Thirty-sixth session
5-30 June 1989, New York
Item 5 (b) of the provisional agenda

PROGRAMME PLANNING
COUNTRY AND REGIONAL PROGRAMMES

FOURTH COUNTRY PROGRAMME FOR IRAN (ISLAMIC REPUBLIC OF)**

<table>
<thead>
<tr>
<th>Programme Period</th>
<th>Actual Resources Programmed</th>
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</thead>
<tbody>
<tr>
<td>January 1989-December 1991</td>
<td>$</td>
</tr>
<tr>
<td>Fourth cycle IPF</td>
<td>11,819,000</td>
</tr>
<tr>
<td>Third cycle IPF carry-over</td>
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</tr>
<tr>
<td>Government programme cost-sharing</td>
<td>397,000</td>
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<tr>
<td>carried over from third cycle</td>
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</tr>
<tr>
<td>Less: Estimated expenditure, 1987-1988</td>
<td>8,400,000</td>
</tr>
<tr>
<td>Third-party cost-sharing</td>
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<tr>
<td>Total</td>
<td>19,286,000</td>
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* The previous country programmes were issued under the symbols DP/GC/IRA/R.1, DP/GC/IRA/R.2, DP/CP/IRA/3, DP/CP/IRA/3/EXTENSION I and DP/CP/IRA/3/EXTENSION II.

** 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; and (d) distribution of new country programme by sector.
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I. DEVELOPMENT TRENDS, STRATEGIES AND TECHNICAL CO-OPERATION PRIORITIES

A. Current economic trends

1. Iran with a population of over 50 million inhabitants, of whom 45.5 per cent are below the age of 15, is determined to harness the energy of its youth in order to embark upon self-reliant development, drawing on the country's substantial soil and water resources and oil and mineral wealth. The task of moving away from a service-dominated economy to one in which the primary and secondary sectors (agriculture, mining and industry) have a central role is a daunting one. Currently, in terms of constant 1974 prices, 53 per cent of gross domestic product (GDP) originates from services, with industry, agriculture and oil accounting respectively for 20, 14 and 13 per cent.

2. The Iranian economy has recently been adversely affected by factors mostly beyond the control of the economic management of the country. Iran has been faced with problems associated with the transformation of the social and economic structures within the framework of a mixed economy, and an eight-year-long, costly war which has diverted a considerable portion of the country's human, financial and physical resources to the war effort. A high rate of population growth, increased momentum of internal migration, an influx of about 2.5 million foreign refugees and a drop in foreign exchange earnings due to falling oil prices have added to the difficulties.

3. The above factors have highlighted, inter alia, some structural defects of the Iranian economy and exacerbated other problems for the effective management of the economy. Dependence on one dominant export commodity and also import substitution based on assembly-type industrialization, lack of trained manpower, especially at skilled labour level and difficulties in attracting Iranian professionals resident abroad, an accelerated deterioration of infrastructure and physical plant and insufficient supply of raw materials have resulted in a shortage of goods and rising price levels.

4. A brief description of the main productive sectors of the economy follows.

1. Agriculture

5. The agricultural sector provides employment to around 3.2 million people, producing an added value approaching 4,000 billion rials in 1988. Industrial crops account for over 30 per cent of the sector's output, while equally about 30 per cent of the sector's inputs are supplied by industry. The shortfall in meeting the demand for food (wheat, barley, maize, meat, vegetable oil and sugar) is currently estimated at $1,500 million annually, while export of agricultural products annually brings in $500 million. Major challenges offered in the sector revolve around sub-optimal use of existing water resources, soil erosion and unexploited opportunities for extending production both at the extensive and intensive margins.
2. Industry and mining

