



**Governing Council  
of the  
United Nations  
Development Programme**

Distr.  
GENERAL

DP/CP/MOR/4  
19 March 1987  
ENGLISH  
ORIGINAL: FRENCH

Thirty-fourth session  
26 May-19 June 1987, New York  
Item 5 (b) of the provisional agenda

PROGRAMME PLANNING

Country programming and multinational programming

FOURTH COUNTRY PROGRAMME FOR MOROCCO\*

<u>Programme period</u>	<u>Actual resources programmed</u>	<u>\$</u>
1987-1991	IPF for 1987-1991	16 299 000
	Third cycle balance	260 000
	Other resources programmed	1 974 567
	Total	18 533 567

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\* Detailed listings of projects and other related information under the country programming may be obtained by those concerned on request. These listings relate to: (a) ongoing projects; (b) proposed projects; (c) distribution of resources by objective; (d) activities covered by the funds and operational programmes of the Administrator; and (e) breakdown of the new programme by sector.

## I. DEVELOPMENT TRENDS, STRATEGIES AND PRIORITIES

A. Current economic trends

1. The population of Morocco was estimated in 1985 at 22 million, with nearly 44 per cent urban dwellers. The population density is approximately 31 inhabitants per square kilometre. The gross domestic product (GDP) of Morocco in 1985 amounted to \$13.1 billion, and GDP per capita for the same year was estimated at \$594. GDP distribution by sector in 1984 was as follows: 16.6 per cent for the primary sector, 31.7 per cent for the secondary sector and 51.7 per cent for the tertiary sector, including 12.5 per cent for public administration.

2. Since independence, Morocco has embarked upon a vast programme to create the economic, political and institutional structures required for building up the country within a pluralistic democratic framework. Since 1960 the country has undergone radical social and economic changes. For example, the total population increased by 80 per cent, the GDP in 1985 was 2.8 times greater than in 1960, and the rate of investment increased from 15 per cent of GDP during the 1960s to 21.7 per cent in the first half of the 1980s.

3. In the 1970s, Morocco pursued a policy of accelerated economic growth, made possible by the quadrupling of phosphate prices which coincided with the first upsurge in oil prices. The phosphate boom, however, was of short duration and was accompanied by a deteriorating international economic situation marked by new rises in oil prices, reduced demand for raw materials, whose prices fell, inflation and the rise of the dollar and of interest rates. Faced with these external upheavals, the Moroccan economy was unable to adjust with the necessary flexibility, and the large-scale programme of public investment and social expenditure could be continued only by successive borrowings. The result was a sharp increase in the public deficit, a marked decline in external accounts and a rapid rise in the external debt. Moreover, at the beginning of the 1980s, Morocco suffered from a severe and prolonged drought, which hurt agriculture, thereby obliging the State to increase food imports to alleviate the food shortage and to reduce this sector's contribution to the export sector. For the first time since independence, GDP decreased and the economy was beset with serious difficulties.

4. In 1983, the public authorities, wishing to adjust the Moroccan economy to these structural changes and to lay the foundations for steady growth, decided to launch adjustment and structural reform programmes, with the support of the World Bank and the International Monetary Fund (IMF).

5. These austerity and structural adjustment programmes were geared mainly to: (a) the improvement of internal balances through rationalization of expenditures and consolidation of resources; (b) the reduction of external imbalances; (c) the maintenance of a level of growth compatible with available opportunities; and (d) the restructuring of State services by relieving the public authorities of certain economic functions and by increasing the productivity and efficiency of public and semi-public services.

6. The economy reacted favourably to the forceful measures adopted to achieve those objectives, and in the past two years there was a marked improvement in the major financial balances:

(a) In respect of public finances, the current balance clearly improved and even registered a slight surplus in 1984. The total public deficit showed a similar trend because its percentage of GDP fell from 14.5 in 1981 to 6.8 in 1984. These are the results of an improvement in public revenue and of regulating the increase in both operating and capital expenditures.

(b) As regards foreign exchange, the rate of coverage of imports by exports increased from 47.9 per cent in 1981 to 56.9 per cent in 1985. The deficit in the current balance-of-payments account, expressed as a percentage of GDP, rose from 12.6 per cent in 1981 to 7.6 per cent in 1985. The ratio of debt service (interest and amortization) to exports of goods and services and transfers fell from 29.7 per cent in 1981 to 20.2 per cent in 1982, taking into account the rescheduling of part of the external debt.

7. Recovery and austerity efforts will have to be pursued, however, until the end of the decade in order to consolidate the economy and reorient it towards faster growth. In the past five years, the growth in GDP was very slow, but it is encouraging to note that the rate of investment has remained relatively high. An effort must be made, however, to increase the share of private investment and to make investment more effective, as regards both the choice of projects and the use of existing infrastructure and equipment.

8. As this analysis might lead us to expect, household consumption, taking into account population increase, has to all intents and purposes not improved in recent years. The same applies to employment. In the absence of precise statistics, it is hard to be specific, but a survey of urban employment shows that the unemployment rate rose from 9.8 per cent in 1980 to 18.4 per cent in 1984. Because of the restrictive policies pursued and population growth estimated at 2.5 per cent a year for the rest of the decade, it is hard to imagine a game plan for reviving household consumption over the short term.

9. Apart from these short-term trends, account must be taken of chronic social and economic trends that can be changed only over the long term, namely:

(a) The rate of population growth, which will remain high and will have a significant impact on requirements in the areas of education, health, employment, food, housing and drinking water;

(b) The imbalance between the supply of and demand for staple foods, which is increasing in proportion to population growth, while production is increasing only at the rate of 2 per cent a year;

(c) The fragility of the environment, which is subject to heavy erosion that sometimes results in desertification.

B. National development strategies

10. The most recent five-year development plan ended in 1985, under the influence of the structural adjustment loans and programmes of the World Bank and IMF, which had just been negotiated and were reorienting development strategies and policies. A new plan, now in preparation, should be approved sometime in 1987. In the mean while, the Government's strategy will be the one already followed, namely, to reconcile the continuation and intensification of adjustment policies, which are a prerequisite for any lasting economic recovery, and efforts to achieve an economic growth rate that will alleviate the decline in the level of living and of employment.

