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MID-TERM REVIEWS OF COUNTRY AND REGIONAL PROGRAMMES

Mid-term review of the country programme for Algeria

Report of the Administrator

SUMMARY

The present report is submitted in accordance with Governing Council decision 89/11 of 23 February 1989, requesting the Administrator to report on a representative selection of mid-term reviews of country programmes.

The mid-term review took place during the period February-March 1989, at a time when Algeria was embarking on a major programme of structural reforms directed towards the achievement of an improved socio-economic performance of the economy, including employment creation, a better balance between agricultural and industrial production, improved effectiveness of the public and private sectors, and the promotion of non-hydrocarbon exports.

The mid-term review concluded that the five areas of concentration for technical co-operation activities identified in the fifth country programme (DP/CP/ALG/5) continued to be relevant to the achievement of the country's development priorities. However, the new orientation adopted by the Government will provide additional criteria for the identification and formulation of technical co-operation projects in each area of concentration. For example, in the agricultural sector, higher priority will need to be given to technical support for farmers within a decentralized institutional framework. Similarly, in the industrial and social sectors, higher priority will be given to increasing the productivity of installed capacities, so as to improve the capital-output ratio.

Given that the approved budgets amounted only to \$10.629 million at the time of the mid-term review, representing 30.7 per cent of the estimated resources available for the fifth country programme, the review focused on the identification of priority projects, in each area of concentration, consistent with the country's development objectives and capable of being processed and implemented during the second half of the cycle.

REPORT ON THE MID-TERM REVIEW OF THE COUNTRY PROGRAMME FOR ALGERIA

INTRODUCTION

1. Following the approval of the country programme, Algeria has embarked on a major programme of economic and structural reforms. A thorough analysis of the status of co-operation between Algeria and the United Nations Development Programme (UNDP) mid-way through the programming cycle was therefore considered important to improve the relevance of multilateral co-operation to this new socio-economic context. The review process was carefully planned and carried out in full co-operation between the Ministry of Foreign Affairs and UNDP with the participation of those United Nations agencies represented in Algeria, including the International Labour Organisation (ILO), the United Nations Children's Fund (UNICEF), the United Nations Population Fund (UNFPA) and the World Food Programme (WFP).

2. Preparatory activities for the mid-term review covered several months from June 1988 to February 1989 and involved the following steps:

(a) An informal internal review in June 1988, including a joint review of a number of reports from Algerian consultants on the main sectors of the economy and the approved or planned reform programmes, discussions on the impact of the reforms on the country programme and its current areas of concentration, and the elaboration of a work plan leading to the formal mid-term review;

(b) A report along the lines of the internal review to serve as a background document for the further preparatory discussions with the Ministry of Foreign Affairs;

(c) A series of sectoral review meetings with the government representatives concerned under the chairmanship of the Directorate of International Economic and Cultural Relations of the Ministry of Foreign Affairs to decide on the priorities and the orientations of the programme for the second half of the cycle.

3. During the period 18 to 22 February 1989, a thematic meeting was held for each of the five areas of concentration covered by the fifth country programme. A final meeting was held on 20 March 1989 to review the content of the mid-term review report.

I. FINANCIAL DATA

A. Resources

4. The fifth country programme for Algeria covers the period 1987-1991. Total resources available for the programming period were estimated at \$34.602 million at the time of the mid-term review, compared with \$33.783 million when the fifth country programme was approved, in June 1987. Indicative planning figure (IPF) resources have increased since the beginning of the cycle, from \$13.813 million to

\$14.632 million as a result of overall increased resources availability within UNDP. Project cost-sharing contributions are expected to be consistent with initial estimates and to reach approximately \$20 million. The following table makes the position clear.

	<u>Millions of dollars</u>
Total resources taken into account for programming at the time of country programme (CP) approval	33 783
Resources taken into account for programming at time of mid-term review:	34 602
IPF allocation	11 000
Carry-over from previous cycle	2 813
Government project cost-sharing	19 970
75 per cent supplementary IPF allocation	819
Net change in resources (increase)	819

B. Use of resources

5. As shown in the table below, at the time of the mid-term review, current approved budgets amounted to \$10.629 million, representing 30.7 per cent of the resources expected to become available for programming purposes. Expenditures since the beginning of the cycle amounted to \$8.771 million, of which \$4.969 million were expended in 1987 and \$3.802 million in 1988. The review concluded that significant efforts will need to be made to process the various project proposals (\$23.653 million) in order to generate a level of project budgets consistent with the achievement of the annual expenditure target and minimize carry-over to the sixth cycle.