6. The sector accounts for 20 per cent of gross national product (GNP) in constant 1974 prices, with manufacturing accounting for 70 per cent, mining near 10 per cent and the remaining 20 per cent originating in the construction, electricity and water and gas sectors. The industrial sector is broadly based, with 27 per cent of output deriving from textiles and clothing, 25 per cent metal-based products and appliances, 14 per cent food, drink and tobacco products, 12 per cent each from chemical and non-ferrous mineral products, while base metals and wood industries respectively account for 6 and 2 per cent. In terms of Government development expenditures, however, due to existing unexploited potential in base metals and chemical/petrochemical industries, disbursements are heavily tilted towards base metals with around 60 per cent of the total, followed by chemical/petrochemical industries at 16 per cent. Mining has great potential in contributing to the economic development of the country, with substantial but as yet unexploited mineral resources. Therefore, the Government attaches top priority to enhancing geological investigations and the local processing of indigenous ores.

3. Oil and gas

7. The latest published information reflects an average daily oil production of 2.5 million barrels, of which 1.5 million were exported. Gas production stands at 34.4 billion cubic metres with 24.1 billion utilized internally and the remaining 30 per cent flared. Oil exploration and exploitation activities were adversely affected during the Iran/Iraq war due to the proximity of major oilfields to the battle front. The natural gas line to the Union of Soviet Socialist Republics has also been out of operation since early 1980. With the cease-fire and renewed contract for the sale of natural gas to the Soviet Union, rehabilition of damaged productive capacity and infrastructure require attention.

B. National development strategies

8. The First Five-Year Development Plan of the country, covering the period March 1989-March 1994, is currently under preparation and is expected to be submitted to the Parliament for approval in June 1989. Therefore, at present the exact sectoral objectives are not yet established. However, the plan is to be drafted in line with the broad outlines contained in the first bill, accepted by Parliament.

9. The bill sets forth the following seven overriding objectives:

(a) Strengthening the country's defence capacity;

(b) Reconstruction of war-damaged infrastructure, productive capacity and population centres;

(c) Development of educational facilities and enhancing the country's capability in science and technology;
(d) Promotion of economic growth in order to achieve increased output per capita, productive employment, economic self-reliance and control of inflation;

(e) Efforts to assure equity and social justice;

(f) Provision of the basic needs of the population;

(g) Improvement of the country's economic management and administrative structure in various aspects.

10. Reconstruction. Damaged productive and service facilities and population centres will be renovated in line with plan priorities, with private funds and bank credits expected to finance the bulk of housing construction.

11. Education, science and technology. The following objectives are set for this sector:

(a) Universal primary education;

(b) Priority to the eradication of illiteracy in productive age groups;

(c) Expansion of vocational and technical training;

(d) Further development of higher education, especially at post-graduate level;

(e) Maximum utilization of existing research capacity and creation of new facilities to carry out research activities at the most advanced levels.

12. Economic growth. All sectoral economic development priorities are covered under the following headings:

(a) General policies: (i) completing ongoing investment projects with considerable scope for saving foreign exchange; (ii) development of the basic productive infrastructure; i.e., communications, energy, basic industries and agricultural inputs; (iii) improved level of technological know-how; (iv) increased non-oil exports; (v) improved spatial planning; (vi) focused population policy; and (vii) reform of the educational system to produce needed skilled labour.

(b) Agriculture. In order to move towards the goal of increased self-reliance, priority would be assigned to (i) improving irrigation networks; (ii) soil and water conservation; (iii) provision of needed inputs (essentially seed, fertilizer and pesticides) and machinery; (iv) promotion of co-operative and private sector investments in the sector; (v) increased production of major agricultural products; (vi) adoption of foreign trade policies aimed at encouraging agricultural production; and (vii) provision of credit and financial incentives to agriculture and related fields.

/...
(c) **Oil and gas**: (i) increased oil and gas production and local processing of such resources with emphasis on petrochemicals; (ii) increased use of gas for domestic energy consumption; and (iii) efficient use of energy resources.

(d) **Mining**: (i) expanded mineral exploration and exploitation; and (ii) maximum utilisation of mining capacity to supply raw materials needed by industry and diversification of exports in processed local products.

