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COUNTRY AND INTERCOUNTRY PROGRAMMES AND PROJECTS

CONSIDERATION AND APPROVAL OF COUNTRY PROGRAMMES

THIRD COUNTRY PROGRAMME FOR
THE ISLAMIC REPUBLIC OF IRAN

UNDP assistance requested by the Government of the Islamic Republic of Iran
for the period 1983-1986

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* The previous country programmes were issued under the document symbols
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INTRODUCTION

1. The present country programme for the Islamic Republic of Iran covers the period 1983-1986. It has been prepared with the framework of the aim and priorities of the long-term Twenty-Year Plan (1983-2002) and the draft Five-Year Plan (1983-1987). The financial source of this programme comes from "the announced sum allocated to planning" which is referred to as the illustrative indicative planning figure (IPF). For Iran, this sum was established at \$20 million for 1982-1986. However, UNDP headquarters has since announced that member countries must plan for only 80 per cent of their illustrative IPFs. Thus, the portion of the illustrative IPF which can be taken into account for programming is \$16 million, less the authorized budget for 1982 (\$100,000). Furthermore, since UNDP activities in Iran came to a halt in 1979, a further sum of about \$16 million remains from the previous period. Therefore, resources available for programming which are at the disposal of the Government of the Islamic Republic of Iran for the period 1983-1986 are equal to about \$32 million.
2. The glorious Islamic Revolution of Iran, under the leadership of Imam Khomeini, brought the dependent monarchic régime to its knees and made economic independence the first priority in its struggles against world imperialism. The Constitution of the Islamic Republic of Iran rejects any kind of domination and submission to domination, and bans the endorsement of any kind of agreement which results in the domination by foreign Powers of the country's natural, economic, cultural and military resources, or any other aspects of the nation's life. The Government of the Islamic Republic of Iran hopes that UNDP co-operation will act towards ending the economic dependence of Iran and strengthening its economic independence and will be far removed from any spirit of neo-colonialism.
3. The present country programme is the country's third and the first for the Islamic Republic of Iran. Work towards the preparation of this country programme began in November 1981. Through the efforts of the Resident Representative of UNDP in Iran and the specialized agencies of the United Nations, on the one hand, and the endeavours of the Ministry of Foreign Affairs, the Plan and Budget Organization and (various) executing organs of the Islamic Republic of Iran, on the other, the country programme was prepared by the Plan and Budget Organization, following exchanges of views with the Ministry of Foreign Affairs and the UNDP office.
4. The long-term Twenty-Year Plan and the First Five-Year Development Plan of the Islamic Republic of Iran determine the country's general socio-economic-cultural development policies. The main aims of the Five- and Twenty-Year Plans are as follows: to safeguard economic independence; meet the needs of the Mostazafeen (that is, the people who suffer from poverty and deprivation); to secure social welfare, health and medical services; to provide clothing and food; to provide housing; to end unemployment, etc. All these aims have been stipulated in the Constitution of the Islamic Republic of Iran and they must all provide the ground for securing economic independence and meeting the needs of the Mostazafeen.
5. In the short run, financial resources used for the Five-Year Plan will be derived from oil exports. However, the Government will take serious and major steps in order to decrease financial dependence on crude oil exports, and increase non-oil exports. On the basis of projections made in the Plan^{1/}, the level of oil exports will increase from approximately 1,730,000 barrels a day in 1983 to 2,970,000 barrels a day in 1987. In this way, foreign exchange derived from oil will increase at an average annual rate of 14.4 per cent, growing from 1,704.3 billion Iranian rials (current official rate of exchange is 84.45 rials to 1 US dollar) in 1982 to 2,923.2 billion rials in 1987.

6. During the country's Five-Year Plan, the average annual growth of the gross national product (GNP) will be 8.7 per cent. It is predicted that the growth rate of the gross domestic product (GDP) during the said period will be between 8.3 and 9.2 per cent per annum. According to the estimations undertaken, the level of investment in the various sectors will increase from 1,931.3 billion rials in 1983 to 3,951 billion rials in 1987.

7. At the sectoral level, quantitative aims have been set out as follows: the average growth of the agriculture sector, including forestry and fisheries, will be 7 per cent per annum (including crop production, 7.5 per cent; fisheries, 26 per cent; cattle breeding, 5.3 per cent; and forestry, 17.0 per cent); oil sector, 15.9 per cent; industry and mines, including construction, water, electricity and gas, 14.5 per cent; and the services sector, 3.6 per cent.

8. Increased employment is one of the main aims of the Five-Year Plan. According to projections, 2.4 million new jobs will be created during the course of the Plan. The level of unemployment will decrease from 19.2 to 11.2 per cent of the labour force. The construction sector will create 32.8 per cent of the new jobs; while the industry and mines sector will create 18.2 per cent of the new jobs.