11. The country's medium-term development strategy is aimed at liberalizing the economy, at opening it up to the outside world and, through the growth in external demand, which should result from the liberalization of trade and the implementation of export-promoting policies, at rediscovering the driving force of national development. This strategy has the following components:

(a) The voluntarist policy to promote exports will be continued. The export-incentive code will be revised and its scope will be expanded. Resources for promotional activities will be increased and administrative procedures, both at the level of the Exchange Office and of customs, will be made more flexible. Similarly, the financial resources available to exporters, both at the stage of supplying them with raw materials or semi-finished goods and at the level of investment in and production of goods and services for export will be increased.

(b) Tariff barriers on imports will be lowered and quantitative restrictions will gradually be eliminated so as to expose local products to greater competition from imports and thereby make the national productive system more efficient and contribute to an optimal allocation of resources.

(c) Efforts to ensure greater effectiveness in development management in general and in the public sector in particular by rationalizing expenditure, maintaining and repairing existing equipment, improving the productivity of civil service personnel and introducing new and more efficient management procedures. Special attention will also be paid to the choice of development projects and to introducing new management methods in public and semi-public offices and establishments.

(d) The mobilization of public and private national savings will continue to be encouraged through reforms in the financial sector and tax reform. The private sector will be encouraged to play a more important role in the economy and certain economic and commercial activities managed by the State will gradually be transferred to the private sector.

(e) The mobilization of national water, agricultural, fishery, mineral and human resources to ensure, within the limit of current financial constraints, maximum growth in order to check the decline in the level of living and rising unemployment; in particular, the production of staple foods, which are in short supply, will be encouraged so as ultimately to achieve food self-sufficiency and reduce pressure on the balance of trade. Specifically, this means gradually

replacing imports by producing cereals, oil-seeds and fishery goods in which Morocco has comparative advantages.

### C. Technical co-operation priorities

12. Implementation of the structural reforms undertaken by Morocco requires an additional and sustained input of capital to finance the necessary adjustments while maintaining the level of consumption and employment. In this connection, significant external assistance, some in the form of loans on favourable terms, has been granted to Morocco to support its balance of payments and finance the structural reforms in progress. Moreover, important financial agreements, on market terms, have been concluded to finance the infrastructures and equipment which are required for the country's development and whose economic and financial profitability have been thoroughly studied.

13. This is the background against which we must judge the requirements and the essential role that technical co-operation can play, particularly in pre-investment and implementing the ongoing reforms. This technical co-operation, however, must be regarded as a supplement to, rather than a substitute for, national efforts. Morocco's policy of creating a network of universities and higher education establishments has made it possible to train many highly skilled technical and scientific personnel who meet the major requirements of the economy.

14. The result is that technical co-operation requirements are geared increasingly towards short-term consultations in order to strengthen existing capacity in specialized areas. This will require a greater technical and administrative effort on the part of all the partners with regard to project implementation and follow-up.

15. A review of technical co-operation requirements indicates that priority should be given to the following areas in order to strengthen present capacities:

(a) Hydrogeological research, development of ground water, and water resources management;

(b) Planning and preparation of investment programmes, mainly in the agricultural, forestry, pastoral and fishery sectors;

(c) Water and soil conservation, increased agricultural productivity and supervision of highly labour-intensive operations;

(d) Development management and budgetary and fiscal planning;

(e) Management of enterprises, advice for private enterprises, particularly concerning exports, establishment of small and medium-sized enterprises;

(f) Family planning and basic health care;

(g) Technical instruction and vocational training for maintenance;

(h) Mining research and renewable energy.

D. Aid co-ordination arrangements

16. At the national level, the institutional arrangements to ensure co-ordination of technical co-operation were changed in 1985. The Directorate for International Co-operation of the Ministry of Foreign Affairs and Co-operation will from now on be responsible for all co-ordination activities, both bilateral and multilateral. Moreover, at the international level, Morocco is a country served by an advisory group presided over by the World Bank, within which consultations take place among donors.

17. A new procedure has been instituted by the Government for preparing the fourth programme in order to ensure the best possible alignment of assistance with Morocco's economic and social development priorities. This procedure has five aspects:

(a) Information from departments on the possibilities of co-operation with the United Nations Development Programme (UNDP) and on the framework within which this co-operation is carried out;

(b) Establishment of an inter-ministerial project selection committee made up of representatives of the co-ordinating ministries in certain sectors (Planning, Finance, Economic Affairs, Administrative Affairs, Foreign Affairs and Co-operation);

(c) Consideration of requests by the inter-ministerial committee in the light of the priority objectives established for the programme;

(d) Deliberations of the inter-ministerial committee;

(e) Negotiations with UNDP and selection of projects to be submitted under the fourth programme.

18. In the programming exercise, systematic efforts to exchange information and ensure co-ordination have been made with the World Bank and the United Nations system. Several projects are being considered for financing on the basis of cost-sharing with the World Bank structural adjustment programmes. The discussions on these projects will continue during the implementation of the programme. The same applies to bodies of the United Nations system with which a process of consultations has been begun and will be continued during the current programme. On this point it should be noted that the total outlays of the United Nations system (not including the World Bank) amount to about \$40 million a year and that the Government believes that UNDP has an essential co-ordinating role to play vis-à-vis the United Nations system.

## II. THE COUNTRY PROGRAMME

### A. Assessment of previous country programme

19. The Indicative Planning Figure (IPF) for the period 1982-1986 was initially fixed at \$27 million. The 37 projects included in the third programme covered five major subject areas, defined as priority areas in the five-year development plan for 1981-1985, namely:

- (a) Personnel training, planning and scientific research;
- (b) Development of rural production;
- (c) Improvement of basic infrastructures: drinking water, sanitation and telecommunications;
- (d) Mobilization of the energy potential and intensification of mining research;
- (e) Development of export and import-substitution industries.

20. In 1983 the IPF was reduced by 41 per cent to \$16 million. This major cut was offset by the adoption of measures in four main areas:

- (a) The unprogrammed reserve of \$5.4 million was used to alleviate the reduction;
- (b) Only 30 of the 37 projects were approved, releasing about \$5 million;
- (c) A reduction in the activities of certain projects, combined with the adoption of austerity measures, made it possible to cut the cost of these 30 projects by more than 10 per cent, or \$1.6 million;
- (d) The participation of the Government in the form of cost-sharing in the financing of seven projects provided increased resources of \$1.3 million, i.e. more than 8 per cent of the IPF. The resources thus available made it possible, during the second half of the cycle, to approve new priority projects at a cost of \$2.3 million in the sectors of maintenance, management of development and promotion of the industrial sector.