(e) **Industry**. Industrial expansion is to be concentrated in three areas: (i) production of capital and intermediate goods with particular emphasis on items needed to repair/reactivate existing plant and machinery; (ii) agricultural inputs production (fertilizers, pesticides, tractors, tillers, etc.); and (iii) rural industries.

13. **Economic and social justice**. Satisfaction of the basic food requirements of the population and extension of social security insurance to farmers. Reforms in social welfare programmes and taxation are also proposed, to target aid to poorer sections of the population and to achieve equitable income distribution.

14. **Improvement in public administration and management** through streamlining administrative and budgeting functions of the Government as well as rationalizing institutional and procedural aspects of planning, programming and project implementation.

15. **Preliminary estimates of total funds available for Government development expenditures** over the plan period, March 1989-March 1994, amount to 5,383.2 billion rials.

C. **Technical co-operation needs and priorities**

16. It is felt that technical assistance is required to achieve the following objectives of the First Development Plan: (a) economic growth and reconstruction; (b) educational, scientific and technological advancement; and (c) reform of the public administrative and management system. The Ministry of Plan and Budget has been working out sectoral requirements for technical co-operation, within the broad framework of the first plan bill.

17. **Based on a thorough assessment of the third country programme**, undertaken jointly by the Ministry of Plan and Budget and the United Nations Development Programme (UNDP), the most cost-effective areas for technical co-operation were identified after an examination of the requirements of various sectors in the post-war era with particular attention to reconstruction-related activities. The various technical divisions of the Ministry of Plan and Budget participated fully in the process. Projects were selected with a view to assisting basic, socially-oriented programmes which do not lend themselves easily to commercial means of acquiring foreign technical inputs.

18. **Only a small portion of technical assistance requirements** can be financed by UNDP and additional funding sources would have to be sought. The Government would
appreciate use of the UNDP country programme as a means of attracting additional funding for technical co-operation activities. Given the wide circulation of the country programme and the fact that it is the only officially sanctioned document providing information about areas for technical co-operation, it has a catalytic effect in attracting additional funding. It is precisely with due regard for the importance of the country programme in this respect that the Government and UNDP have taken great pains to identify a broad range of activities for technical co-operation as listed in the following three paragraphs. However, in order to avoid creation of undue expectations, only project ideas for which funding, even if only partially, can be provided through known resources controlled by UNDP, have been listed.

19. To meet the economic growth and reconstruction objectives, technical co-operation is required in the following areas: increased production of main agricultural products; full utilization of existing capacity; transfer of technology; choice of appropriate technology; development of standard product specifications; optimal use of soil and water resources; expanded exploration, exploitation and local processing of minerals; expansion of oil, gas and petrochemical industries; development of comparatively advantageous heavy and intermediate industries; promotion of non-oil exports; and a focused population policy. The reconstruction objective will be met by directing a number of the above activities to war-affected areas. Most of the ongoing projects being continued into the fourth country programme respond to this objective. More specific activities in the reconstruction field relate to feasibility studies to identify the most cost-effective means of restoring damaged productive capacity and infrastructure. In addition, given the extent of destruction suffered by some population centres, there would also be considerable scope for technical assistance in the field of spatial planning and suitable construction materials and methods. Given the relationship between the growth and reconstruction objectives, the two are combined into one objective.

20. The education, science and technology objective offers technical co-operation opportunities in vocational and technical training, post-graduate education, rehabilitation of disabled persons, up-to-date applied scientific and technological research and attraction of Iranian professionals residing abroad, for which the Transfer of Knowledge through Expatriate Nationals (TOKTEN) mechanism can be of considerable help.

21. Reform of public administration. In addition to technical assistance requests for improving the efficiency of civil service administration, budgetary procedures and development projects implementation, the Government would like to avail itself of the opportunities offered by the Management Development Programme (MDP) of UNDP.

