Thirty-third session
2-27 June 1986, Geneva
Item 5 (b) of the provisional agenda

PROGRAMME PLANNING

Country and intercountry programmes and projects

FOURTH COUNTRY PROGRAMME FOR TUNISIA*

<table>
<thead>
<tr>
<th>Programme period</th>
<th>Actual resources programmed</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>8 250 000</td>
</tr>
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* Detailed listings of projects and other related data prepared as part of the country programming exercise are available on request. These listings include: (a) ongoing projects; (b) proposed projects; (c) distribution of resources by objective; (d) planned activities of operational funds and programmes under the authority of the Administrator; (e) distribution of new country programme by sector.

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I. DEVELOPMENT TRENDS, STRATEGIES AND PRIORITIES

A. Current economic trends

1. For the past few years, the Tunisian economy has been developing in an unfavourable world economic climate, characterized mainly by sluggish international trade, a proliferation of protectionist tendencies, the decline in prices of certain raw materials, rising interest rates, and continued instability on the foreign exchange markets.

2. An analysis of the principal macro-economic aggregates for the first four years of the sixth development plan indicates that targets are not being met. The growth in the gross domestic product (GDP) has slowed considerably to an average annual rate over the first three years of only 2.5 per cent in constant prices. Similarly, fewer new jobs were created than were projected.

3. The slow-down of growth and of the generation of new jobs occurred even though the investment rate in relation to GDP was higher than planned (30.7 per cent, instead of 28.4 per cent). Of course, the consistently high investment rate reflects rapid growth in domestic demand, as a result of an expansionist policy in credit and public expenditure. This growth in domestic demand, coupled with international tensions, placed added pressure on the balance of payments. The current account deficit meant increased reliance on loans from other countries, causing a decline in foreign exchange reserves. For this reason, and also because of fluctuating foreign exchange rates, the value of the foreign debt underwent a significant change. Outstanding loan obligations made up 50 per cent of the GDP by the end of 1984, and debt service accounted for nearly 22.5 per cent of current revenue net of energy imports.

4. The gross failure to meet targets prompted the Government to institute recovery measures at the beginning of 1985 for the remaining two years of the plan. The purpose was not only to curb the deterioration observed over the first three years, but also to restore equilibrium to the economy, thereby preserving the country's external creditworthiness and allowing development to go forward. An even stronger effort to adjust and restore equilibrium should be made under the seventh plan, covering the period 1987-1991.

B. National development strategies

5. The seventh national plan should therefore address three major concerns. It must: (a) bring the balance of payments under control; (b) deal with the problem of employment; and (c) maintain a balance among the regions of the country.

6. To achieve these overall objectives, the plan should:

   (a) Promote exports. More than ever, continued growth depends on the country's capacity and ability to increase exports;
(b) Control investment. Consideration should be given to the country's financing opportunities and to its concern about the balance of payments, employment and regional development;

(c) Make rational budget choices. In view of the squeeze on State finances, the Government should tailor public expenditure to the resources likely to be available, without aggravating fiscal pressure and making the debt burden heavier;

(d) Continue to implement the reforms set forth in the seventh plan (fiscal reform; reform of the educational system; social welfare reforms; Civil Service reforms).

C. Technical co-operation priorities

7. The above-described national development priorities require very substantial foreign inputs, in the form of both financing and technical assistance.

8. It is certainly difficult to calculate exactly how much foreign technical assistance the country needs, because the areas of technical co-operation cover almost all of the economic sectors. This has led the Government to make choices and to set priorities among its projects, according to the following criteria:

(a) The country's development programme is considered mainly in terms of investment. Technical assistance should accompany the development effort in the form of pre-investment and support;

(b) The Government itself must identify and programme technical assistance, reflecting the country's overall development concerns;

(c) Foreign technical assistance must accommodate existing national expertise and should be confined to areas where the country's "know-how" is non-existent or inadequately developed;

(d) Technical co-operation, which was formerly granted to traditional projects, should, from now on, be aimed at sectors whose development is dependent on the use of technology.

9. The other criteria relate to the projects themselves and can be used to classify requests for technical assistance according to the following considerations: nature of pre-investment (including research and development); positive influence on the balance of payments; impact on the promotion of investment and economic integration; impact on regional development; the anticipated effect on the development of the country's potential resources; and the anticipated effect on the strengthening of training and development support services.

10. The Government accords priority to sectors which need to acquire, or master more thoroughly, various techniques in order to create new production opportunities or improve existing ones. The technology sought may also be in fields that are indirectly related to production, such as training and research.
11. Country programme priorities will therefore be geared to the transfer of appropriate technology and the promotion of national technology. Technology will thus be viewed as a general priority and will be the backbone of the programme, since it can be adapted to any potential project. Hence, technology will be an ever-present factor in all of the projects.