21. As may be seen from the table below, with the exception of the first subject area, the distribution of IPF resources among the various subject areas included in the third programme was hardly changed during that period. The higher priority accorded by the Government in the course of the programme to post-investment for planning and for training project analysts helped to increase the relative share of the first subject area. In absolute terms, however, the resources allocated to each of these areas were reduced in relation to the estimates at the beginning of the period because of the large reduction in the IPF.

Distribution of IPF resources under the third programme

<u>Subject areas</u>	<u>Beginning of cycle</u>	<u>End of cycle</u>
	(Percentage)	
Training, planning and scientific research	26	38
Development of rural production	22	25
Basic infrastructure: water and telecommunications	14	13
Energy and mining	9	14
Industry and export promotion	9	10
Unprogrammed reserve	20	-
Total	100	100

22. In 1987, there are 21 ongoing projects of which 11 will be completed using resources amounting to \$1,994,407 from the fourth cycle. The shortage of IPF resources made it impossible to start these projects earlier during the third cycle. The annual disbursement rate was maintained at a very high level throughout the period. It will rise to 100 per cent in 1986 and the balance of the IPF from the third cycle carried over to the fourth cycle will be only about \$260,000.

23. Tripartite reviews of all the programme projects were carried out on a regular basis and served as an important follow-up tool for identifying corrective measures for the purpose of placing inputs and of achieving the desired results. The high rate of annual disbursement reflects the efficiency of project monitoring. An in-depth evaluation was also made of 11 projects chosen on the basis of their size and significance in relation to the development objectives of the programme. The tripartite evaluations and reviews showed that the projects greatly contributed to achieving the development programme objectives.

24. The third programme, which included a relatively high number of projects in the area of personnel training and support to higher education establishments, made it possible to consolidate the achievements of the training projects carried out earlier and to extend the areas of training and scientific and technical research to physical planning, the mining industry, marine fisheries, public works, civil aeronautics and meteorology.

25. In the planning sector the third cycle, supplementing the efforts of other sources of financing and particularly the World Bank, made it possible to start training the personnel of various ministries in investment project analysis and management. These activities, which the Government considers to be of high priority, will be continued and expanded during the fourth cycle.



26. The rural production development projects financed with the IPF have been of invaluable assistance to the Government in areas which, although critical for the country's economic and social development, have so far been accorded very limited human and financial resources. Thus the project Campaign to prevent the sanding-up of palm groves (MOR/78/017) and the project Planning and development of mountain areas (MOR/81/004) have made it possible inter alia to finalize programmes for the physical planning, protection and development of these areas which can now be replicated on a larger scale. Moreover, because of the low level of the IPF, it was impossible to carry out certain projects, notably in the oil-seed sector. In the fisheries sector, major activities were carried out to facilitate the evaluation and control of stocks and finalize programmes for the optimum development of the fisheries potential.

27. Infrastructural projects greatly enhanced the efficiency of the existing telecommunications and drinking water systems. The recent drought and the rapidly growing demand for drinking water have highlighted the need to continue drinking water resources research, planning and management activities during the fourth cycle. This subject area will therefore be given higher priority in the fourth cycle. This also applies to maintenance to which the Government attached particular importance, notably during the mid-programme review.

28. In the mining sector, activities have concentrated mainly on strengthening the National School for the Mining Industry, which now has the necessary staff and technical skills for training practising and planning engineers in energetics, chemical engineering, electro-mechanical engineering, mining, mineralogy, geology and iron and steel metallurgy. The activities carried out in industry and export promotion were intended to improve and standardize the quality of industrial products and their packaging and to make export enterprises more efficient, mainly by providing them with information, training and diagnostic facilities. Particular attention will be paid during the fourth cycle to the promotion of exports.

29. The main problems encountered in the course of project implementation have been discussed regularly by the partners. In certain cases of project formulation, it was noted that no detailed analysis had been carried out of the situation prior to the project and that the definition of the institutional framework was too vague. At the implementation level, certain delays had been noted in the provision of personnel and equipment and in the preparation of follow-up reports; it had also been noted that the IPF was insufficient to provide all the resources initially estimated. First introduced in the interest of economy, certain measures have nevertheless helped to improve national capabilities and the replication of projects. This has led, in particular, to a reduction in the number of resident experts and to their replacement by short-term consultancy missions and the use of national experts.

30. With regard to improving project formulation, it is expected that the new procedures adopted by UNDP at the end of the third cycle will lead to a more stringent project formulation. The Government and the UNDP office in Morocco have also decided to establish a joint committee to analyse the project formulation reports of the fourth cycle. Project formulators will thus be invited to prepare, in addition to the project document, a report analysing the pre-project situation,

the justification for and effectiveness of the proposed project and its socio-economic, technical, institutional and financial viability.

B. New programme proposal

31. The programme proposal takes into account the national development strategy, the analysis of technical co-operation needs, and the results of the assessment of the ongoing programme. Moreover, complementarity has been sought with the United Nations Children's Fund (UNICEF), the World Food Programme (WFP) and the United Nations Fund for Population Activities (UNFPA), which, together with UNDP, form a joint programming group. The following should be recalled in this regard:

(a) UNFPA has a \$10.5 million five-year programme (family planning: 38.5 per cent; communications and education in the area of population: 18.7 per cent; formulation of population policies and programmes: 8.7 per cent; population dynamics: 14.9 per cent; basic data collection: 14 per cent; integration of women in the development process: 5.2 per cent), of which \$4.4 million are earmarked for activities under the Ministry of Public Health;

(b) The approved five-year WFP programme amounts to more than \$100 million, of which \$17 million are earmarked for integrated rural development activities in the Rif range, and \$28 million for forest development and erosion control; moreover, new projects, amounting to over \$30 million are under consideration (tarns);

(c) The five-year UNICEF programme amounts to around \$10 million and is designed to improve maternal and child health, the rural drinking water system, and sanitation.

32. The 1987-1991 country programme has the following five major objectives:

- (a) Improvement of access to water resources for rural and urban populations;
- (b) Increased output and exports in the agricultural, forestry, pastoral and fishery sectors;
- (c) Strengthening of national development management capabilities;
- (d) Improvement of investment efficiency in the public and private sectors;
- (e) Development of employment-generating and income-generating activities in rural and urban areas.