D. Aid co-ordination arrangements

22. Technical co-operation activities funded by other United Nations agencies - the Food and Agriculture Organization of the United Nations (FAO)/Technical Co-operation Programme (TCP), the United Nations Population Fund (UNFPA), the World Health Organization (WHO), the United Nations Children's Fund (UNICEF) and the
United Nations Industrial Development Organization (UNIDO)/Special Industrial Services - are closely co-ordinated with UNDP-assisted projects in the relevant fields. Activities funded by UNDP, UNICEF and WHO are complementing each other with the common goal of achieving universal child immunization by 1990. The Office of the United Nations High Commissioner for Refugees (UNHCR) and the World Food Programme (WFP) have been undertaking substantial humanitarian assistance activities and are moving towards technical co-operation programmes in co-ordination with UNDP. In line with UNDP's mandate to foster pre-investment and investment support activities, contacts should be maintained with the International Fund for Agricultural Development (IFAD).

23. Some bilateral donors have expressed a desire to channel technical assistance in the context of UNDP-assisted projects in line with Government preferences. Aid-co-ordination arrangements will have to be extended to cover possible external assistance to the reconstruction effort, with the UNDP country programme playing a pivotal role in attracting such additional funding, and the Ministry of Plan and Budget serving as the Government co-ordinating agency.

II. THE COUNTRY PROGRAMME

A. Assessment of the current country programme

24. The third country programme was approved for the period 1983-1986 and extended to 1988. The programme originally allocated the bulk of UNDP assistance to four sectors, namely, agriculture, industry, employment, and transport and communication. In actual fact, however, the programme has been viewed as a flexible tool, allowing the approval of projects on the basis of individual merit. The following five sectors, with shares in total commitments in parentheses, dominate the programme: industry (28.3), agriculture (18.5), employment (18.2), natural resources (12.1) and transport and communication (11.2).

25. The third programme appears as industry dominated because the Pharmaceutical Raw Materials project (IRA/83/014), which is mentioned under both industry and health sectors in the country programme documentation, is included under industry. Should the above project be included under the health sector, the share of industry in total UNDP funds would fall to around 16 per cent, that is, less than agriculture. In terms of sectoral allocation of UNDP resources, the actual development has been in keeping with requirements of the Islamic Republic of Iran for technical assistance.

26. During the last country programme period, the average annual delivery rate, compared to annual peak budgets, was 65 per cent. This compares favourably with the 70 per cent rate for the UNDP programme globally, and particularly if we take into account the difficult conditions under which the first effort in joint United Nations and Government of the Islamic Republic of Iran technical co-operation has been implemented. Three United Nations system executing agencies, namely, the International Maritime Organization (IMO), the Office for Project Services (OPS) of UNDP and the International Atomic Energy Agency (IAEA), have managed to register delivery rates higher than or about the average for UNDP as a whole, with delivery
rates of 81, 73 and 68 per cent, respectively. Programme delivery during the period is dominated by equipment, which accounts for 35 per cent of total delivery, followed by subcontracts at 34 per cent and personnel at 25 per cent, with training accounting for a mere 5 per cent of delivery.

27. The third country programme did not inherit any projects from the second programme. Of the 50 projects signed in the course of the third country programme, 19 projects had been completed by the end of 1988 and one cancelled. Therefore 30 projects are being carried over into the new country programme. The average size of completed projects has been $600,000. The projects implemented have made a valuable contribution to the country's development effort, although a full assessment of projects not yet completed cannot be offered at this time.

28. Two projects executed by the International Labour Organisation (ILO), i.e., the Centre for Vocational Instructor Training and Technical Research (IRA/82/004) and Strengthening the Research and Training Centre for Occupational Safety and Health (IRA/82/002), account for over 50 per cent of expenditure on operationally completed projects ($5.9 million). Through these two projects, the systems for vocational training and occupational safety and health have been improved and are now of internationally recognized standards. This has been in line with the intentions of the original third country programme and in accordance with the Government priority to meet the skilled labour requirements of the economy and ensure a safe and healthy work environment.

