



**Executive Board of the  
United Nations Development  
Programme and of the  
United Nations Population Fund**

Distr.: General  
12 November 2001  
English  
Original: French

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**First regular session 2002**

28 January-8 February 2002, New York

Item 3 of the provisional agenda

**Country cooperation frameworks and related matters**

**Second country cooperation framework for Tunisia  
(2002-2006)**

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## Introduction

1. This cooperation framework for Tunisia covers the period 2002-2006. It is the product of extensive consultations between UNDP and the various ministerial departments concerned on the nature and goals of the cooperation to be established, reflecting the priorities of the tenth national economic and social plan covering the period 2002-2006.

2. It also supports the targets set by the United Nations system in Tunisia on the basis of its Development Assistance Framework. It reflects analyses of Tunisia's main development problems noted in the common country assessment and involves representatives of civil society, in addition to the United Nations system and the national authorities.

3. This cooperation framework coincides with the programmes of the United Nations Children's Fund (UNICEF) and the United Nations Population Fund (UNFPA), which will also cover the period 2002-2006. Because it was prepared at the same time as the Development Assistance Framework, there were extensive consultations with the other organizations of the United Nations system present in Tunisia and in particular the Food and Agriculture Organization of the United Nations (FAO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the United Nations Industrial Development Organization (UNIDO) and the Mediterranean Centre for Vulnerability Reduction of the World Health Organization (WHO).

### I. Development situation from a sustainable human development perspective

4. Sustainable human development is now the common goal of the development strategies formulated by Tunisia. With a human development indicator (HDI) of 0.714 in 1999, Tunisia ranks 89th out of 162 countries, according to the *Human Development Report 2001*, with a performance above average for the Arab region (0.648). The common country assessment shows Tunisia as a country in transition as regards the four development dimensions analysed: integration into the global economy, social challenges, protection of the environment and national heritage, and questions of governance. As emphasized in the common country

assessment, partly thanks to its continuing social and political stability, Tunisia has been able to achieve exemplary results.

5. Economically, Tunisia now ranks among the most competitive countries on the African continent, with a 5.5 per cent growth of gross domestic product (GDP) for the period 1997-2001. Tunisia, having resolutely embarked on a process of economic openness, is the first country in the region to have signed a free trade agreement with the European Union, in 1995. Reforms have been initiated and efforts will be intensified under the tenth plan to adapt the industrial fabric to the requirements of international competition, promote exports, attract foreign investments (still below expectations), strengthen the banking sector and, more generally, support the private sector, which will have an important role to play in growth promotion.

6. Socially, remarkable progress has been made despite the persistence of regional disparities. For example, per capita GDP (purchasing power parity) was \$5,404 in 1999, the poverty rate had been reduced to 0.2 per cent in 2000, there was practically universal access to primary education, almost 84 per cent of Tunisians were covered by social security, the infant mortality rate was 26 per cent in 1999, the dietary energy deficit was reduced to 0.5 per cent of the population, access to the national drinking water system was guaranteed for 75 per cent of the population, the proportion of rudimentary housing was reduced to 1.2 per cent and demographic growth was stabilized at 1.2 per cent in 1999.

7. Tunisia, a middle-income country, now aims to move up to the ranks of the emergent countries. However, the gradual withdrawal of protection for the national economy, following the commitments made by Tunisia to the European Union and the World Trade Organization (WTO), will have a direct impact on the growth process: potential threat to 6 per cent of GDP because of tariff dismantling, gradual reduction of government support to national entrepreneurs, possible disappearance of non-competitive enterprises with direct impact on existing jobs. The arrival on the labour market of the rising generations will alone require the creation of 80,000 new jobs a year, in an economy with an unemployment rate of 15.7 per cent. The economically active population of Tunisia is increasingly educated but its future employability and competitiveness are central to the fundamental issue of human resources upgrading, closely linked with

illiteracy that still affects 27 per cent of Tunisians in 1999 (17.6 per cent of men and 36.1 per cent of women) and 62.2 per cent of the unemployed. Full employment is the core goal of the tenth plan, which involves the creation of a large number of programmes and the decision to evolve specific new policies for reducing the unemployment rate by 2 percentage points by 2006 and simultaneously reducing the illiteracy rate to 17 per cent.

8. New risks of marginalization and social exclusion are looming, requiring appropriate analyses and strategies. In the general context of economic restructuring, some strata of the population are potentially increasingly vulnerable. This applies particularly to young people between the ages of 15 and 29, with or without higher education qualifications, who account for 60 per cent of the unemployed. It also applies to women, who are more affected than their male compatriots by illiteracy, unemployment and instability and are mostly employed in sectors being restructured such as the textiles industry or agriculture.