	<u>Start of country programme (1987)</u>	<u>Time of mid-term review (1989)</u>
	<u>Millions of dollars</u>	
Committed resources	4 305	10 629
Project proposals	25 257	23 563
Unprogrammed reserve	<u>4 221</u>	<u>410</u>
Total use of resources	<u>33 783</u>	<u>34 602</u>

II. PROGRAMME/PROJECT DATA

6. The sectors, programmes and projects included in the fifth country programme (DP/CP/ALG/5) are listed in the two annexes to this report. Annex I presents those included at the start of that programme (1987) and annex II gives those contained in the fifth country programme at the time of the mid-term review (1988-1989).

Progress in programme implementation (activities and results)

7. The fifth country programme comprises five major areas of concentration based on priority national development objectives.

1. Agriculture and food

8. There were two groups of projects relating to agriculture. The first was meant to select and integrate the various means of production necessary in six different ecological areas in order to develop and extend animal and plant production techniques. The second concerned the agricultural environment and the development of integration between agriculture and related industries.

9. Both suffered important delays, partly due to the major reorganization of the agricultural sector affecting the central and also the local levels. In addition, the integrating approach adopted for the second group suffered from structural and institutional rigidities which prevented the development of certain activities - seeds and cereals, for instance.

2. Integration and innovation

10. The objective of this part of the programme was to promote better linkages between the economic and social sectors. Integration is to be achieved in part through the project on industrial integration and development, which is aimed at organizing horizontal activities such as the development of information, industrial consulting and support to the diversification of industry. Innovation implies an encouragement of advanced technologies such as engineering, computer sciences and expert-systems. Specific actions in favour of foreign trade are also addressed under this part of the programme.

11. This part of the programme was implemented satisfactorily during the first half of the cycle. The reforms in the Algerian economic system introduced during this period stress the need to give increased priority to areas such as enterprises management, encouragement of the private sector and reorganization of the central administration.

3. Development of existing potential

12. This part of the programme was conceived as a multisectoral effort to consolidate Algerian economic achievements. The economic reforms have generated increased needs as regards improved use of human resources, particularly in the field of management training. Measures to improve the use of industrial capacities will be developed during the second part of this section of the programme. Other sectors, such as culture, tourism, natural resources and the environment, have encountered some delays.

4. Planning: strengthening of national forecasting capacities and planning tools

13. This part of the programme had two complementary aspects. The first was global strategic planning, linked to a project called strategic planning studies, aimed at developing in Algeria the use of new and modern methods of forecasting and strategic planning, particularly through the training of pluri-disciplinary teams. Progress has been slow, but the organization of an international seminar on this subject is expected to help increase the effectiveness of this area of concentration. The second aspect is sectoral forecasting devoted to projects centred on specific fields of activity. Implementation of this aspect can be considered satisfactory.

5. Development of social services

14. The purpose of this part of the programme was to develop information on the most vulnerable population groups in order to measure their evolution and organize their protection. The proposed creation of a "social map" which could evaluate the importance of these groups and monitor their evolution was to become a major project; this was delayed, however, during the first part of the programming cycle. During the mid-term review it was decided to postpone its implementation and concentrate on more limited but immediate actions for two specific groups: the blind and the deaf-mutes.

15. Finally, it was made clear that the authorities intended in future to have non-governmental organizations (NGOs) play an increased role, relaying at the local level the actions of the Government in the social sector.

III. PROGRAMME ANALYSIS

A. The country programme as planned and as implemented

16. The mid-term review was held in a drastically changed social and economic environment that resulted from a number of major reforms of the Algerian economic system since the inception of the country programme. Among these reforms were: restructuring of public enterprises in favour of increased managerial responsibilities; reform of the planning system to ensure greater flexibility and

decentralization; reform of the banking system to improve access to credit and the conditions for investment; promotion of the private sector through diversification and decentralization; new agricultural organization; and reform of the state monopoly on foreign trade to reduce external administrative pressures on enterprises.

17. The new economic context provided a frame of reference against which the ongoing and planned projects were reviewed. The mid-term exercise has been geared towards fine-tuning technical co-operation activities of the fifth country programme so as to fit them into the new national context.