29. The Pilot Demonstration Plant for Radio Sterilization of Medical Supplies (IRA/82/003), with a total UNDP budget of $1.5 million, has been instrumental in bringing the national "Gamma Irradiation Centre" into full operation. The project stands out as a tribute to the ability of the United Nations system for technical co-operation to transfer advanced technology to recipient countries. It has created a capacity for the use of radiosterilization and isotope applications on a commercial scale. Follow-up Government investment is expected in the framework of the First Development Plan.

30. One of the most cost-effective projects implemented in the third country programme, the Lar Dam Programme (IRA/83/007), provides investment support. The project, with a total expenditure of $547,000, has been able to provide valuable technical advisory services to assist in optimal utilization of an existing $500 million investment made by the Government in the Lar Dam. Through its activities, the project has helped to locate a leak which was jeopardizing the Dam's capacity to retain and store water.

31. The cost-effective and timely implementation of the programme has been affected by some problems experienced in the provision of UNDP-financed inputs and nomination and continuity of full-time national counterparts. Maintenance of a continuous dialogue with the Government on various aspects of UNDP activities has permitted the isolation of bottle-necks and some suggestion of remedial action, even before the country programming exercise.

32. In formulating the new programme, lessons learned from the third country programme have been taken into account. This has led to an emphasis on investment
support projects, on the model of the successful Lar Dam project, to assist with optimal capacity utilization of existing infrastructure and productive plant and machinery, notably in the areas of irrigation, energy supply and food-processing industries. In designing new projects, the use of short-term specialized expertise will be stressed, with long-term resident chief technical advisers only considered, if need be, to service a number of projects. This is in keeping with the high calibre of national project directors. The practice of daily subsistence allowance payments by the Government will be generalized. In order to allow the greatest possible coverage of technical assistance requirements, with limited UNDP funds, the allocation of a disproportionate share of the indicative planning figure (IPF) to any single project will be avoided. Should additional firm funding become available, some of the approved projects could be extended. The relative cost-effectiveness of in-country versus overseas training, highlighted in the course of the third country programme assessment exercise, would be borne in mind in reviewing the best modalities for reaching training objectives in new projects.

B. New programme proposal

33. The fourth country programme, covering the period 1989-1991, will coincide with the first three years of the First Development Plan of the Islamic Republic of Iran. Resources taken into account for programming total $19,286,000. This amount includes the total fourth cycle IPF of $11,819,000 plus the third cycle IPF carry-over of $12,970,000 and $397,000 in Government programme cost-sharing carried over from the third cycle, less estimated 1987-1988 expenditure of $8.4 million, with $2.5 million in estimated third-party cost-sharing supplementing available resources. The Government is considering cost-sharing contributions to enhance programme activities, though no orders of magnitude can be given at present. Funding under the Special Programme Resources (SPR), with special reference to the Management Development Programme and the United Nations Revolving Fund for Natural Resources Exploration (UNRFNRE) will also be explored.

34. The new programme is built around serving the attainment of the economic growth and reconstruction objective of the Government, with the education, science and technology and reform of public administration objectives also receiving technical assistance. Special consideration is given in new projects to the needs of economic reconstruction and rehabilitation, particularly in the areas most heavily affected by the war.

1. Economic growth and reconstruction

35. Soil and water resources. At present, soil erosion and sub-optimal harnessing of limited water resources are two major obstacles in the way of achieving any sustained increase in agricultural production. The Government is tackling the task on two fronts. On the one hand, there are activities concerned with planning the most efficient use of existing soil and water resources. The Bureau of Comprehensive Planning and the Remote Sensing Unit of the Department of Agricultural Statistics and Information of the Ministry of Agriculture are entrusted with this task. The Bureau of Soil Conservation and Watershed Management
and the Agricultural Engineering Department deal with soil erosion and harnessing of water resources.