33. The available financial resources for the fourth cycle amount to \$18,533,567, of which \$16,559,000 come from the IPF, and \$1,947,567 from cost-sharing. Compared with various requests of more than \$100 million, considered by the interministerial committee, this financial package leaves a large number of projects pending. The Government considers the present programme as a frame of reference for technical co-operation and requests the other bilateral and multilateral sources of financing

to participate in financing projects on the basis of cost-sharing, joint or parallel financing. Discussions are under way with the World Bank and bilateral financing sources. Moreover, a project for the advancement of rural women is under review with the International Fund for Agricultural Development (IFAD).

34. The programme consists of 43 projects, two of which are non-programme-related. It should be noted that 11 of them are extensions of ongoing projects, 10 of which will be completed before the end of 1987. The average cost of the projects is under \$500,000 thanks to the particular features of technical co-operation in Morocco, namely, drawing on national experts, the use of short-term consultants, and training in national institutions. Few projects will last more than three years. The schedule for initiating the projects has, nevertheless, been worked out by the Government and UNDP to make sure that execution is phased in such a way as to allow for the necessary correlation between projects, while ensuring a steady flow of disbursements during the fourth cycle.

35. Several projects have multiple objectives, and meet major government concerns, e.g. environmental conservation, strengthening the private sector, integration of women in development, and restoring the balance between rural and urban living conditions. In this regard, the proposed UNDP-assisted activities will be strengthened by links of complementarity with UNICEF, UNFPA and WFP projects and programmes. Moreover, the training and optimization of human resources are an underlying concern inherent in each programme objective.

36. The Government also attaches considerable importance to horizontal co-operation among developing countries and, for the first time, a project for promoting technical co-operation among developing countries (TCDC) has been included in the country programme. It will strengthen the ongoing activities launched by the Government on a bilateral basis with several African countries.

Improvement of access to water resources for rural and urban populations  
(\$5,198,698)

37. Outside the coastal and mountain areas, Morocco's water resources are limited. The prolonged drought of 1980-1984 led to a decrease in agricultural production and drinking water shortages, because of the drop in groundwater levels.

38. In 1985, 68 per cent of the urban population was supplied with water by means of individual house connections. In rural areas, only 25 per cent of the population had relatively satisfactory access to clean water. This percentage did not increase much from 1980 to 1985. With regard to sanitation, 62 per cent of the urban population had connections with the public sewer system, whereas in the rural areas only 16 per cent of the population had adequate waste disposal facilities. Drainage water is generally not treated prior to discharge, creating pollution problems in the rivers of the coastal areas, as well as in the broad irrigation areas which are gradually encroaching on city neighbourhoods owing to the steady expansion of urban centres.

39. In view of this situation, the Government's present development objectives focus on the quantitative and qualitative improvement of water resources by:

(a) Carrying out hydrogeological research and maximizing the use of groundwater for agricultural, industrial and domestic purposes in rural areas;

(b) Improving the supply of drinking water for rural populations and drainage techniques for the entire sector;

(c) Managing the institutions in charge of producing and distributing drinking water more efficiently and rehabilitating existing networks.

UNDP is co-operating to achieve those objectives.

#### Ongoing projects

##### Regional water supplies and water distribution in small towns (MOR/82/004)

40. The National Office of Drinking Water has requested UNDP to help it enhance its study capacity so that it can submit to international financing sources, chief among them the World Bank, high-quality pre-investment country briefs. The Government's share of the cost of this project is over 60 per cent.

##### Improvement of drinking water quality (MOR/83/005)

41. This project is intended to strengthen the technical and human capabilities of the National Office of Drinking Water, in order to enable it, on the one hand, to treat and use brackish water for producing drinking water and, on the other hand, to protect groundwater aquifers against pollution by using techniques suitable to the Moroccan situation. Government participation in the financing of this project, on a cost-sharing basis, exceeds 60 per cent of total cost.

##### National sanitary engineering and environment centre - sewage treatment (MOR/85/001)

42. The immediate objectives of this project are to step up the training of engineers specializing in sanitary engineering, to develop applied research on urban and industrial sewage treatment in order to control the most pressing water pollution problems, to strengthen existing study and research laboratories, and to ensure the establishment of an experimental pilot station.

#### New projects

##### Campaign against the waste of drinking water and improvement of equipment maintenance

43. This project, which complements project MOR/82/004, comes under the fourth World Bank project, "Drinking water", which is concerned with the technical rehabilitation of installations and with the institutional restructuring of the public services and enterprises involved in the production and distribution of drinking water. UNDP assistance is intended to increase the technical and financial efficiency of the water supply systems and distribution networks. The earmarking for this project is \$700,000 under the IPF, and the Government will contribute \$350,000 on a cost-sharing basis.

Support to the Office of Water Supply Management department

44. A broad institutional, financial and administrative restructuring programme for the 16 water-supply management services and the National Drinking Water Office is being negotiated between the Government and the World Bank under, on the one hand, its fourth project, "Drinking Water" and, on the other hand, by means of a loan for rationalizing the management of public-sector enterprises. The required UNDP technical assistance will enable the Directorate of Water-Supply Management Services to supervise, monitor and co-ordinate the activities provided for under the restructuring programme. The total cost of this project has been estimated at \$1.6 million, of which \$800,000 will be financed by UNDP, and \$400,000, respectively, by the Government and French bilateral co-operation on a cost-sharing basis.

Underground water exploration (Phase II)

45. This project is a follow-up to the study previously undertaken under the project, "Underground water exploration in Morocco - Pilot phase in the Haouz" (MOR/79/002), whereby 30 deep sedimentary basins which may have considerable water potential were identified. The present project is intended to carry out the necessary studies and work for evaluating underground water potentials in a number of those aquifers which were given priority because of the proximity of economic and social development poles, or because of their situation in regions suffering from severe water shortages. For each aquifer unit studied, the project will make it possible to evaluate exploitable resources, to define the modalities for developing them, and to establish best management rules for the well-known and already widely developed aquifers. UNDP and government contributions, on a cost-sharing basis, will amount, respectively, to \$1 million and \$500,000.

National master plan for supplying rural populations with water

46. This project will make it possible to set up a long-term master plan for supplying drinking water to rural populations, for establishing appropriate technical, institutional and financial options for rational equipment management and, lastly, for formulating programmes for executing two water supply pilot projects, on the basis of options selected under the master plan. UNDP will contribute \$400,000, whereas financing for the investment programme will be sought, *inter alia*, from the African Development Bank (ADB), the World Bank and the financing institutions of the Local Capital Development Fund.