18. At the time of the review, only \$10.629 million out of \$34.602 million, i.e., approximately one third of the total resources, was firmly committed. This reflected mainly the slowdown of programme implementation due to the far-reaching economic restructuring of the country. Against the uncommitted resources which amounted to \$23.973 million, the mid-term review concluded that priority should be given to the processing of project proposals amounting to \$23.563 million, thus leaving an unprogrammed reserve of \$0.410 million. The programme configuration by area of concentration is presented in the table below. Special monitoring and follow-up efforts by the Government, the executing agencies and UNDP are expected to improve programme delivery.

Area of concentration	Country programme figure	Actual figure at mid-term review	Consolidated estimates based on mid-term review
(Percentages)			
Food and agriculture	25.57	27.75	25.49
Integration/innovation	21.65	27.04	26.78
Development of existing potential	29.28	36.69	37.58
Planning	7.83	4.80	7.86
Social services	3.36	2.54	2.29
Reserve	12.49	1.18	-

B. The relevance of the country programme

19. While reaffirming the relevance of the five areas of concentration covered by the fifth country programme, the mid-term review concluded that the following horizontal dimensions of the country's socio-economic development should be given greater attention during the identification, formulation, implementation and evaluation of priority projects in each area of concentration: employment creation, promotion of international trade, support to socio-economic reforms and environmental protection.

1. Employment

20. Employment is certainly the Government's major concern in all sectors. Strong demographic pressures combined with increased concern for cost-effective production are likely to generate rising imbalances in the job market, especially among young people. This issue has been addressed by a number of UNDP/ILO projects, including a diagnosis of the training system, a study of employment services and proposals for the improvement of labour market statistics. In the agricultural sector, a youth employment plan is currently under preparation.

21. Efforts will be intensified during the second half of the cycle with particular focus on: supporting the modernization of national employment services; studying the artisanal sector; backing up the short-term job creation programme initiated by the Government; and developing the potential of small- and medium-size enterprises and industries. Furthermore, the exchange of experience among Maghreb countries is to be fostered through the organization of technical seminars on employment. These could be held on such themes as the informal sector or labour legislation.

2. Promotion of foreign trade and development of non-oil exports

22. Lower prices for oil and oil products have produced a shortage of foreign exchange and made it more difficult for the country to maintain an appropriate level of investment. Under the prevailing constraints, it therefore becomes crucial to increase exports. Positive results in this field could be stimulated by the greater opening of markets within the Arab Maghreb Union and by a campaign to improve the quality of national production. Within the framework of the country programme, a programme has been initiated to train entrepreneurs in foreign trade matters and to provide advice on possible efforts to rationalize imports.

23. Projects identified within the framework of the mid-term review consultation process cover priority areas such as: creation of computerized information systems on new technologies and foreign markets; implementation of an action plan for a reorientation of exports; promotion of import substitution sectors such as local manufacturing of spare parts; promotion of export services through partnerships with foreign companies; promotion of the private sector and development of partnerships with foreign small- and medium-sized enterprises and industries; and at the regional level, establishment of linkages between Maghreb institutions specialized in foreign trade.

3. Support to economic reforms

24. The global and multi-faceted character of the ongoing reforms requires in-depth studies of certain sectors to support decision-making. The following areas have been identified: establishment of a mechanism to monitor small- and medium-size enterprises; and measurement of the impact of economic reforms on public enterprises.

4. Environmental protection and forecasting of natural disasters

25. Environmental protection has also become a national priority. While a number of projects addressing this concern have been initiated (for example, flood forecasting), these efforts will need to be strengthened.

IV. EVALUATION

26. The mid-term review concluded that there was no need to undertake a country programme evaluation given the continued relevance of the five areas of concentration covered by the fifth country programme. However, priority will be given to ongoing and post-completion project evaluations in order to assess project effectiveness and identify, as appropriate, action-oriented measures needed to speed up programme delivery.

V. RECOMMENDATIONS OF MID-TERM REVIEW

27. The mid-term review highlighted the necessity to work towards continuing improvement of the quality of programme implementation. The review stressed that the level of development reached in Algeria requires an innovative conception of international technical assistance, which must turn to counselling, methodology, transfer of advanced technologies, etc. This approach will require that continued attention and priority be given to the following aspects of programme design and implementation:

(a) An overwhelming and almost exclusive need for short-term but very high-level expertise (as opposed to that of a resident expert). This invalidates most standard costs used at present by executing agencies. Greater flexibility should be applied in the recruitment and remuneration of consultants in order to allow the United Nations system to attract, whenever necessary, individuals of top international level;

(b) An innovative and creative role for executing agencies, which would enable them to meet increased demand for high technology and high-level experts. They should evolve towards a "consulting cabinet" role, providing rapidly upon request specific information on a given concern, and passing on the ensuing development to sub-contracts with highly skilled enterprises;

(c) The promotion of technical co-operation among developing countries. The country programme must promote relations with developing countries in such fields as information, technology, know-how, production sectors and services;

(d) The increased role of NGOs, which must be encouraged, especially in the social and agricultural sectors, to relay the Government's efforts and activities;

(e) The private sector. Taking into account the limited resources available, the modalities of assistance to this sector should be examined most carefully as soon as possible with all parties concerned.