9. The total investment budget during the Five-Year Plan is equivalent to 14,191.3 billion rials. The sector of industry and mines (including construction and housing) will absorb the major part of this budget. The share of this sector will decrease from 54.8 per cent in 1983 to 50.3 per cent of the total investment budget in 1987, so that approximately half of the budget will be allocated to construction and housing. The share of the agriculture sector will increase from 13.8 to 16.7 per cent of the total investment budget between 1983 to 1987. During the same period, the share of oil in the investment budget will increase from 4.1 to 6.2 per cent.

10. The country programme will be evaluated and reviewed annually, so that, while progress and the circumventing of obstacles are monitored, the harmony of the country programme with Government decisions and actions is also maintained.

NATIONAL DEVELOPMENT OBJECTIVES AND PROGRAMMES TO BE SUPPORTED BY UNDP

General criteria for technical co-operation

11. A sum of \$1 million will be allocated from the country's IPF resources for technical co-operation among developing countries (TCDC).

12. The Government of the Islamic Republic of Iran gives considerable importance to the principle of expanding and strengthening relations with third world countries, especially those not dependent upon imperialism. The manner of implementation of this principle will be such that, on the one hand, consultants and equipment from those countries will be used to implement projects in Iran and, on the other, Iranian consultants will be used in international and regional UNDP projects and activities.

Sectoral aims, priorities and technical co-operation

A. Agriculture

13. The agriculture sector includes the four subsectors of crop production, cattle breeding, forestry and fisheries. Increasing crop production, improving the standard of living of the rural population, providing the raw materials needed by the country's industry and the food for consumption by society are among the most important aims of the Government. At present, a large part of the food consumed is imported from abroad. The Government will attempt to reduce this dependence on foreign countries to a significant degree during the First Five-Year Plan. The policies foreseen in this sector are as follows: land reform; the establishment and development of rural service centres; the strengthening and extension of rural production and distribution co-operatives. As regards irrigation, in addition to the reconstruction and renovation of ghanats (traditional system of irrigation), use will be made of modern irrigation and drainage systems, and water wastage will be prevented. In order to achieve the above aims, 2,204.9 billion rials have been appropriated to this sector in the First Plan.

14. UNDP resources will be utilized to improve dry farming techniques and on-farm irrigation practices, produce improved seeds for major food crops, improve saline and alkaline soils, cultivate arid lands; it will also be utilized for cattle breeding, watershed management, and range land development and pastures improvement. A sum of \$10.2 million will be allocated for development assistance in this sector.

B. Industry and mines

15. Industry and mines is one of the main sectors of the economy. The importance of this sector is derived from the increasingly important role it must play in achieving self-sufficiency, meeting the needs of industry, providing the raw materials required by industry and providing help towards the growth of the agriculture sector, especially as regards job creation. According to Provision 44 of the Constitution of the Islamic Republic of Iran, all large-scale and heavy industry is owned by the State and is at its disposal. According to estimates in the Plan, this sector will have a growth rate equivalent to 14 per cent per annum during the course of the First Plan.

16. The objectives for the industry sector will be attained through: expanding the design and production of industrial equipment and tools; strengthening and expanding heavy industries; training industrial employees and improving their expertise and skills; training new technical and skilled staff; employing technology which is suitable and in harmony with the capacities and the need for independence of the country; and using existing productive capacity.

17. In order to provide the raw materials needed by domestic industries, special importance will be given to the exploration and exploitation of mineral resources and the processing of raw materials.

18. The total resources allocated to the sector of industry and mines are estimated at 1,970.9 billion rials during the First Plan, based on a growth rate of resources allocated of 22.9 per cent per annum.

19. UNDP technical co-operation will be used to install and bring into operation geological machinery and tools; increase the scientific knowledge and technical capability of the country to undertake geological studies and mineral exploration; establish factories to produce pharmaceutical raw materials, etc. A sum of \$7.4 million has been appropriated from the country's IPF for these purposes.

C. Transport and telecommunications

20. The Government's programmes in the areas of communications are directed towards increasing the share of the public sector in transporting cargo and passengers; expanding the tracks and network of the railways, especially to isolated areas; and expanding the country's commercial shipping fleet. In the area of telecommunications, special attention is being given to updating outmoded technology, utilizing suitable technology, improving the method of utilizing the existing telecommunication system as well as expanding the system; and expanding telecommunications in rural areas.

21. A total of 1,066.8 billion rials has been set aside for expanding the country's transport network and telecommunication system in the First Five-Year Plan.

22. UNDP resources will be used to bring digital telecommunications systems into operation; establish an ionospheric station, to conduct studies in the use of rural telecommunications, to provide assistance to the Ports and Shipping and Meteorological Organization in the area of management and water transport. A sum of \$2.8 million has been appropriated from the country's IPF for these purposes.