36. There are in total seven ongoing and proposed projects, dealing with optimal soil and water use, with a total tentative allocation of $2.8 million. The programmes of the Comprehensive Planning Bureau are being assisted through an ongoing land use planning project (IRA/85/011), which is to be followed by a second-phase project based on experience gained in the implementation of the current project. The use of remote sensing techniques, as a tool in optimal land-use planning and forest and range ecology, is being promoted through the ongoing project, IRA/86/003, Remote Sensing in Agriculture. Technical co-operation in soil conservation is provided under an ongoing watershed management project (IRA/86/004). Harnessing of water resources and simultaneous control of soil erosion are being addressed in the checkdam project (IRA/87/001) and further action is foreseen in the area of flood control and forest ecology.

37. Environment. With due regard for the need to preserve the environment, activities in support of Government programmes for the regeneration of the Anzali Lagoon ecosystem are being planned. The ecosystem in the Anzali Lagoon is threatened by both industrial pollution and reclamation of previously submerged land for cultivation.

38. Food production. In the Government plan for increased food production, high priority is given to tapping the possibilities for expanding range-based livestock activities and exploitation of fish resources. There are plans for increasing agricultural production in general through provision of needed inputs and ensuring an equitable return on farming activities, including new investment opportunities.

39. Programmes for increasing fisheries production in the Gulf area and the Sea of Oman are assisted through the Fisheries Development project (IRA/83/013), while increasing the potential fish catch in the Caspian Sea will be addressed by the Anzali Lagoon project (IRA/88/001). Expanded livestock production will be promoted through ongoing and planned activities in optimal rangeland utilization and buffalo production. Questions relating to profitability of agricultural production will be addressed, through projects in crop cost estimation, studies of large-scale agricultural investments and optimal utilization of existing investments in food industries. Technical co-operation and provision of needed inputs is planned in the areas of pesticide production, testing of agricultural machinery and seed improvement.

40. Agricultural investments. UNDP resources will also be used to support feasibility studies related to two proposed IFAD-executed projects in agricultural rehabilitation in Western Iran and irrigation networks in Baluchestan-Sistan. With a total expenditure of around $150,000 in UNDP funds, follow-up investments of around $45 million through IFAD are expected. This is clearly a most cost-effective use of UNDP resources and the Government wishes to explore further possibilities where UNDP-assisted projects can attract larger subsequent inflow of resources, particularly in the reconstruction effort. Therefore, additional funds will be allocated to similar activities wherever appropriate proposals are presented.
41. Natural resources. Attainment of the economic growth objective of the First Plan is dependent upon full utilization of the country's mineral resources, including oil and provision of the needed energy resources to support expanded output. To this end, the Government is planning substantial new investment in the relevant sectors and seeks maximum benefit from existing facilities.

42. Substantial technical co-operation activities in the above fields will be implemented, in line with the UNDP mandate to assist with investment support projects and lessons learned in the course of the third country programme, concerning cost-effectiveness of such projects. Seven projects with a total budget of $2.7 million are foreseen. In the field of water resources and hydropower, three projects will be implemented, with the Water Resources Research Institute (IRA/85/015) and checkdam construction (IRA/87/001) aimed at improving the capacity for support of dam construction programmes and the Lar Dam II project (IRA/88/004) providing advisory services for the Lavarak power station. Power transmission efficiency is to be increased through a project with the Ministry of Energy. Basic topographical information will be improved through a project with the National Cartographic Organization to realize a topographic map at 1:25,000 scale (IRA/88/006). The productive capacity of oil wells is to be maintained through the Enhanced Oil Recovery project (IRA/87/004). Mineral exploration activities is a further area for UNDP co-operation, though funding for a proposed project may be sought through UNRFNRE.