28. In addition, the following criteria must be applied in selecting projects to be implemented during the rest of the cycle: the necessity and usefulness of the proposed project for both the particular sector and the country's economy as a whole; the long-term cost-effectiveness of the project; the stage of maturity reached by the project proposal to determine whether it can be implemented in a timely manner or should be postponed to the next cycle; and the capacity of the recipient institution to mobilize cost-sharing resources.

29. Special attention must be given to the development of Maghreb co-operation, be it institutionally or through exchanges of information, experience, technical meetings, etc. Government execution will also be used on a more systematic basis whenever national capacities are considered appropriate.

Annex I

SECTORS, PROGRAMMES AND PROJECTS INCLUDED IN THE FIFTH COUNTRY
PROGRAMME (DP/CP/ALG/5) a/

1. Agriculture and food

Amélioration de la productivité des systèmes de production
Développement des systèmes de production végétale (new)
Développement de l'élevage ovin et bovin (new)
Développement de la petite et moyenne hydraulique agricole (new)
Vulgarisation et formation agricoles (ALG/83/002) (ongoing)
Etude de la filière engrais/semences (new)
Contrôle de la qualité des denrées alimentaires (ALG/86/001) (new)

2. Integration and innovation

Programme intégré de machinisme agricole (ALG/84/015) (ongoing)
Aménagement intégré du territoire (new)
Organisation de l'information industrielle (new)
Organisation de la consultation industrielle (ALG/86/009) (ongoing)
Création de petites et moyennes entreprises/petites et moyennes industries (new)
Développement de l'industrie pharmaceutique (new)
Développement de l'ingénierie (new)
Développement de l'industrie des biens d'équipement (new)
Restructuration et modernisation de l'organisation de la propriété industrielle (new)
Innovation informatique dans l'administration publique et dans les collectivités locales (ALG/86/012) (ongoing)

a/ The programmes and projects are given in French as they appear in the Compendium of Ongoing Projects (UNDP/Series A/No. 19, of 31 December 1988).

Nouvelles techniques des télécommunications (ALG/81/023) (ongoing)

Promotion du commerce extérieur (ALG/86/015) (ongoing)

3. Development of existing potential

(a) Valorisation des ressources humaines

Formation à la gestion

Audit formation en gestion (new)

Formation en gestion/planification (new)

Formation de formateurs et de consultants en organisation (new)

Formation professionnelle

Etude diagnostic formation professionnelle/emploi (new)

Formation professionnelle en entreprise et à l'apprentissage (new)

Formation en vue de l'amélioration de la gestion des entreprises décentralisées (new)

Transfert de connaissances éducatives

Renforcement de la postgraduation polytechnique (new)

Renforcement de l'enseignement en planification et en statistiques (new)

(b) Valorisation des capacités industrielles

Formation à la maintenance (new)

Inventaire exhaustif du parc machines (financed from the operational reserve)

Recyclage des déchets et de remanufacturing des équipements (financed from the operational reserve)

(c) Valorisation des ressources naturelles

Recherches minières (new)

Ressources géothermiques (new)

(d) Valorisation de l'environnement

Protection de l'environnement (new)

Système de prévisions hydrologiques (new)

(e) Valorisation du patrimoine culturel

Sauvegarde des sites et monuments historiques (new)

4. Development of social services

Carte sociale (new)

Formations des assistantes sociales (new)

Activités préscolaires (new)

Protection des handicapés (new)

Sécurité sociale (ALG/83/003) (ongoing)

Sports et loisirs (new)

Surveillance épidémiologique et actions sanitaires dans la zone de la route transsaharienne (financed from the operational reserve)

Hygiène et sécurité dans le travail (financed from the operational reserve)

5. Forecasting and planning roots

Amélioration des mécanismes du suivi de l'emploi (new)