9. A number of factors, taken into account in the tenth plan, should enable Tunisia to meet the challenges resulting from the process of economic openness. These mainly concern the pursuit of an active macroeconomic policy, necessarily supported by accompanying measures aimed, *inter alia*, at broadening the goals of the upgrading of the agriculture and services sectors, while allowing adaptation of the industrial fabric. They also concern the need to increase foreign investments and improve the competitiveness of national entrepreneurs and exports, so that the private sector becomes increasingly responsible for growth. Lastly, they concern the obligation to redirect the economy towards competitive sectors with a large value-added component, which will necessarily involve retraining of human resources.

10. In addition, the goal of economic competitiveness will have to take into account the environmental aspects of development, in a country characterized by the great fragility of its ecological balances and by its limited natural resources, particularly water and land. Since the early 1990s, Tunisia has been following the route of sustainable development with creation of several specialized institutions and establishment of many specific programmes, including ones designed to combat desertification, preserve biological diversity and reduce pollution. However, few multisectoral and coordinated approaches have been developed, and

environmental issues must be made more a part of national strategies, particularly those concerning urbanization and industrial and tourist activities.

11. Lastly, effective management will be greatly enhanced by changes in governmental machinery, restructuring and modernization of public institutions and introduction of more flexible administrative procedures. Similarly, the processes initiated by the national authorities for greater decentralization of decision-making, development of community organizations and promotion of grass-roots participation in an approach geared to local development are essential for the increased participation of all economic actors and all social strata in the economic and social life of the country. In this approach, the acquisition of knowledge and of new communications technologies, combined with the circulation and diversification of information, are key variables for the country's insertion in a changing world environment, in a manner which will also safeguard its values and its cultural identity. The emphasis in the tenth plan on the construction of a knowledge-based economy reflects this fact and guarantees greater ownership of the ongoing processes by the economic and social actors.

## **II. Results and lessons of past cooperation**

12. The previous programme (1997-2001) was not evaluated externally. However, a joint mid-term review was carried out by UNICEF, UNDP and UNFPA in 1999 and was followed in 2001 by an internal evaluation which was carried out in the light of analyses of the common country assessment and the findings were shared with the national partners for the preparation of the present cooperation framework. The main findings were as follows.

13. The previous programme had quite a considerable impact on sustainable human development and poverty eradication. Firstly, at the conceptual and strategic level, the national human development report supported a high-level reflection process which highlighted some of the country's main development issues (one being illiteracy) for which new strategies have been defined and implemented by the national authorities. The establishment of a national office to monitor human development agency is also intended to

support the decision and the definition of new national strategies. Secondly, at the operational level, the establishment of an information system for social and economic integration and reintegration (SERISE) has made it possible to rationalize the collection and management of data concerning poverty in Tunisia and has thereby contributed to greater coherence and coordination between the various governmental actors in that area.

14. As regards support for economic performance, it is mainly at the level of external trade that programme activities have had a significant impact nationally. Thanks to a number of sectoral studies and to the support provided for training and consciousness-raising activities for private and public actors on issues relating to the follow-up to the Uruguay Round and the ongoing economic liberalization process (more than 1,000 people have received such training, of whom more than half came from the private sector), the cooperation undertaken has contributed to the efforts to refine export strategies, adapt the relevant regulatory frameworks and, generally, strengthen the country's negotiating capacity. The impact of activities to support the national restructuring efforts is harder to measure. Although the planned activities have been carried out, they have not been the subject of nationwide operational activities in an area where there are numerous bilateral and multilateral actors.

15. The activities to support civil society and non-governmental organizations (NGOs) in particular, have generally been conducted sporadically and in an ad hoc manner and the impact of cooperation in that area is somewhat unclear. Conclusive findings have been found mostly in the environmental area and many local, regional and national NGOs are involved in the micro-financing programme of the Global Environment Facility (GEF).

16. Particular attention has also been given to support the inclusion of gender in planning and this has led to the development, in partnership with the Research, Documentation and Information Centre, of gender-specific development indicators; these have been widely disseminated and serve as a basis for taking that dimension into account in national planning efforts.

17. Finally, as regards the environment, the activities carried out under GEF and its programme of micro-financing (protection of biological diversity, desertification control) have helped to position the

organization as an essential partner of the national authorities in strengthening an integrated approach to environmental issues with a view to promoting sustainable development.

18. Based on the evaluation of the previous programme and with a view to maximizing the impact of ongoing activities, the present framework for cooperation seeks to reorient cooperation so as to:

(a) ensure that activities are not scattered among micro-projects having little measurable or visible impact;

(b) encourage synergy by promoting coordinated multisectoral initiatives within the context of a programme approach;

(c) put an end to traditional assistance projects and promote cooperation based on strategic advice and advocacy in support of development strategies and policies.

