. Also some interesting initiatives have been carried out to support public-non state partnerships in response to the local development priorities.

Other important actions as a System were focused on issues such as health, education, climate change and gender. Additionally, sector analyses and meetings were held by UNCT members with key national and local counterparts – Minister of Agriculture, Minister of Health and local government authorities. In particular during this year, strategic dialogue was strengthened by the RC with key institutions in the national development context – National Association of Cuban Economists (ANEC), [National Association of Small Farmers\(ANAP\)](#), National research institutions, Red Cross, and the People's Power National Assembly.

ii. support to the national government in the preparation, implementation and/or revision of comprehensive MDG-based national development strategies;

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In terms of MDG accomplishment, Cuba is a developing country with many of the MDGs achieved long before these goals were agreed to in an international forum. The main challenges in the Cuban case are in terms of quality and sustainability in what has been already achieved. The UN System intends to support the national authorities' efforts in these dimensions (quality / sustainability), especially in a context of international crisis and domestic economic changes.

The three goals that the government considers (3rd national report) with insufficient progress to reach the target if the present trend is maintained are: reduce maternal mortality (note that maternal mortality rate in Cuba is among the lowest in LAC); significant improvement in the lives of slum-dwellers by 2020; and access to ICT.

The outcomes outlined in UNDAF 2008-2012 for Cuba are fully aligned with the national approach towards the MDGs. Results achieved so far have contributed directly to the MDG targets set as national priorities- Local Human Development, Food Security, Environment and Energy, Health (and HIV/AIDS) and Natural Disasters and Risks. In addition, significant inter-institutional efforts are being conducted for further progress on MDGs 1, 3, 4, and 5, through two joint programmes funded by the MDG-F: "Support for the fight against Anaemia in vulnerable groups in Cuba" and "Support for new decentralization initiatives and production stimulation in Cuba". During their second year of implementation, substantive progress have been obtained regarding the availability and diversification of food, mainly for vulnerable groups; the nutritional health of children and women; the production and management capacities of local producers; and local government capacities to implement their own development agenda.

iii. progress UNCTs are making collectively in support of the national partners' endeavours towards capacity development and aid effectiveness;

The UN System in Cuba, as well as individual UN agencies, continued the dialogue and developed alliances with other key actors in international cooperation present in Cuba. As a result, the UNS has established strategic alliances to develop and implement projects and programmes aligned with the national priorities and international goals.

As part of the partnership building strategy, the UNCT has been engaged in the development of synergies among international cooperation actors in response to the on-going social and economic transformations in Cuba. The UNS maintains its credibility as the key multilateral actor and is considered by other donors to be a solid partner due to its comparative advantages and its experience in Cuba.

In the framework of the MDG-F joint programmes implementation, the UNCT and the Spanish Agency for International Development Cooperation (AECID) conducted a meeting in September to identify comparative advantages and opportunities in the cooperation framework for the Joint programmes. Additionally, meetings were held between members of the Natural Disasters and Risk Interagency Group and officials from the Norwegian Embassy and academia to present the UN strategies and mechanisms on early awareness systems and emergency Response. As a result of this dialogue, the Norwegian government expressed its interest in continuing to support the UN in this area.

iv. experiences with joint programmes and HACT, as well as other highlights in coordination

The UNCT focused their work on attaining more leadership and advocacy in complex and relevant issues; initiating a strategic and inclusive UNDAF formulation process; and strengthening the UNS capacities. The UNCT met frequently throughout the year with a fortnightly calendar (13 meetings). In addition, the UNCT held three

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strategic meetings last year, with the objective of assessing and reinforcing the UNCT overall coordination capacity and therefore the collective impact of UN work in response to national priorities.

The implementation of the two MDG-F joint programmes continued in 2011 as the main and more visible UN programmatic joint effort. The coordination mechanisms have been reinforced based on the initial structure: "Support for the fight against Anaemia in vulnerable groups in Cuba" supported by five UNS agencies (FAO, PAHO/WHO, WFP, UNDP, UNICEF –lead agency) and four national ministries and a second JP "Support for new decentralization initiatives and stimulation of production in Cuba" by three agencies (FAO, UNDP –lead agency– and UNESCO) and five national ministries. These joint programmes were subject to a Mid-Term Review in 2011 which confirmed their effectiveness as a joint effort in providing a flow of knowledge, goods and services aligned with the national and local priorities. Recognizing that they have been implemented in a context of important changes at national level, the JPs have had the capacity to adapt to the current context ensuring the expected outcomes. However, important efforts have been necessary to achieve an adequate balance between the efficiency of the processes and its coherent insertion in local and national dynamics.

Other joint programming initiatives were implemented throughout the year. UNDP, FAO and UNEP participated in a GEF-financed programme to combat desertification and drought. Likewise, under UNAIDS PAF modalities, UNICEF and UNESCO developed actions to (PAF A) support education and training of adolescents as health promoters in HIV/Aids community prevention; UNFPA and PAHO / WHO channelled their efforts (extra budgetary fund under PAF B modality) to support the technical component of the HIV/Aids national prevention programme from the gender perspective focusing on women and girls.

The interagency work continues to be supported by nine interagency groups (UNCT, five programmatic groups, four operational groups and the ad hoc Group on Gender. Programmatic and operational interagency groups kept a meeting schedule to attain collaborative activities. The RCO facilitated, followed up and fully supported these interagency efforts.