Master plan for liquid waste disposal

47. On the basis of the Government's evaluation of the results of the International Drinking Water Supply and Sanitation Decade, this project is designed to finalize a national liquid waste disposal plan, by providing the appropriate technical criteria for the rational planning of the collection and treatment of liquid waste. The plan will make it possible, *inter alia*, to identify the priority actions to be taken, as well as the order of investments necessary for their implementation, and to recommend the technical and administrative restructuring modalities. The UNDP contribution is \$340,000. Financing for the investment programme will actively be sought from other sources.

### Linkages

48. Supplying populations with water is a broad objective involving numerous projects and programmes and varied sources of financing. In matters of underground water exploration, drinking water supply and efforts to combat its waste, treatment of brackish water, as also of institutional, financing and management restructuring, the Government has participated and continues to participate in cost-sharing, often providing the equivalent of over 50 per cent of the amount financed by UNDP.

49. In the water sector, the fourth-cycle projects come under programmes with broader objectives, studied and financed by the World Bank. Most of them are of a pre-investment character - preparing for the investment programmes formulated by the Bank. This aspect of complementarity is also found in the assistance provided by Japan for underground water development, as well as by UNICEF and the Arab Fund for Economic and Social Development (AFESD) for rural water supply and sanitation: specific activities for providing water points with pumping equipment, water distribution in villages, etc. The same type of activity, directed towards small rural communities and mountain areas, is being undertaken by non-governmental organizations.

50. Lastly, a regional water resources development project in the Arab countries, an extension of the project, "Water resources management in North African countries" (RAB/80/011), is under study for its inclusion in the fourth regional programming cycle.

### Increasing production and exports in the agricultural, forestry, livestock and fisheries sectors (\$4,428,645)

51. The main guidelines followed in agricultural development consist of optimizing natural production potential by further developing the irrigation infrastructure so as to extend the areas under irrigation, and of attaching greater priority to developing the dry-farming zones where 75 per cent of the rural population lives and which supply most of the basic foodstuffs, in particular, cereals, meat and oilseeds. In that respect, the cereal and oilseed sectors constitute two priority components of the Government's agricultural development policy, because of their impact on food self-sufficiency and the balance of payments.

52. In order to implement this strategy, special attention is being paid to strengthening agricultural support structures both at the centre and at the level of regional and local organizations, and to strengthening agricultural planning and national programming capacity to provide better control of the development of this sector. Concurrently, the Government is adopting measures to promote agricultural development and stock-farming, the development and dissemination of appropriate technology and increased agricultural credit, and to provide output incentives.

53. With respect to fisheries, the Government's objective is to develop the fishing industry as a source of foreign-exchange earnings, employment and nutrition. With the extension of its exclusive economic zone to 200 miles, Morocco now possesses a large maritime area constituting a major source of food and

economic development, since fisheries are now the third export sector, bringing in some \$230 million annually. The total catch from Moroccan territorial waters is estimated at more than 1 million tons a year, only one third of which is caught by the national fishing fleet. The Government's policy in this sector is therefore to develop Moroccan fisheries, especially deep-sea fishing, of which almost the entire catch is exported, and to monitor the activities of foreign fishing fleets more effectively, in order to maintain fish stocks.

54. UNDP provides technical co-operation in implementing government objectives in two essential areas: the strengthening of national investment-programme planning and preparation and the implementation of a number of support and parallel activities for strengthening production.

#### Ongoing projects

##### Maintenance and strengthening of hydrological activities (MOR/85/006)

55. This project, the implementation costs of which are being shared by UNDP, in the amount of \$436,300, and the Government, in the amount of \$110,000, will enhance the capacity of the Water Research and Planning Directorate of the Ministry of Equipment, Executive and Professional Training to supply hydrological data and information required for planning and implementing development projects, particularly in agriculture.

##### Programme for the development of the oilseed sector (MOR/86/001)

56. This project is part of the Government's efforts to promote greater self-sufficiency in the edible oils sector, 80 per cent of which are imported. The first phase of the project, for which an amount of \$400,000 was approved in October 1986, should make it possible to develop a global strategy for supplying the country with edible oils, to formulate objectives and a specific programme for developing this sector and to identify the public and private investments and backup measures necessary for achieving those objectives. The second phase of the project will make possible the preparation of investment. For this purpose, \$350,000 have been set aside.

#### New projects

##### Support for agricultural planning and establishment of a follow-up and evaluation system (MOR/86/013)

57. The Ministry for Agriculture and Land Reform is making a great effort to strengthen its capacity to programme agricultural development, both with respect to project identification, preparation, management and follow-up and sectoral analysis, planning and the preparation of investment programmes. UNDP will participate in this effort by providing assistance for the elaboration and implementation of an evaluation and follow-up system.

Watershed management

58. In view of the large investments in irrigation infrastructure, action must be taken to protect the watersheds. UNDP will provide technical assistance for the purpose of: drawing up a pilot plan for the anti-erosion management of the Ouergha watershed; training multidisciplinary teams for the study and management of watersheds; and setting up of a system for monitoring and evaluating erosion phenomena to provide guidelines for future programmes.

Fisheries management and development (MOR/86/019)

59. In the area of fisheries development, the evaluation and routine monitoring of fish stocks projects (MOR/78/018 and MOR/81/002) have been of great help to the Scientific Institute for Maritime Fishing, in particular in setting up the necessary technical and scientific structures for preparing and carrying out research into deep-sea and sardine fishing, and in evaluating fishing resources and technology. Additional assistance (estimated at \$600,000) will be provided under the current programme for the preparation and implementation of a fisheries master plan (deep-sea fishing, sardine fishing, trawling and small-scale traditional fishing).

Improvement and dissemination of Timahdit sheep and Oulmès cattle

60. In line with government policy to encourage production in the dry-farming areas and make optimum use of local breeds of livestock, UNDP will contribute up to \$630,000 to a project for the genetic improvement and the dissemination of Timahdit sheep and Oulmès cattle. This will complement the action undertaken in this area by the National Society for the Development of Stock-Farming.

Use of waste water for agricultural purposes

61. In the light of experience gained with the North African Water Resources regional project (RAB/80/011), Morocco wishes to implement a programme to test techniques of using waste water for agriculture near the town of Ouarzazate, with a view to examining the effects of using waste water and sludge on soil fertility and crop-plant behaviour.