43. Transport and communication. The transport system and postal and telecommunication networks are to be expanded in line with stated priorities for economic growth, reconstruction and regional balance. A master plan for organizing the country's transport system is under preparation. There are also programmes to further integrate rural areas into the telecommunication network.

44. UNDP assistance to this sector is organized into five projects, with a total budget of $1.6 million. The meteorology project (IRA/86/009) aims to provide for safer navigation. Two projects are implemented in the telecommunication field, namely, Coaxial Cable (IRA/83/001) and Rural Telecommunications (IRA/86/001), while the modernization of postal services is the subject of the Postal Services project (IRA/87/011). UNDP is co-operating in transport planning through the National Transport project (IRA/88/003) to establish a computerized transport data bank.

45. Industry. The Government is concerned about achieving full capacity operation of existing industrial plant, through post-investment projects to locate sources of inefficiency and increased production of needed capital and intermediate goods. New capacity will be built using appropriate technology and incorporating the latest technological innovations. Development of standard product specifications to ensure that industrial products meet world standards and are hence suitable for export, is also planned. Food processing and agricultural input production enjoy priority, but since they serve the increased food output goal, they have been dealt with earlier.

46. As the third country programme had allocated the greatest share of UNDP resources to industry, it was decided to reduce its role in drawing up the new programme. The resolve was strengthened by the fact that it was felt most
industrial technical co-operation requirements could be met through commercial contractors or bilateral programmes. Therefore, no new projects, to exclusively serve the industrial development objective, are foreseen in the fourth country programme. However, the proposed project in food industries does come under the industry sector.

47. Five of the projects being continued into the new programme respond to the industrial development objective with a total estimated expenditure of $1.6 million. Three projects are concerned with heavy and intermediate industries, namely, Alumina Development (IRA/85/003), Phosphate Beneficiation (IRA/87/005) and Arak Petrochemical Complex (IRA/87/008). A fourth project in this sector, the Standard Institute project (IRA/87/013), is concerned with improving product standardization capacity. The Pharmaceutical Raw Materials project (IRA/83/014), in addition to serving the industrial development goal, satisfies the broader social consideration of ensuring adequate supply of medicines to the general population by facilitating local production.

48. The success of the reconstruction effort is dependent upon efficient production of appropriate construction materials. The Government is vigorously pursuing a substantial dollar investment programme in this area. A clear need for technical co-operation in developing product specifications and reviewing the feasibility of investment programmes is felt. The sum of $500,000 has been earmarked to meet the technical advisory requirements of the construction materials industry.

2. Education, science and technology

49. Human resources. The Government attaches great importance to human resources development, in the widest possible sense. Economic growth can be achieved only if one can count on a well-qualified and healthy work-force, armed with the most up-to-date technological know-how. A healthy work-force requires a good preventive health system and widespread provision of basic medical services. The productive employment of the work-force is dependent upon proper training and participation of the entire working age population in the labour market, through rehabilitation of persons disabled through the war. The need to create a capacity for scientific and technological development, through expanding post-graduate education, has been underscored by the High Council for Cultural Revolution.

50. Technical co-operation programmes are felt to be an ideal mechanism for furthering the above goals, especially in view of the UNDP commitment to human resource development. Thirteen projects, with a total budget of $4.5 million, serve the above objective. Two projects, the Tehran Sewage Programme (IRA/85/002) and Child Immunization (IRA/87/002), respectively provide for safer environmental health and universal child immunization. Training rural health workers aims at filling a gap in the supply of adequately trained paramedical staff, who could play a crucial role in improving rural health conditions. Projects for the vocational rehabilitation of disabled persons and artificial limb production provide support to efforts aimed at ensuring productive employment for disabled persons. Assistance to the technical and vocational training programmes of the Ministry of Education aims at increasing the supply of badly needed skilled labour to industry.

