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PROGRAMME PLANNING

COUNTRY AND INTERCOUNTRY PROGRAMMES AND PROJECTS

FOURTH COUNTRY PROGRAMME FOR THE UNITED ARAB EMIRATES*

| <u>Programme period</u> | <u>Actual resources programmed</u> | <u>\$</u> |
|----------------------------|------------------------------------|-------------------|
| January 1987-December 1991 | IPF for 1987-1991 | 550 000 |
| | Other resources programmed | <u>12 982 700</u> |
| | Total | 13 532 700 |

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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; and (e) distribution of new country programmes by sector.

I. DEVELOPMENT TRENDS, STRATEGIES AND PRIORITIES

A. Current economic trends

1. The United Arab Emirates is a federation, formed in 1972, comprising the Emirates of Abu Dhabi, Dubai, Sharjah, Ajman, Umm Al-Quwain, Ras Al-Khaimah and Fujairah. The total land area is 77,700 square kilometres. The climate is arid with very high summer temperatures.
2. The country has a rapidly growing population, which totalled 1 million in 1980 and reached an estimated 1.6 million in 1985. In addition to a very high rate of population growth, 3.4 per cent per annum, the United Arab Emirates has experienced a heavy entry of professionals and other workers seeking employment. Non-nationals constitute about 93 per cent of the work force.
3. The economy is dominated by petroleum. During the 1970s, revenues from the exportation of petroleum increased appreciably. The economy expanded very rapidly. Public sector spending, particularly at the Federal level, grew at an annual rate of 72 per cent. Per capita income has been among the highest in the world.
4. The Federal and local governments of the United Arab Emirates, as well as the private sector, carried out massive programmes for the development of human resources and manpower. With the improvement of productive capacity in the agricultural and manufacturing sectors, and the expansion of the country's social and economic infrastructure, gross domestic product (GDP) grew at an annual rate of more than 30 per cent.
5. Following the rapid growth of the period from 1970-1981, the economy slowed down considerably as a result of both the decline in revenues from petroleum and increased disruption of security in the Gulf area. The development plan for 1981-85 was not formally adopted and projects were cancelled, scaled down or postponed. The Federal Government initiated a series of measures to contain expenditures and reduce the budget deficit. Other effects of decreased outlays by the Federal Government have been a greater commitment on the part of the individual Emirates and active participation at the local level. The annual growth of GDP has been less than 10 per cent in recent years.
6. On balance, the process of development in the United Arab Emirates has been subject to the problem that absorptive capacity is limited by non-financial factors. There has been massive immigration of expatriates and high inflation. Diversification has encountered a number of constraints, especially, (a) limited natural resources and agricultural land and (b) the limited supply of local skills and labour.

B. National development strategies

7. Diversification is the stated economic policy of the United Arab Emirates. It involves the creation of a non-oil economy that will sustain a high standard of living after the end of the oil era. This is to be achieved by maintaining

extremely high ratios of investment to non-oil GDP for a long time, while sustaining a maximum effort for manpower development and education. In pursuance of this policy, the first five-year plan (1981-85) accorded highest priority to (a) the localization of the work force and (b) the expansion of productive capacities in agriculture and industry. The plan predicted an overall increase in GDP of 20 per cent.

8. Growth rates since 1981 have ranged between 5 and 9 per cent. Development expenditures were much lower than anticipated in the plan. Such factors will continue to affect economic policy and activities.

9. The second five-year plan has been under preparation. At the present time, the main instruments of development are Government expenditures, as well as private investment. The country is committed to pursue the stated economic policies of developing indigenous manpower and diversification. Under these conditions, diversification means largely - in descending order of priority - investment in (a) capital-intensive industries, (b) supporting industries, (c) infrastructure.