Strengthening and development of meteorological observation networks and of the applications of meteorology to various economic sectors (MOR/86/017)

62. The project is intended to make reliable meteorological data available through the renovation and development of the meteorological observation networks and the introduction of an adequate management system and of the necessary measures for the smooth operation of these networks. The agricultural sector will be the principal beneficiary of this project, for which \$400,000 has been earmarked.

Linkages

63. In the area of agricultural planning and monitoring, UNDP assistance will complement contributions already made by the United States Agency for International Development (USAID) to improve national capability in gathering agricultural



statistics and in economic analysis, and by the Food and Agriculture Organization of the United Nations (FAO) to introduce planning methodology. There will also be close collaboration with the project financed by the World Bank for improving major irrigation works which provides for computerization of the regional agricultural development offices so as to enable them to fulfil their management and monitoring roles more effectively.

64. The regional project for the improvement of olive oil production (RAB/83/017) is helping to strengthen the country's technical and scientific capabilities in the olive oil sector and to implement programmes for improving technical aspects of research and extension work. The Government also enjoys the support of other ongoing regional projects for improving agricultural output. In particular, these projects concern the improvement of pasture (RAB/84/025), development of technical skills in agricultural production (RAB/84/003), the development of regional research in order to combat bayoud and grow more date palms (RAB/84/018) and the development of aquacultural production techniques (RAB/85/016). Special attention will be paid under the next regional programme for the Arab States to the problem of food security and environmental conservation.

65. Help provided by the World Food Programme (WFP) to the agricultural sector under its five-year programme amounts to more than \$63 million and covers the areas of soil conservation and the development of food production. At the bilateral level, USAID has provided considerable assistance in the area of dry-farming research for developing and testing new techniques for using irrigated land. USAID is also helping, through the National Agricultural Credit Fund, to finance a line of credit for small-scale farmers. In addition, technical assistance is provided by the Federal Republic of Germany through its financing of a series of projects for the development of agricultural production.

Strengthening of national capacities for development management (\$3,909,812)

66. Over the past decade, the State has assumed growing responsibilities in economic life through the establishment of public and semi-public enterprises. The policy changes of 1983 were intended to strengthen the role of the private sector and make the public sector more effective. Under this new policy, the State has to set macro-economic guidelines, lay down policies and establish the infrastructures and administrative services conducive to a favourable investment climate. The Government's objective is to make the State apparatus more efficient by introducing modern management systems and using new information processing techniques, with a view to facilitating the decision-making process. The Government hopes to use technical co-operation resources to step up the process of modernizing the State apparatus, facilitate the preparation of investment portfolios and make investment follow-up more effective, while ensuring better co-ordination of intersectoral development programmes.

67. Two main lines of action have been determined for this purpose: first, the improvement of management and planning tools in order to promote better programming of human and financial resources, including technical co-operation, and second, the strengthening of administrative management capacity, so that it can support the private sector effectively. The focus will be on setting up an efficient structure

to assist exporters, to strengthen machinery for the standardization and quality control of manufactured goods in line with international standards to improve training in safety at sea and environmental conservation and to establish follow-up and evaluation machinery for investment projects.

#### Ongoing projects

##### Assistance to the Higher Institute of Maritime Studies and the formulation of a marine training strategy (MOR/82/006)

68. Activities under this project, which will have served to enhance the Institute's capacity to train senior merchant marine officers, ended in December 1986, except for a few fellowships to be carried forward into 1987.

##### Training in port operations (TRAINMAR) (MOR/83/006)

69. This project, which was 90 per cent financed by the Government on a cost-sharing basis, was extended until August 1987 in order to make the Port Vocational Training Centre better equipped to provide training and produce teaching materials, and to lay down a general training policy for the port sector and related sectors.

##### National training programme in project analysis and management (MOR/83/008)

70. This project, executed by the Government (Ministry of the Plan) in collaboration with the World Bank's Economic Development Institute and UNDP, is expected to result over the long term in the effective allocation of State financial resources and more cost-effective public investments. Its immediate objective is to strengthen national capacities for development project analysis and management.

##### Promotion of foreign trade (MOR/85/004)

71. This project strengthens the operational capacity of the principal measures taken by the Moroccan Centre for Promoting Exports: external market studies, trade promotion, upgrading the quality of exports and production and marketing techniques to meet international market requirements, and marketing and international business training. Activities under this project will be completed in December 1987. It will be supplemented by a second phase scheduled to start in 1988.

#### New projects

##### National programme for training in project analysis and management (Phase II)

72. This phase is part of the continuing effort to attain the programme objectives (MOR/83/008). It is designed to upgrade investment project management by training project analysts and applying appropriate methodologies for project follow-up and post-evaluation. The ultimate goal is both optimal yields on public investments and more co-ordinated execution of intersectoral projects. This project will continue to be executed by the Government with the participation of the World Bank's Economic Development Institute.

Strengthening of the technical capacities of the International Co-operation Directorate

73. This project is designed to enable the Directorate to provide more efficient management and better co-ordination of international, multilateral and bilateral co-operation projects and programmes, inter alia, through improved procedures and methods of screening projects and of project follow-up and evaluation; by training staff to use data-processing equipment, and by providing the necessary logistical support.

Support to the Ministry of Administrative Affairs for State personnel management and administrative reform

74. Under this project, additional support will be provided for organizational and financial restructuring activities undertaken in other Moroccan public institutions with World Bank assistance. It is designed to achieve more efficient personnel management in the public services through the introduction of a centralized information system and by training national personnel to update it. This project has been allocated \$400,000, and other donors (France, Saudi Arabia) have displayed an interest in co-financing it at some stage.

Promotion and support to management of activities in the mining sector

75. In mining resources management, this project will facilitate rapid decision-making in the face of the cyclical variations so characteristic of the economy in that sector. Under the project, it will also be possible to monitor the implementation and follow-up of these decisions on the basis of updated information, and, lastly, to construct forecasting and planning models, using the calculation and storage features of data-processing equipment. The Mineral Resources Service will thus have all the information needed for more efficient management of mine prospecting permits, and it will be able to centralize all the technical, economic and financial data on national mining potential. The amount earmarked for this project under the IPF is \$250,000. The Ministry of Energy and Mines is looking into the possibility of cost-sharing beginning in 1988.