D. Manpower development

23. The aims of the Plan in this sector are to improve the level of technical, vocational and educational skills in order to increase the productivity of the labour force and to improve the safety and health of the work environment in order to ameliorate working conditions for the workers. At present, there are approximately 60 technical and vocational training centres in operation, and it is foreseen that new centres will be established. A centre for the training of instructors and technical research is being completed.

24. UNDP technical co-operation will be used to complete the Centre for Instructor Training and Technical Research, as well as to improve the level of environmental hygiene and the workers' health. A sum of \$6 million will be allocated from IPF resources for this purpose.

E. Education, health and social welfare

25. This sector has special importance in the First Five-Year Plan of the Islamic Republic of Iran. In the Plan, 725.1 billion rials have been allocated to this sector.

1. Education

26. Illiteracy is seen as one of the obstacles facing man and society on the path to development. With this in mind, one of the main orientations of the country's development will be the rapid expansion of mass education. Technical and vocational education, teacher training and the continuous and expansive struggle against illiteracy will also be given top priority in the educational programme. UNDP technical co-operation will be used in the framework of the programme of the education sector. A sum of \$100,000 from IPF resources is devoted to this sector.

2. Health

27. Because of the accumulation of problems from the time of the previous régime and the problems which arose after the Revolution, indicators show that services in this sector are not up to the relevant international standards. For this reason, during the First Plan, at the same time as efforts will be made to improve standards, priority will be given to preventive medicine and hygiene. In this way, with the execution of necessary programmes for improving nutrition, providing sanitary drinking water and health installations, controlling of infectious diseases through vaccination and also increasing the numbers of nurses and doctors, establishing health centres, renovating and expanding hospitals and producing the raw materials for the country's main medicines, efforts will be made so that health and hygiene services become available to the majority of the country's deprived population. During the First Plan, a sum of 317.7 billion rials will be invested in this sector.

28. UNDP technical co-operation will be used to improve the production of pharmaceutical raw materials and to establish a system of maintenance and repair of medical equipment. A sum of \$1 million will be appropriated from IPF resources for this purpose.

F. Science and technology

29. The Constitution of the Islamic Republic of Iran gives exceptional importance to the expansion and diffusion of scientific research and technology that is in harmony with the needs of the country.

30. UNDP resources will be used in making use of radioactive technology for sterilizing medical and health equipment, and also for training and familiarizing academic and technical staff from the university and research institutes with the kind of technology which is required for Iran, through fellowships and the procurement of equipment. The amount appropriated to this sector from UNDP resources is \$2 million.

G. Planning and general economic development issues

31. In the Constitution of the Islamic Republic, it is stated that: "The economic system of Iran is established on the basis of the three sectors, government, co-operative and private, through correct and regulated planning". For this reason, UNDP technical co-operation will be used for training and improving the planning expertise and skills, in accordance with the economic needs of the Islamic Republic of Iran, through fellowships and participation of Iranian consultants in planning conferences and seminars, and the utilization of the planning experiences of other nations. A sum of \$500,000 has been allocated from IPF resources for this purpose.

Notes

1/

The estimates in this Plan are not final.

FINANCIAL SUMMARY

A. Resources

\$

(a) IPF and other resources

(i) Illustrative IPF for 1982-1986	20 000 000
(ii) Less unprogrammed balance ^{a/}	(4 000 000)
(iii) Less authorized budget level for 1982	(100 000)
(iv) Previous IPF cycle balance	16 058 000

Total resources available for programming 31 958 000

B. Use of resources(a) Programmed

(i) Ongoing projects	7 357 000
(ii) New projects and new phases of ongoing projects included in the country programme	435 000
(iii) Earmarked for specific objectives and activities for which projects are to be worked out at a later stage	23 108 000

Subtotal 30 900 000

(b) Reserve 1 058 000

Total programmed plus reserve 31 058 000

C. Financial distribution of programme by sector

<u>Sector^{b/}</u>	<u>Ongoing projects</u>	<u>New projects</u>	<u>Sectoral earmarkings</u>	<u>Total</u>
	\$	\$	\$	\$
02 General development policies and planning	-	-	1 500 000	1 500 000
04 Agriculture	-	75 000	10 125 000	10 200 000
05 Industry (including mines)	-	10 000	7 390 000	7 400 000
06 Transport and communications	-	-	2 800 000	2 800 000
10 Health	-	350 000	650 000	1 000 000
11 Education	-	-	100 000	100 000
12 Employment	5 433 000	-	467 000	5 900 000
16 Science and technology	1 924 000	-	76 000	2 000 000
Total	7 357 000	435 000	23 108 000	30 900 000

^{a/} Representing 20 per cent of the illustrative IPF which has not been taken into account for programming.

^{b/} According to ACC classification.