/...
51. Technology transfer. The Government considers UNDP to be a cost-effective source of high technology and capable of assisting with expansion of post-graduate training and research. Through UNDP-assisted projects, post-graduate training would be provided at the World Maritime University, in addition to post-graduate programmes in oil reservoir engineering and natural resources to be established at Iranian universities. A national research capacity in textiles, which is one of the most important industries in the country, will also be created. Training and technical assistance will also be directed at developing a capability in remote sensing. The opportunities offered by the TOKTEN scheme in recouping the losses of the brain drain are appreciated and fit in well with Government plans to attract Iranian professionals resident abroad. The TOKTEN mechanism will be used, in the first place, to establish a link with Iranian professors and research workers currently resident in foreign countries.

3. Reform of public administration

52. An effective public management system is a prerequisite for the success of the economic growth and reconstruction objectives the Islamic Republic of Iran has set itself. The Government is seriously considering a radical transformation of the civil service structure, in order to make it more responsive to the requirements of rapid growth. The planning and budgetary procedures also require streamlining. The Ministry of Plan and Budget is in the process of establishing an independent research arm, the Iran Planning Institute. The Central Bank has embarked upon modernized processing of its national accounts system in order to have more reliable data for resource allocation purposes.

53. Six areas for technical co-operation in the field of public management have been identified. The Central Bank seeks support in its programmes for computerization of national accounts. The Ministry of Plan and Budget can benefit from technical advice in establishing the Planning Institute, in macro-economic and regional planning, and project monitoring and evaluation. The efficiency of the civil service and public management in state enterprises are to be improved through two IPF-funded projects.

C. Unprogrammed reserve

54. The sum of $94,000 of resources taken into account for programming, has been set aside as unprogrammed reserve in order to provide some flexibility.

Notes

1/ The current official rate of exchange is 70 rials to US$ 1.
Annex

FINANCIAL SUMMARY

I. ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING

A. UNDP-administered sources

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<th>Description</th>
<th>Amount</th>
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<td>$12,970,000</td>
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<tr>
<td>Government programme cost-sharing</td>
<td>$397,000</td>
</tr>
<tr>
<td>Less: 1987 and 1988 expenditure</td>
<td>($8,400,000)</td>
</tr>
<tr>
<td>Fourth cycle IPF</td>
<td>$11,819,000</td>
</tr>
<tr>
<td>Subtotal IPF</td>
<td>$16,786,000</td>
</tr>
<tr>
<td>Special Measures Fund for the Least Developed Countries</td>
<td>-</td>
</tr>
<tr>
<td>Special programme resources</td>
<td>-</td>
</tr>
<tr>
<td>Government cost-sharing</td>
<td>-</td>
</tr>
<tr>
<td>Third-party cost-sharing</td>
<td>$2,500,000</td>
</tr>
<tr>
<td>Operational funds under the authority of the Administrator</td>
<td>-</td>
</tr>
<tr>
<td>UNDP special trust funds</td>
<td>-</td>
</tr>
<tr>
<td>Subtotal, UNDP non-IPF funds</td>
<td>$2,500,000</td>
</tr>
</tbody>
</table>

B. Other sources

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funds from other United Nations agencies or organizations firmly committed as a result of the country programme exercise</td>
<td>-</td>
</tr>
<tr>
<td>Parallel financing from non-United Nations sources</td>
<td>-</td>
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</tbody>
</table>

TOTAL ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING: $19,286,000

II. USE OF RESOURCES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Programmed (all objectives)</td>
<td>$9,257,000</td>
</tr>
<tr>
<td>Ongoing projects</td>
<td>$9,257,000</td>
</tr>
<tr>
<td>New project proposals</td>
<td>$9,350,000</td>
</tr>
<tr>
<td>Programmed reserve</td>
<td>$19,192,000</td>
</tr>
<tr>
<td>Unprogrammed reserve</td>
<td>$94,000</td>
</tr>
</tbody>
</table>

TOTAL USE OF RESOURCES: $19,286,000