National Household Survey Capability

76. As a result of the implementation of a project financed jointly by UNDP (MOR/83/002), UNFPA, UNICEF and USAID, the Statistical Directorate of the Ministry of the Plan has acquired a permanent infrastructure on which to base a regular and continued household survey programme. In particular, the Statistical Directorate's sampling and data-processing capacities were strengthened under this project. An estimated \$200,000 in supplementary UNDP assistance has been earmarked for the completion of data processing and analysis operations, so that the Statistical Directorate will be able to furnish survey results as early as possible.

Technical Co-operation among Developing Countries (TCDC)

77. The Moroccan Government has always been extremely interested in technical co-operation with other developing countries. It is already involved in several

co-operation programmes with African countries. The project is designed to strengthen government capacities to assess such programmes, and to facilitate the extension of this type of co-operation.

Transfer of Knowledge through Expatriate Nationals (TOKTEN)

78. The Government has already initiated a census of national skills with a view to creating a bank of national experts. Under this project, national experts residing abroad will be assigned to short-term missions in specialized areas.

Promotion of foreign trade (Phase II)

79. Phase II of project MOR/85/004 is designed both to rationalize national export-promotion policy through the formulation of a medium-term development plan for the export sector, and to strengthen the management capacities of the bodies involved in the implementation of this policy. Under this project, the sector will acquire greater mastery of international marketing techniques through the execution of an integrated training and advanced training programme for national supervisory staff of both public bodies and export enterprises. The activities under this project, for which \$800,000 has been earmarked, will supplement a programme of activities proposed by the World Bank, as part of an export industry development project now being negotiated.

Standardization and quality control of manufactured goods

80. A source of support to the Ministry of Trade and Industry in its efforts to implement an integrated programme of standardization, quality control and certification, and metrology, this project is designed to provide the best possible response to external market demands in terms of international production standards and techniques. First and foremost, it will benefit industrial and export enterprises in the private sector. UNDP will contribute \$200,000 concurrently with co-financing under French bilateral co-operation arrangements.

Support to the National Centre for Educational Technology

81. In support of educational reform and Centre activities for providing schools with technical and teaching aids geared to their needs, this project will help to establish an appropriate system for the purchase, storage and maintenance of teaching materials and, gradually, to ensure the mastery of economical techniques for designing and manufacturing these materials.

Assistance to training, administration and safety in maritime transport

82. The aim of this project is to provide the Ministry of Marine Fisheries and the Merchant Marine with the technical and nautical support necessary for the management of maritime activities consistent with the standards set by international conventions on navigation safety and pollution prevention. It will also make it possible to provide additional assistance to project MOR/82/006 for the Moroccanization of the teaching staff at the Higher Institute of Maritime Studies.

### Linkages

83. In 1985, USAID finalized a vast educational programme for the improvement of development management. Close to \$10 million are earmarked for the five-year period 1985-1990. It will be used to support the Government's efforts and strengthen its ability to analyse economic policy through subprojects expected to benefit various government bodies.

84. In addition, the Government and the World Bank are now negotiating financing for major programmes concerned with restructuring public enterprises and supporting export industries.

85. Moreover, the Federal Republic of Germany substantially bolsters the Government's efforts to identify and prepare technical co-operation projects. France lends assistance in the training of management personnel for public services, chiefly through training courses.

86. As regards TDCDC activities, there will be collaboration between the national project and the interregional project Promotion of operational activities for Technical Co-operation among Developing Countries (INT/83/904).

### Improved effectiveness of public and private sector investments (\$1,774,252)

87. In 1984 the Government, faced with the increasing difficulty, owing to the austerity policy, of replacing equipment and the unusually poor performance and too rapid deterioration of recent equipment, began to consider, in conjunction with UNDP, the World Bank and various United Nations agencies, the capital investment situation in the modern sector. A national seminar, held in May 1985, on the theme "Preserve what we have for a better future", gave rise to specific proposals for formulating a national policy on maintenance. These proposals cover the following four topics:

(a) Fostering of awareness at all levels of the maintenance problem;

(b) Development of national, maintenance capabilities by strengthening vocational training and the role played by the Vocational Training and Employment Promotion Office in advising and assisting user companies and groups;

(c) Creation of a system of motivation and incentives for upgrading the "maintenance" function;

(d) Systematic integration of the "maintenance aspect" at the levels of project design, planning and budget programming.

88. In the implementation of these recommendations, UNDP co-operation will cover (1) strengthening and upgrading basic and advanced maintenance training and (2) organization of maintenance systems and structures.

### Ongoing projects

#### Central telephone maintenance system in Casablanca (MOR/84/004)

89. This project, with a budget of \$230,000 for 1987, is scheduled to have ready, in December 1987, a fully operational maintenance structure, capable of providing for the Casablanca and vicinity telephone system the entire range of maintenance services: planning, organization, documentation, management and control.

#### Vocational training in maintenance (MOR/85/003)

90. The Vocational Training and Employment Promotion Office, which trains skilled workers and technicians in several technical specialties and lines, is now carrying out a plan of action focused on the development of specific training in maintenance. The purpose of UNDP assistance here is to provide the Office, by setting up a maintenance unit, with the necessary technical skills for developing and introducing maintenance training modules, to organize advanced training seminars on a regular basis and to furnish consultation and assistance regarding the organization and improvement of maintenance to enterprises in the Casablanca region. This project is charged against the fourth programming cycle to the amount of \$142,950.

### New projects

#### Development of maintenance training

91. The purpose of this project, which constitutes the second phase of project MOR/85/003, is to extend to various economic regions of the country the facilities of the Vocational Training and Employment Promotion Office in the areas of advisory services and maintenance training for enterprises. It will also enable the Office's action programmes to be directed towards new administrative and industrial sectors such as the hotel trade and agriculture. The estimated cost of the project is \$750,000.

#### Laboratory for the maintenance and mastery of scientific equipment

92. Aware that effective maintenance policy depends on a real mastery of technology, the National Centre for Co-ordination and Planning of Scientific and Technological Research has established, with the technical assistance of project MOR/85/002, a scientific instrumentation laboratory which has undertaken, among other projects, a pilot programme of equipment maintenance at the Rabat Children's Hospital. A second assistance phase will be provided under the present programme to enable the laboratory to continue its work in the areas of geophysics and photovoltaic generation, and to complete its research in micro-electronics. A budgetary allocation of \$150,000 has been earmarked for this project.