10. The United Arab Emirates joined the other five Gulf states to form the Gulf Co-operative Council in 1980, to work towards political, social and economic integration. This will, undoubtedly, facilitate the implementation of the economic policy of the country. In addition to lifting custom duties on most of the products originating in the Gulf States, the Council has made significant steps towards ensuring free circulation and residence for citizens of the six member countries. In order to avoid duplication of facilities, the Council is co-ordinating the location of industries and establishing a Gulf Industrial Corporation to finance industrial projects. The United Arab Emirates also participates actively in a number of regional undertakings and those involving technical co-operation among developing countries (TCDC). All of these activities will strengthen the country's economy and help to correct existing imbalances.

C. Technical co-operation priorities

11. The first priority for technical co-operation is accorded to increasing the share of nationals of the United Arab Emirates in the workforce through education, training, upgrading of skills and labour policies and practices.

12. Other priorities of technical co-operation are:

(a) Assistance for expanding the agricultural and manufacturing sectors, by increasing productivity and marketing services;

(b) Improvement of the management functions of the Government entities, assets, and services at the Federal and Emirate level, through the introduction of better planning, adequate monitoring, co-ordination, maintenance, information systems, and greater cost-effectiveness;

(c) Enhancement of entrepreneurship and the gradual change from trade and service occupations to production;

(d) Programmes and activities for the integration of women and eradication of illiteracy.

D. Aid co-ordination arrangements

13. The United Arab Emirates is a net supplier of capital aid to developing countries. While the needs and priorities mentioned above relating to technical co-operation will be financed essentially from national resources, the country expects to continue to draw upon the United Nations system to provide technical assistance in areas where the system is known to have comparative advantage.

14. The UNDP field office discusses such areas of activity regularly with the Federal Ministries of Foreign Affairs and Planning as well as the relevant entities at the Emirate level. The authorities of the country rely on the field office to co-ordinate all inputs provided by the United Nations system, including the services of interregional and regional advisers.

II. THE COUNTRY PROGRAMME

A. Assessment of current country programme

15. The salient features relating to the programmed and actual expenditures on projects during the period 1982-1986 are summarized below.

| Sector | Programmed budget | Expenditure programmed projects | Expenditure on projects not originally included in the programme | Total expenditure |
|---|----------------------|---------------------------------------|--|----------------------|
| (in US dollars) | | | | |
| General development issues, policy and planning | 10 572 000 | 154 200 | 1 990 700 | 2 144 900 |
| Natural resources | 2 500 000 | 477 600 | - | 477 600 |
| Agriculture and fisheries | 1 858 000 | 1 646 100 | 13 200 | 1 659 300 |
| Industry | 677 000 | 353 600 | 8 700 | 362 300 |
| Transport and communications | 1 288 000 | 386 600 | 21 000 | 407 600 |
| Human settlements | 1 959 000 | 1 795 400 | 441 800 | 2 237 200 |
| Health | 500 000 | - | 6 200 | 6 200 |
| Education | 2 100 000 | - | 13 100 | 13 100 |
| Employment | 5 162 000 | 711 500 | - | 711 500 |
| Total | 26 916 000 | 5 525 000 | 2 494 700 | 8 019 700 |

16. Compared to the total programmed budget of \$26.9 million, actual expenditure (1982-1986) was \$5.5 million. Expenditure on projects not included in the programme amounted to about \$2.5 million. Even after including these projects, the total expenditure of \$8 million amounted to only 30 per cent of that originally programmed.

17. There have been large shortfalls in all but two sectors, namely agriculture (including fisheries) and human settlements.

B. New programme proposal

18. In section I.C. above, the technical co-operation priorities of the United Arab Emirates have been identified under four headings. Development policy for 1987-1991 is based on these priorities. Ongoing and new projects, as well as new project ideas, are grouped under the following rubrics:

(a) Rational development of the national economy and balanced regional development;

(b) Diversification of the economy;

(c) Development of human resources;

(d) Other development objectives.

19. The IPF for the fourth country programme of the United Arab Emirates is \$550,000. This amount will be kept as a reserve to meet unforeseen contingencies and, if relevant, to initiate particularly innovative activities. The total contribution by the Government, on a 100 per cent cost-sharing basis, for the projects already identified is estimated to be \$12,982,700.