12. Throughout the formulation of the country's technical co-operation priorities, which were carried out by means of consultations with departments in the Tunisian ministries, consideration was given to potential inputs from other agencies and bodies, such as the United Nations Fund for Population Activities (UNFPA), the World Food Programme (WFP), the World Health Organization (WHO) and the United Nations Children's Fund (UNICEF), and potential assistance from friendly countries, and the specific character of each of those partners was taken into account.

D. Arrangements for the co-ordination of aid

13. Clearly, the aims of the programme and its qualitative and quantitative goals, go beyond the financial means that will be made available to the Government under the indicative planning figure (IPF). Additional sources of funding must therefore be sought. As the Government's co-financing abilities are limited, given the difficult economic conditions in the country, other sources of financing, either bilateral or multilateral, will be asked to participate in cost-sharing.

14. The attempt to mobilize additional resources will be made jointly by the Government and UNDP when the projects are presented, as occurred in the case of the third programme. In this way, the co-ordinating role of UNDP will be affirmed and strengthened.

15. The Government believes that, inter alia, the United Nations agencies and the special funds under the authority of the UNDP Administrator, such as the United Nations Financing System for Science and Technology for Development, the United Nations Development Fund for Women and the emergency funds should be approached on this subject.

II. THE COUNTRY PROGRAMME

A. Assessment of current country programme

16. The third-cycle IPF sectoral allocation (based on actual 1982-1984 expenditure and projected expenditure for 1985 and 1986) shows an imbalance in favour of the agricultural sector, which accounted for more than half of the IPF (instead of the 35 per cent provided for in the programme), at the expense of other, no less important, sectors which have received only a small portion of the assistance (between 3 and 6 per cent per sector).

17. A number of measures have been adopted to ensure that the IPF is used strictly for the transfer of know-how: the services of international experts on a short- or medium-term basis, the acquisition of specific equipment for demonstration purposes, and the training of national personnel, with a view to assimilating and utilizing the knowledge transferred.
18. The formula for the implementation of projects by the Government, developed during the current cycle, has yielded good results. In all, six projects are being implemented exclusively by government agencies. This experience will therefore be continued.

19. A considerable effort has been made to mobilize additional resources. Between 1982 and 1984 the contribution to cost-sharing was nearly $400,000, as against $160,000 between 1978 and 1981.

20. It should be mentioned also that a number of major obstacles were encountered during the implementation of completed and ongoing projects. The methods used to recruit international experts have often been inefficient for at least two reasons: the problems experienced in absorbing the expert, particularly in the early stages of his mission, and the failure of the national authorities to use rigorous criteria in the selection of experts. In order to overcome these obstacles, it would be advisable, whenever the services of international experts are to be utilized, to employ a method of selection that would permit the right expert to be chosen for the right post. At the local level, national project managers should be given training and refresher courses, where appropriate, to familiarize them with UNDP procedures and regulations.

21. The low level of assistance also makes it necessary to adopt a number of austerity measures aimed at increasing project output and reducing costs as much as possible, thereby enabling a larger number of projects to benefit from UNDP assistance. Among the measures which the Government has already taken during the third cycle and which it intends to strengthen during the fourth programme, the following may be mentioned:

(a) Limiting the use of long-term experts and using instead missions of highly qualified consultants for specific tasks. Where circumstances so require, it is planned to use consultants from non-traditional channels. Like many other developing countries, Tunisia has available to it a substantial pool of highly qualified researchers and technicians, working at home or abroad, whose services may be called upon for specific missions or consultations. The Government hopes that the employment conditions offered to national experts will be sufficiently attractive to stimulate in them a greater interest in the country programme;

(b) The acquisition of the specific equipment required for the transfer of technology must form part of the projects. Such equipment may represent a relatively high share of project costs, since the technology that needs to be mastered sometimes requires sophisticated and expensive equipment;

(c) A greater role in the implementation of certain projects for government agencies which are more familiar with local conditions. Such an approach, moreover, provides the necessary flexibility for the prompt and least costly implementation of projects and enables the national managers of government-executed projects to acquire the requisite experience for the continuity of the programme;

(d) Greater emphasis on the training of national technicians through close and continuous collaboration with international experts. Such a measure obviously
requires that Tunisian candidates be available for possible selection, at the appropriate time, to accompany the expert to the project site and, subsequently, to take over the technical tasks which are essential to the continuity of the national technological development effort.