Amélioration des statistiques agricoles (ALG/82/019) (ongoing)

6. Unprogrammed reserve

Annex II

SECTORS, PROGRAMMES AND SELECTED PROJECTS AS AT THE MID-TERM
REVIEW (MARCH 1989) a/

1. Agriculture and food

ALG/77/028	Intégration céréales et élevage (completed)
ALG/80/008	Développement intégré des zones oléicoles (completed)
ALG/81/010	Intensification de la protection des végétaux (ongoing)
ALG/83/002	Formation et vulgarisation agricole (ongoing)
ALG/83/013	Protection phytosanitaire des forêts (ongoing)
ALG/87/022	Maturation du programme agro-alimentaire (ongoing)
ALG/87/002	Appui au développement des exploitations agricoles dans les zones d'intensification céréalières (new/under formulation)
ALG/87/003	Elevage bovin laitier dans la Wilaya d'Ech Chelif (new)
ALG/87/005	Développement de la production de semences dans la région Ouest de l'Algérie (new/under formulation)
ALG/87/043	Distribution des engrais (new/under formulation)
ALG/87/042	Fertilisation (new/under formulation)
ALG/87/004	Développement de la vulgarisation (new/under formulation)
ALG/88/001	Développement et sauvegarde de l'agriculture saharienne (new/under formulation)
ALG/88/023	Restructuration de la recherche dans le secteur agricole (new/under formulation)
ALG/89/012	Laboratoire vétérinaire (new/under formulation)

2. Integration and innovation

ALG/86/021	Etude de pré-investissement et promotion des projets industriels (EDIL) (ongoing)
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a/ The programmes and projects are given in French as they appear in the Compendium of Ongoing Projects (UNDP/Series A/No. 19, of 31 December 1988).

- ALG/86/002 Entreprise nationale d'ingénierie mécanique (ENEM) (ongoing)
- ALG/87/016 Mobilisation de l'ingénierie nationale basée sur la méthode ACT (ongoing)
- ALG/86/009 Développement des capacités de l'entreprise nationale d'organisation et d'information en matière de consultation industrielle - ENORI I (completed) - ENORI II (ongoing)
- ALG/86/007 Etude sur la production d'articles de conditionnement en verre et plastique (completed)
- ALG/88/003 Bourse nationale de sous-traitance (new/under formulation)

3. Development of existing potential

(a) Employment

- ALG/86/028 Diagnostic systems formation professionnelle/emploi (completed)
- ALG/87/015 Suivi de l'emploi (new/under formulation)
- ALG/88/013 Appui à l'Institut national d'études et des recherches sur la maintenance (INMA) (phase II) (new/under formulation)

(b) Support to economic reforms

- ALG/86/035 Formation cadres dirigeants (ongoing)
- ALG/86/003 Institut supérieur de gestion et planification (ISGP) (ongoing)
- ALG/86/005 Formation post-graduation (ENP) (completed)
- ALG/88/016 Appui commissariat à l'organisation des entreprises publiques (COREP) (new/under formulation)
- ALG/87/038 Cour des comptes (new/under formulation)
- ALG/88/010 Information commerciale (new/under formulation)
- ALG/87/029 Contrôle qualité produits industriels (new/under formulation)
- ALG/88/009 Formation technique exportation (new/under formulation)
- ALG/88/015 Formation bancaire (new/under formulation)
- ALG/89/010 Formation audit (new/under formulation)
- ALG/88/007 Formation aux opérations et techniques d'importation (ongoing)
- ALG/88/008 Fonction exportation industrie lourde (ongoing)

(c) Natural resources

ALG/87/013 Recherche minière (ongoing)

ALG/85/008 Formation hydraulique (ongoing)

(d) Environmental protection

ALG/86/037 Prévisions des crues (ongoing)

ALG/89/015 Appui au Centre National de Recherches Appliquées en Génie Parasismique (new/under formulation)

ALG/86/004 Monuments historiques (new/under formulation)

4. Forecasting and planning tools

ALG/82/019 Planification et statistiques agricoles (ongoing)

ALG/86/036 Etudes prospectives (ongoing)

ALG/88/005 Assistance au CNIDE (ongoing)

5. Social services

ALG/86/010 Industries pharmaceutiques (ongoing)

ALG/87/025 Etablissement d'une usine pilote pour la production de solutés intravéneuses (ongoing)

ALG/87/024 Personnes handicapées (new/under formulation)

6. Unprogrammed reserve