In 2011 the UNCT was focused on strengthening UNS capacities for a more effective technical support to the process of gender mainstreaming in current UNDAF programmes and projects as well as in the UNDAF 2013-2018 formulation process. Additionally, the UNS identified new trends and areas of joint cooperation to effectively support government institutions in monitoring the process of updating the country's economic model and its impact on women and gender relations. The UNS finalized the "Gender analysis for a better support of UNS to the updating process of Cuban economic and social model" initiated in 2010 and completed one year later with relevant statistics and updated references. Among the most relevant training processes, the UNS, supported by UN Women, organized intensive training courses contextualized to the key areas of support such as "Gender in the context of Climate Change" and "Gender in Food Security Analysis".

The UNCT actively supported the SG's Campaign "UNETE" to Eliminate Violence against Women through the implementation of the "16 Days of Activism to Eliminate Violence against Women" campaign. Coordinated by UNESCO and UNFPA, and supported by UN Women, the UNS promoted the Campaign through awareness materials, concerts and training activities public awareness and social mobilization at the individual, family and community levels. Additionally, UNDP and UNFPA continued the work on the prevention of gender violence by workshop series on sexuality, law and gender violence addressed to lawyers and key initiatives focused to strengthen the Homes for Guidance to Women and Families to better diagnose and eradicate domestic violence.

The UNS celebrated along 2011 the International Year of People of African Descent, with the aim of raising awareness about the challenges and racial discrimination faced by them and to promote discussions that will

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generate solutions to address their current challenges. In this context, the UN System in Cuba has supported a number of activities and academic and cultural events designed to promote and strengthen the values ??of the African contribution to Cuban culture.

In the framework of the International Youth Year, the UN has supported the national efforts to promote dialogue and understanding between different generations and to recognize and encourage contributions from young people as effective agents of change in the development of Cuban society.

During the 20th edition of the International Book Fair of Havana the UNS participated with various activities aimed to ensure UN visibility and share the initiatives to support the country. The main initiatives during the Fair were also part of the UN International Year celebrations, roundtables on African Descent and Youth. The UNS also participated with a stand containing numerous publications of various agencies covering topics such as environment, food security, HIV AIDS and Education, among others. The stand was visited by students, scientists, farmers, academics and the general public.

The UNS continued to support the national response to emergencies by strengthening prevention and risk management. In 2011 the UNS signed a partnership agreement with the Cuban Red Cross on transportation in order to facilitate UNS project items and eventually used in case of SNU support to emergencies and natural disaster. Additionally, UNS conducted a session with the Cuban government on UN assistance mechanisms in phases of risk prevention and disaster recovery.

Taking into account the national development context the RC has strengthened a strategic dialogue with the NRAs on the current UNDAF process and on the main developments in the updating process. As a result, agencies such as UNIDO, UN Women, UN-Habitat, UN-AIDS, ILO, IAEA, and ECLAC followed up the national situation so as to jointly identify cooperation opportunities. This process will be continued in 2012 in the context of the UNDAF formulation in consultation with national authorities.

The OMT focused on providing a joint and integrated operational support to the UNS. A coordinated work was developed throughout the year with the UNCT for continual feedback and consultations regarding the main aspects of the UN work plan and programmatic issues requiring operational support and common services. The mechanism established with UNCT was based on RC and OMT Coordinators regular meetings as well as OMT minutes distribution to UNCT members. This practice enabled and promoted operational information exchange and updates between UNCT and OMT. The OMT implemented a work plan fully aligned with the UNCT´s priorities. In this context, different UN agencies were responsible and accountable for outcomes outlined in the work plan according to their expertise and competencies. Likewise, the creation of specific ad hoc task forces was required so as to adequately fulfil the initiatives and actions. As one of main achievements attained is that the UN interagency warehouse was successfully maintained with a working mechanism for all agencies and with the financial support of four agencies for regular associated costs. This initiative, led by WFP, has been essential not only as an emergency preparedness and response instrument, but also as a support to UN programmatic delivery. Another main feature of the 2011 programme of work is the UNS Green Office strategy, which was led by UNDP and implemented to reduce costs and the environmental footprint. The OMT also continued working on expanding UN rosters of service providers through research and negotiations with new suppliers and extending LTAs to UN agencies. The RCO fully supported and accompanied operations processes carried out by the OMT.

The Cuba UNCT requested UNDG LAC to extend HACT implementation exemption status for Cuba considering the particular national context and that major transformations are taking place.

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## Key aspects of the proposed 2012 workplan

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The UNCT main work objective is the delivery of a high quality and strategic UNDAF and the preparation of the new programming cycle. In addition, the UNCT agreed on achieving the MDG-F Joint Programmes' expected results, through a substantive implementation; achieving more influence and advocacy on complex issues such as violence against women and sustainable development; and strengthening the UNS capacities on key issues for the national context such as natural disaster preparedness. Finally, a key UNCT priority for this year is to continue monitoring the national updating process; identifying the UNS main strategic contributions in this context; and implementing, jointly with national authorities, key interventions to support this complex and interesting national development process.

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View more at: <http://www.undg.org/rcar2011.cfm?fuseaction=RCAR&ctyIDC=CUB&P=1507>