#### Hospital equipment maintenance

93. The hospital sector, thanks to the heavy investments therein, is one of the key public sectors where the maintenance problem is particularly acute. In order

to derive the maximum benefit from existing hospital equipment, the Ministry of Public Health has established a maintenance programme and has asked UNDP for assistance in setting up a minimal infrastructure to help in evaluating the maintenance situation and to strengthen the intervention capability. Hospital centres in Rabat and Casablanca and other regional health centres will be the principal beneficiaries under this project, which has an estimated budget of \$500,000.

### Linkages

94. Because maintenance is a relatively new subject, the Government is actively mobilizing resources for this purpose from both national and international financing sources. It is anticipated that maintenance will become an essential part of new investment projects.

### Development of employment- and income-generating activities in rural and urban areas (\$1,170,000)

95. It is estimated that over the next decade 270,000 people will enter the labour market each year, posing a considerable challenge to the Moroccan economy which will have to create the corresponding number of jobs, in addition to which there is the problem of absorbing the currently underemployed or unemployed. On the employment-supply side, in recent years most sectors have experienced an economic slowdown which is reflected in job creation that falls below the level anticipated. As a result of adjustment policies and measures adopted by the Government to stimulate the national economy over the medium term, Morocco is now passing through a transitional period which is to some extent characterized by reduced domestic demand and a decrease in the supply of jobs. In an effort to attain quantitative and qualitative equilibrium in employment, the Government has taken various steps to encourage highly labour-intensive activities and a switch of investment from the public to the private sector. At the same time, the Government has established a comprehensive vocational training programme which includes the launching of a management training programme for small and medium-sized enterprises.

96. UNDP will assist government efforts to stimulate job creation and absorb unemployment through technical co-operation intended, on the one hand, to promote small and medium-sized enterprises and strengthen the support services necessary for their development and, on the other hand, to carry out highly labour-intensive public works, to which a major portion of WFP resources are allocated.

### Development of small and medium-sized enterprises in rural areas

97. In accordance with the Government's regionalization policy, the Ministry of Trade and Industry is seeking to promote the establishment of small and medium-sized industries in rural areas, on the basis of each region's production potential. The aim of the current project is to assess the technical, socio-economic and financial possibilities of establishing such industries in rural areas, to determine the context in which such industries could be developed and to promote the carrying out of pilot experiments in two regions.

### Promoting the establishment of enterprises

98. Concurrently with the project for developing small and medium-sized industries in rural areas, activities will be jointly organized by the Centre for Promoting the Establishment of Enterprises, the Higher Institute for Trade and Administration of Enterprises, the Federation of Chambers of Commerce and Industry and the Industrial Development Office for the purpose of training, recruiting and assisting, in a dozen workshops on the establishment of enterprises, 150 carefully-selected potential founders of enterprises. This project, to which UNDP will make a financial contribution of some \$250,000, is expected to encourage a spirit of enterprise and self-employment by means of a public information campaign, and will promote the creation, in a dozen regional chambers of commerce and industry, of units for identifying assistance needs and the training requirements of potential founders of enterprises.

### Support to the social sector

99. In implementation of the measures adopted by the Government to increase employment and raise the income level of the poorest sectors of the population, the Ministry of the Interior and the Ministry of Equipment and Executive and Vocational Training have adopted highly labour-intensive approaches in carrying out their programme of hill dams for alleviating the effects of drought. In addition to the assignment of experts to evaluate the programme, this outline project includes other subject areas directly linked to job creation and development of the social sector.

### Support to the agricultural sector

100. The aim of this project is to support Ministry of Agriculture and Agrarian Reform initiatives to implement employment-generating activities in rural areas and, more particularly, activities carried out with WFP assistance. The project will also make available to the Ministry's technical services, in the form of short-term consultancies, the complementary expertise deemed necessary for implementing agricultural production improvement programmes.

### Linkages

101. Under the projected programme for the construction and development of hill dams, the Government is now negotiating with WFP on an assistance project covering the next five years and estimated at approximately \$30 million. The project is expected to lead to the construction of 100 farms and the creation of more than 700 jobs for building each structure. Further, major assistance is being given by WFP to the Ministry of Agriculture and Agrarian Reform under a forestry development and erosion control programme. The programme, which covers a five-year period, is estimated at over \$28.7 million.

102. With regard to vocational training, OFPPT has concluded a loan agreement of \$27 million with the World Bank, one component of which, executed with the assistance of the International Labour Organisation (ILO), relates to training and management in small and medium-sized enterprises.



Non-programme-related projects (\$500,000)

Support to the establishment of a national library

103. This project is intended to improve the training of the staff of the General Library in modern library management techniques and to provide technical assistance in the preservation and conservation of collections and manuscripts. The project will make use of national consultants trained under the School for Information Sciences project (MOR/81/005) which ended in December 1986.

University colleges programme

104. The aim of this project, for which \$350,000 have been earmarked, is to enable institutions and higher education establishments which received UNDP co-operation under the third cycle to continue their co-operation with United Nations agencies, essentially for the training of academic and research staff and specific maintenance activities.

C. Unprogrammed reserve

105. The unprogrammed reserve is \$1,253,160. It will be used for contingencies under the projects included in the programme.

Annex

FINANCIAL SUMMARY

I. ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING

<u>A. UNDP-administered sources</u>	<u>\$</u>	<u>\$</u>
Third cycle IPF balance (approx.)	260 000	
Fourth cycle IPF	16 299 000	
Subtotal IPF		16 559 000
Special Measures Fund for Least Developed Countries	-	
Special programme resources	-	
Government cost-sharing	1 574 567	
Third-party cost-sharing	400 000	
Operational funds under the authority of the Administrator	-	
UNDP special trust funds	-	
Subtotal, UNDP non-IPF funds	<u>          </u>	1 974 567
 <u>B. Other sources</u>		
Funds from other United Nations agencies or organizations firmly committed as a result of the country programme exercise	-	
Parallel financing from non-United Nations sources	-	
Subtotal, other sources		<u>          </u>
 TOTAL ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING		 <u><u>18 533 567</u></u>

II. USE OF RESOURCES

Ongoing projects	1 994 407	
New project proposals	15 286 000	
Programmed reserve	<u>          </u>	
Subtotal, programmed resources		17 280 407
Unprogrammed reserve		<u>1 253 160</u>
TOTAL RESOURCES		<u><u>18 533 567</u></u>

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