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COUNTRY AND INTERCOUNTRY PROGRAMMES AND PROJECTS

Consideration and approval of country programmes

THIRD COUNTRY PROGRAMME FOR TURKEY

Note by the Administrator

Programme period

1983-1987

Illustrative IPF for 1982-1986

\$20 million

I. Nature of the programming exercise

1. The third country programme for Turkey, 1983-1987, resulted from a continuous dialogue between the concerned Turkish authorities and the Resident Representative of UNDP. Moreover, a series of consultations were held by the Government and the Resident Representative with members of missions from UNIDO, FAO, UN/DTC, ITC, WHO, UNESCO, ILO, ICAO and WTO who visited Turkey at different times between May and September 1982. Thus, a broad spectrum of agencies of the United Nations system participated directly in the deliberations preceding the formulation of the country programme, and their recommendations were fully taken into account in that formulation.

2. The Government has decided to augment its IPF resources with \$6 million in cost sharing; payment will be accepted in Turkish liras, subject to the ability of the UNDP to spend the cost sharing payments in liras at the currently foreseen rate.

II. Relation of the country programme to national development objectives

3. The third country programme has to be seen against the background of recent economic developments in Turkey. Following the first steep rise in oil prices in 1973-

^{1/} The notes by the Administrator concerning the previous country programmes for Turkey were issued under the document symbols DP/GC/TUR/R.1/RECOMMENDATION and DP/GC/TUR/R.2/RECOMMENDATION.

1974, the annual trade deficit worsened until it reached almost \$4 billion in 1980; the foreign debt burden mounted and inflation was rampant. In January 1980, an economic stabilization programme was introduced, which has been further reinforced by the present Government through a series of measures aimed first and foremost at bringing about a restructuring of the economy into an outward-looking, export-oriented one. Export promotion will be a key element of the strategy, to be supported by measures to raise the levels of technology and quality control in the productive sectors of the economy, liberalize trade and payments regimes and adopt a flexible exchange rate policy both to encourage exports and increase remittances of Turkish workers abroad. A further measure to improve foreign exchange earnings is the encouragement of tourism; and adoption of a realistic, foreign direct investment policy in all sectors, including petroleum and mining, is aimed at reducing dependence on imports and/or expanding the export potential.

4. As will be clear from the next section, the country programme mirrors the emphasis upon developing the potential for foreign exchange earnings.

III. Content of the country programme

5. To a much greater extent than in the second country programme, the major stress of the new programme is placed upon the industrial sector, with almost 35 per cent of the resources programmed. Many projects involve expansions or new phases of activities already started under the second programme. Examples are further work on quality control, packaging and support for small industries; assistance relating to such specific industries as cement, pulp and paper, textiles and petrochemicals will also continue. New areas of assistance to the industrial sector include building materials and sponge iron production, and a project to help train management consultants.

6. The next largest sector, natural resources (13 per cent), reflects the concern with petroleum and mineral exploration and development, and energy management and conservation (including the use of solar energy for heating greenhouses). Compared with the previous country programme, agriculture takes a relatively minor role (less than 6 per cent), and here too the emphasis is shifted to projects with potential for import-saving (planting of fast-growing tree species for timber) or exports (ornamental flower production). However, work will also continue on range and forage development and sericulture.

7. Health and international trade both receive under 7 per cent, while lesser amounts are devoted to other sectors. An important feature is that more than 16 per cent of the \$20 million currently programmed (which includes the \$6 million of cost sharing) has been earmarked for purposes not at this stage definable by sector, including \$1 million for pre-investment studies or loan support operations not yet identified; \$1 million for short-term consultancies and fellowships not covered by specific projects; \$390,000 for TOKTEN (see para. 11 of DP/CP/TUR/3); \$300,000 for improving project preparation capacity in the public and private sectors; \$200,000 each for TCDC activities and for participation in intercountry projects; and \$150,000 for United Nations Volunteers. Finally, there is an unprogrammed reserve of \$2 million, over and above the 20 per cent of the illustrative IPF which has not been taken into account for programming in accordance with the Administrator's instructions.