20. To minimize costs, where appropriate, use will be made of short-term consultants rather than long-term resident advisers. Efforts will be strengthened to have sufficient numbers of counterpart staff.

(a) Rational development of the national economy and balanced regional development

Ongoing projects

Management Information Systems and Documentation, Sharjah (UAE/83/004): This project is expected to strengthen Sharjah Municipality in using computers to improve management. The budget for 1987 and 1988 is \$138,700. A one-year extension at a cost of \$150,000 is expected. Total cost will be \$288,700.

Development Planning of Dubai Emirate (UAE/84/008): This project, which started in 1985 for a period of 30 months, is intended to strengthen the capability of the Dubai Municipality in development planning. The cost during the new programme cycle will be \$500,000, bringing the total to \$921,800.

Management Information Systems and Documentation, Dubai (UAE/84/005): This project will establish a computer centre in Dubai. The costs up to 1988 are \$218,500. A three-year extension will cost \$450,000, bringing total expenditure to \$668,500.

New projects

Assistance to the Ministry of Planning (UAE/79/002) and Economic and Development Planning (UAE/79/004): From the budgeted amounts of these two projects, there are savings of \$55,800 and \$230,700 respectively. The Government

has agreed to release these savings to provide technical support to the Ministry of Planning. Short-term consultants will be used.

Management Information System, Abu Dhabi (UAE/85/002): This project is intended to strengthen the management of information for Abu Dhabi. The emphasis will be on computerization. The cost will be \$500,000 for two years.

Microfilm and Microfiche Development, Dubai (UAE/85/007): Over two years, this project will assist the Dubai Emirate in developing a system for organizing, indexing and microfilming documents. The cost is \$341,800.

Regional Development Plan for Abu Dhabi (UAE/85/010): This project is to assist the Abu Dhabi Municipality in formulating regional strategies and a system for monitoring, updating, and reviewing the work of an international consultancy firm to be contracted to carry out development tasks. The two-year cost is \$594,000. A possible two-year extension will increase the total cost to \$844,000.

Development Planning for Fujairah (UAE/86/001): This project will assist the Fujairah Government in preparing and implementing a development plan. It will also entail the monitoring and updating of the plan. Total expenditure for one year, plus a one-year extension will be \$555,000.

Audit and Budget Structure for Educational Sector (UAE/86/004): This is intended as the first phase of a more comprehensive project to operate a financial management system at the Federal level. It will cost \$430,000 over a two-year period.

Comprehensive Regional Development Plan for Sharjah: To assist the Sharjah Municipality in initiating development planning, a preparatory assistance mission will define the scope of regional planning work by a consultancy firm, as well as identify the scope of monitoring work by another team under a new project. The preparatory assistance mission will cost \$50,000. The three-year monitoring project will cost \$500,000. The total outlay is \$550,000.

Support to the National Computer Centre, Phase I: This project will provide technical support to the National Computer Centre. The initial two-year phase will cost \$350,000.

Microfilm and Microfiche Development: This project will strengthen capabilities at the Federal level in utilizing microfilm/microfiche facilities for efficient information storage and retrieval. Phase I of this project will cost \$30,000. Phase II, lasting two years, will require a resident adviser and one United Nations Volunteer (UNV). This phase will cost \$150,000. The total cost will be \$180,000.

Project ideas

Economic and Social Development in Sharjah: This project is to help prepare a medium-term economic and social development plan for the Emirate of Sharjah.

Institutional Development of Northern Emirates: This project would provide technical support for joint planning by the Emirates of Ajman, Umm Al-Quwain and Ras Al-Khaimah.

National Spatial Strategy: A new project could lead to a national co-ordination system for harmonizing master physical plans for the Emirates.

Computerization of Data and Information: Projects have been suggested to strengthen the management of information and data systems, particularly in the Ministry of Foreign Affairs, Industrial Bank and General Industry Corporation.

Data Improvement: A new project could greatly assist in making available social and economic data of greater use for analytical purposes, and in bringing about underlying design improvements, especially in regard to national and regional accounts statistics.