B. New programme proposal

22. The Government of Tunisia, UNDP and agencies of the United Nations system have engaged in fruitful and intense exchanges on the elaboration of a new country programme for Tunisia. So far as UNDP is concerned, the note of the Resident Representative constituted the principal phase of those exchanges. Programme missions from the Food and Agriculture Organization of the United Nations (FAO) and the United Nations Industrial Development Organization (UNIDO) exchanged views with Tunisian officials on the subject of the new country programme.

23. The objectives set for the country programme are in keeping with the priorities established for the selection of projects for the fourth programme and described above.

Balance-of-payments improvement ($3,612,000)

24. The projects geared to this objective will help to increase the production of goods which are currently imported, to stimulate exports and to improve the management of foreign trade. The following six projects share this objective:

(a) Integrated use of Tunisian bentonite. This project aims at replacing the imported product through the local production of activated bentonite for industrial and agricultural uses. Tunisia's yearly imports of bentonite total $2.5 million (ongoing project).

(b) Unit for the design and manufacture of electronic components. The extent of Tunisia's participation in this industry is limited to the assembly of components that are designed and gathered together elsewhere and delivered in "kits". The project is intended to increase as much as possible the degree of local participation in this activity and to increase the value added, with a view to promoting greater familiarity with the industry and reducing related imports (new project).

(c) National centre for research in biotechnology. This project seeks to develop research in industrial biology, provide technical assistance to local industries to promote biotechnology in Tunisia and absorb available technologies for the production of pharmaceutical products, almost all of which are at present imported ($70 to $75 million annually) (new project).

(d) Rationalization of imports. The goal of this project is to develop a more rational and efficient import management system for Tunisia, to improve the monitoring of supplies and to strengthen the means and capacity available for utilizing trade information on imports (new project).
Trade information service and computerized data processing system. This project aims at increasing resources and improving methods so as to enable the Tunisian Exports Promotion Centre (CEPEX) to better fulfil its role as a permanent monitor of external market trends and to give effective guidance to programmes that promote and diversify Tunisian exports (new project).

Foreign trade promotion. This project will help to increase the resources currently available to the Tunisian Trade Office (staff training, procedures and techniques) and will be based on the following three actions:

(i) Quality control of Tunisian exports and preparation of a practical manual on the subject;
(ii) Evaluation and strengthening of the system of trade representation abroad;
(iii) Elaboration of a plan for the establishment of a permanent exhibition centre and improvement of the techniques for arranging Tunisia's participation in fairs and exhibitions abroad (ongoing project).

Investment promotion and economic integration ($1,035,000)

25. While this objective is very broad in scope and can be said to cover almost all of the projects, the following four projects may be identified with it because they are predominantly concerned with promoting economic integration:

(a) Unit for the computer-assisted design and manufacture of moulds. Situated within the Technical Centre for Mechanical and Electrical Industries (CETIME), this project aims at promoting the production of plastic-injection moulds, metal moulds for foundries and moulds for footwear. It also fosters the absorption of the technology for the design and manufacture of these tools, thus reducing Tunisia's dependence on foreign technology, and it will help to raise the level of economic integration throughout Tunisian industry (ongoing project);

(b) Development of techniques for the processing of plastics. This project will promote techniques for the processing of plastics other than by injection, which, at present, is the only widely used process in Tunisia (new project);

(c) Self-help urban dwellings. The goal of this project is to encourage the production and use of local materials and to develop self-help construction techniques. The project will proceed in tandem with the third urban project executed by the World Bank at Kef (ongoing project);

(d) Application of technical complexity methods of analysis for capital equipment in Tunisia (ACT). This project is intended to assist the Government to formulate and implement an operational strategy for its capital equipment industry, based on the mastery of complex technology (ongoing project).

26. An indicative amount of $430,000 has been earmarked for a project currently under consideration concerning the development of the electronics industry.
Regional development ($1,427,000)

27. The six projects under this heading reflect the Government's concern to redress regional imbalances in the area of economic and social development:

(a) Rural water supply. This project is aimed at preparing a long-term master plan, identifying pilot projects in one or two rural provinces and assisting the agencies in the sector to improve water quality control (ongoing project);

(b) Demonstration centre for appropriate rural technology. This project seeks to improve the quality and conditions of life in villages through the implementation of a rational development plan that shows due regard for the natural and socio-cultural environment, thus helping to stem the tide of the rural exodus. The introduction of balanced eco-development in a pilot village through the use of technologies adapted to the needs and economic resources of villagers is the principal objective of this project (new project);