New Financial Management System at the Federal Level: Project UAE/86/004 above would merit a new phase to establish a modern system of financial management for all activities of the Federal Government.

Implementation of New Financial Management System in Abu Dhabi: To help establish a new financial management system in Abu Dhabi, preparatory assistance was provided through a project (UAE/83/006). Further assistance would help to make the system operational.

Linkages

21. Linkages do not exist on a bilateral level, as the United Arab Emirates does not receive bilateral aid. On the regional level, however, several linkages exist with projects in which UNDP is involved. The Arab Regional Information System Network (ARISNET), for example, could link the United Arab Emirates to information centres in a number of Arab countries. Also, the Regional Software Technology Centre could be a resource for software development and planning.

(b) Diversification of the economy

New projects

Advisory Assistance to the Ministry of Agriculture and Fisheries: The Ministry of Agriculture and Fisheries needs technical help in such matters as selection of suitable plant varieties, seeds than can withstand harsh climate, soil management, livestock development and promotion of fisheries. Assistance in these matters will be provided for two years, at a cost of \$200,000.

Establishment of Fisheries Co-operatives in Fujairah (UAE/86/006): This project is intended to help and develop viable fisheries co-operatives in the Emirate of Fujairah. Special attention will be given to management structures and training. The cost over 30 months will be \$500,000.

Development of Fisheries in Fujairah: This project, at a cost of \$500,000 over three years, is to promote shrimp farming in Fujairah.

Ceramics Plant, Fujeirah (UAE/83/005): This project, over three years, will monitor the Ceramics Plant in Fujeirah. The cost is \$200,000.

Marble Factory, Fujeirah: For \$500,000, this project will provide technical advisory services to the Marble Factory in Fujeirah.

Project ideas

Assistance to the Abu Dhabi Chamber of Commerce (UAE/84/002): This project is intended to strengthen trade information services and economic analysis capabilities of the Abu Dhabi Chamber of Commerce. Training will be an important component.

Management and Consultancy Services for Industrial Enterprises: The Government needs assistance in strengthening the organizational aspects of industrial enterprises.

Linkages

22. Regional projects to develop the Food Information Network, as well as the Market News Service would provide information on food supplies in the region, to support intra-regional trade.

(c) Development of human resources

Ongoing projects

Vocational Rehabilitation Centres (UAE/82/007): This project is intended to assist the Government at two multi-purpose rehabilitation centres for the handicapped. Assistance by UNVs, will cost \$124,000.

New projects

Assistance to the University of the United Arab Emirates: This project will assist the University to meet agricultural training needs. The cost is \$168,000.

Assistance in Radio and Television Broadcasting: This project will provide advice on technical problems related to radio and television activities at the Federal level. Over two years, cost will be \$235,000.

Assistance to Abu Dhabi Cultural Foundation (UAE/86/002): This project will improve efficiency in managing cultural services by using modern technology. Phase I over two years will cost \$400,000. Phase II will cost \$1 million over three years.

Assistance to Dubai Central Laboratory (UAE/85/005): This project is to assist the Dubai Central Laboratory in co-ordinating inputs provided by different consulting firms. Over three years, the cost will be \$800,000.

Assistance in Archaeological Research and Improvement of Dubai Museum: Over three years, this project will provide technical support to the Dubai Museum at a cost of \$235,000.

Project ideas

Assistance to the University of the United Arab Emirates, Phase II: A second phase of assistance to the University of the United Arab Emirates will be needed to expand its vocational training activities.

Cultural Development in Sharjah Emirate: Technical assistance for operations of the Cultural and Youth Centre in Sharjah is under discussion.

Manpower Development and Training for Industrial Sector: As a follow-up to the World Bank manpower survey, an umbrella project could be established for assessment of training needs, training for small-scale industries, training on the analysis and management of the project cycle, development of financial institutions, etc.

Human Resources Development Programmes: As a follow-up to UAE/85/011, a technical assistance project to implement some human resource development measures recommended in that study will be examined.