(c) Development of back-up irrigation for cereal cultivation. The twin objectives of this project are regional development, since it concerns the interior rural areas, and self-reliance in food. It seeks to impart to farmers a back-up irrigation technique which, in its experimental stage, has yielded excellent results (new project);

(d) Rural rehabilitation and training of the visually handicapped in agriculture and livestock farming. This project is designed to strengthen technical planning and management skills in the rehabilitation of blind persons for agricultural work and livestock farming in rural areas (ongoing project);

(e) Mapping of pasture resources in development zones in the south of Tunisia. The goal of this project is to prepare a map of the areas in the south which are earmarked for development, with a view to finding suitable sites for future development projects and identifying potential pasture land (ongoing project);

(f) Development of livestock farming in oases and the Saharan regions. This project aims at increasing livestock production in the oases and on the steppes, thus contributing, at the national level, to self-sufficiency in food and a higher standard of living.

28. An indicative amount of $500,000 has been earmarked to launch, in co-operation with other partners, a number of development initiatives, particularly in the south of the country, aimed at redressing the regional imbalance.

Exploitation of the country's resource potential ($570,000)

29. It is possible that these resources are known but underexploited for want of appropriate technology, or else they are insufficiently known owing to a lack of detailed research. The following projects are intended to remedy some of the deficiencies in this area:
(a) Development of the exploitation of geothermal resources in agriculture and industry. This project is intended to teach the techniques of the exploitation of geothermal resources in the south of Tunisia on the basis of the results of the ongoing experimental project in the same field (new project);

(b) Study and exploration of ways of improving saline soils. The principal purpose of this project is to find ways of improving farmable land. The results of the project will be transmitted to the planning authorities (new project);

(c) Processing agro-industrial by-products for animal fodder. The project seeks to increase the supply of animal fodder in the country by drawing on a range of agro-industrial by-products and crop residue rarely used for this purpose at present. The development of a system to enrich material of a low nutritive value through various processes and the dissemination of this technology are principal objectives of the project (new project).

Training and development support services ($660,000)

30. Clearly, all the projects which have a training component or which are required to provide support services might be included under this heading. The following six projects have been selected:

(a) Establishment of an industrial data mini-bank. This project is intended to assist the Government to plan and establish an industrial data mini-bank for the specific purpose of improving studies relating to the identification and evaluation of industrial projects in Tunisia (ongoing project);

(b) Training in connection with the cultivation of arid land. This project involves the integration of training activities into the framework of desertification control and integrated agricultural development in the south of Tunisia. It consists of upgrading the continuous training and retraining of public-works engineers and senior technicians of the Institute for Arid Regions in order to strengthen the management of agencies which are operating in the south of Tunisia (ongoing project);

(c) Development of software packages. This project seeks to standardize computer applications, achieve better integration at the national level and reduce the cost of developing software packages (new project);

(d) Establishment of a country programme support service. This project is aimed at strengthening the technical and administrative capacity of the central authority responsible for government-executed projects by providing specific administrative assistance for such projects and by acquainting national project managers with United Nations methods and regulations. Particular emphasis is placed on the drafting of project documents, the preparation of interim reports, the keeping of accounts and the drawing up of financial statements in conformity with UNDP procedures (ongoing project);

(e) Multisectoral interventions as required. This project is intended to strengthen and stimulate project activity (ongoing project);
(f) Establishment of a seed bank for plant species for arid areas. This project is part of the priority activities established under the national strategy to combat desertification and contributes to the improvement of rangeland (ongoing project).

C. Unprogrammed reserve

31. The programme thus submitted by the Government of Tunisia provides for an unprogrammed reserve of $945,000 which, in due course, will be allocated to ongoing projects in need of additional financing or to new projects currently under consideration.
Annex

FINANCIAL SUMMARY

I. ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING

A. UNDP-administered sources

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<td>Subtotal IPF</td>
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<td>Special programme resources</td>
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<td>Government cost-sharing</td>
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<td>UNDP special trust funds</td>
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B. Other sources

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<tr>
<td>Funds from other United Nations agencies or organizations firmly committed as a result of the country programme exercise</td>
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<td>Parallel financing from non-United Nations sources</td>
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<td>Subtotal, other sources</td>
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TOTAL ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING: 8 250 000

II. USE OF RESOURCES

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<th>Resource</th>
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<td>Ongoing projects</td>
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<td>New project proposals</td>
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<td>Programmed reserve</td>
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<td>Subtotal, programmed resources</td>
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<td>Unprogrammed reserve</td>
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TOTAL USE OF RESOURCES: 8 250 000