Strengthening Vocational/Technical Education and Training: Due to the priority given by the Ministry of Labour and Social Affairs to expanding and improving vocational/technical education and training, a technical assistance project could be initiated.

Linkages

23. There is a UNDP-sponsored umbrella project for Regional Training and Consultancy Services. In addition, the Skills Development Programme for Arab Countries could assist in vocational training for nationals of the United Arab Emirates.

(d) Other development objectives

Ongoing projects

New Dubai Abattoir (UAE/84/003): A short-term consultancy is to help establish a new slaughter-house in Dubai at a cost of \$35,200.

Support to the Roads Department of Dubai Municipality (UAE/84/002): This project is intended to expand the road system of Dubai. The cost is expected to be \$69,700. A two-year extension would raise total costs to the new country programme to \$290,000.

United Arab Emirates University Campus (UAE/85/008): This project is to provide the University directorate with technical advice on building the University Campus, running and staffing the planning office, and monitoring contract performance. The cost will be \$190,000.

Assistance in Flight Operations (UAE/86/005): This project is to strengthen the Ministry of Communications in the Civil Aviation Field by establishing a flight operations section with all procedures and systems that comply with the standards and recommended practices of the International Civil Aviation Agency (ICAO). The cost will be \$204,100. This project can benefit from active linkage with the UNDP-supported regional Civil Aviation College in Qatar.

New projects

Institutional Support to the Ministry of Electricity and Water (UAE/80/003): Savings remaining under this project are to provide eight nationally recruited professionals to implement the recommendations of international personnel of the project. The cost will be \$43,000.

Support to the Roads Department of Sharjah Municipality: The project is to establish the nucleus of a roads section, rendering technical support and training. The cost is \$123,900 over one year.

Establishment of Central Materials Testing Laboratory in Sharjah: The project will set up a laboratory and provide training and advisory services in relation to specifications, standards, and construction materials and works. During one year, the expenditure will be \$115,100.

Project ideas

24. One project idea is to provide technical support for establishing a housing finance institute for low-income residents. Another project idea concerns establishing a building research centre at Al-Ain. Another project idea relates to maintenance strategy for public assets. Thought is being given to formulating a traffic control project in Dubai. Lastly, the strengthening of the meteorological services is a project idea which will be pursued.

C. Unprogrammed reserve

25. An amount of \$550,000 will be kept as reserve to meet unforeseen contingencies, equalling the entire IPF for the fourth country programme. The Government is aware that, normally the unprogrammed reserve should not exceed 10 per cent of the IPF. Unlike the normal pattern of IPFs for developing countries, the IPF for the UAE includes only a small fraction from the United Nations system, the bulk of the resources being contributed by the Government. The unprogrammed reserve constitutes 4 per cent of total programme resources.

Annex

FINANCIAL SUMMARY

I. ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING

| | <u>\$</u> | <u>\$</u> |
|--|------------|--------------------------|
| A. <u>UNDP-administered sources</u> | | |
| Third cycle IPF balance | | - |
| Fourth cycle IPF | 550 000 | |
| Subtotal IPF | | 550 000 |
| Special Measures Fund for the Least Developed Countries | | - |
| Special programme resources | | - |
| Government cost-sharing | 12 982 700 | |
| Third-party cost-sharing | | - |
| Operational funds under the authority of the Administrator | | - |
| UNDP special trust funds | | |
| Subtotal, UNDP non-IPF funds | | <u>12 982 700</u> |
| B. <u>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>13 532 700</u></u> |

II. USE OF RESOURCES

| | | |
|--------------------------------|-----------|--------------------------|
| A. <u>Programmed</u> | | |
| Ongoing projects | 3 327 700 | |
| New project proposals | 9 655 000 | |
| Programmed reserve | - | |
| Subtotal, programmed resources | | 12 982 700 |
| Unprogrammed reserve | | <u>550 000</u> |
| TOTAL USE OF RESOURCES | | <u><u>13 532 700</u></u> |