### **III. Objectives, programme content and expected results**

19. The objectives, content and results expected from the present framework for cooperation stem from the common country assessment and are in line with the United Nations Development Assistance Framework (2002-2006), which was drawn up in agreement with the Government. UNDP activities in Tunisia reflect not only the overall development goals but also the national priorities as defined in the tenth plan; they will be based on the following four themes: integration into the global economy, meeting social challenges, protection of the environment and issues of governance.

#### **A. Integration of Tunisia into the global economy**

20. The activities under this main theme will focus on the following areas:

(a) *Trade and foreign investment.* The goal is to help Tunisia get a better handle on the process of its long-term integration into the global economy by tackling what are considered to be two priority dimensions:

(i) *Export strategies and their accompanying policies.* The intended impact at the national level is to ensure that Tunisia refines its export strategies over the long term, devises or adapts the accompanying policies to that end and strengthens its capacities in the area of multilateral trade negotiations (identification of strategic markets over the long term, better understanding of shifts in international demand and of developing technologies and so on). This approach will be coupled with a review of the accompanying policies, which will be examined with this in mind, and continuation of the ongoing efforts to strengthen national capacities in the area of multilateral negotiations.

(ii) *Foreign direct investment (FDI) policies.* The attractiveness of Tunisian territory with regard to location strategies, the role of the Tunisian space as a platform for subcontracting and the positioning of Tunisia in the global economic space will be explored over the long-term. This comprehensive reflection will be followed by the formulation of long-term investment strategies (targeting FDI according to its economic, social and technological effects), including the accompanying policies. A reflection on the negotiating capacities of the national authorities vis-à-vis transnational groups will also be undertaken with a view to optimizing the effects of FDI. Following this exercise, Tunisia should have improved its long-term investment strategies, which will be coupled with accompanying policies and strengthened national capacities as regards the negotiation of FDI.

(b) *Adaptation and development of the production system.* The goal is to undertake a forward-looking reflection on the desired structure of the production system over the long run (industry, agriculture and service sectors) based, on the one hand, on the possible configuration of trade and FDI at a given time and, on the other, on innovative or disruptive factors which could change the underlying trends. Following this reflection, national decision makers in both public and private sectors, should be in a position to identify a set of critical choices for the long term development of the production system, whether in terms of, for instance, activities to be developed, technologies to be mastered, management modes to be encouraged or human resources to be

developed. Further upstream, this reflection should also benefit from forward-looking strategic planning work to be undertaken by the Tunisian Institute for Strategic Studies (ITES) with UNDP support with a view to elaborating economic and social development scenarios for Tunisia for the year 2030. These initiatives should lead to strategic policies and political decisions, including operational measures for the implementation thereof.

(c) *The regional integration process.* In this regard, there are plans to support a number of long-term analyses and reflections on regional integration processes, particularly from the viewpoint of relations between the Maghreb group and the European group. The aim would be to prepare a Tunisian platform for negotiations on the major Euro-Mediterranean issues (positioning of Tunisia and the Maghreb vis-à-vis the European Union as regards such things as trade, FDI and migration).

## **B. Meeting the social challenges**

21. The activities under social challenges will focus on two areas:

(a) *Professional integration and employment.* The cooperation envisaged in this area will centre on analysis of employment policies and mechanisms. This analysis should contribute to the definition of a long-term human resources development strategy tailored to the needs of the market in terms of skills, at both the national and global level, bearing in mind the emergence of new forms of employment and the specific difficulties that certain categories, such as young people and women, encounter when it comes to integration. The impact sought at the national level will be of two kinds: on the one hand, to adjust employment policies and tools, and on the other, to strengthen the mechanism for professional integration and reintegration. This means helping to evaluate policies and tools adopted to pursue the goal of full employment and formulating recommendations for improving the overall mechanism. The mechanism for professional integration and reintegration will also be evaluated in order to come up with operational recommendations, including as regards improved linkages between the different levels of the education system and vocational training.

(b) *The fight against marginalization and social exclusion.* The activities planned in this area will be based on two general objectives:

(i) *Protection of the vulnerable social layers and groups.* The social impact of economic liberalization and the new social issues stemming therefrom will be evaluated on an ongoing basis, including at the level of protection of vulnerable categories and extension of the social security system. This evaluation should make it possible to establish a watchdog mechanism, based on a whole range of social and economic indicators and the development of preventive policies coupled with operational programmes that would extend the analyses undertaken in the context of national human development reports and based on such mechanisms as national offices to monitor human development and the status of women.

(ii) *Reduction of regional and social disparities.* The activities planned under this programme would seek to better target poverty and poverty reduction measures. The characteristics of the vulnerable groups and populations with specific needs and their geographical location would be analysed in detail within the context of a typological approach. This approach should make it possible to better target the fight against poverty and to consolidate the tools developed thus far (information system for social and economic integration and reintegration, geographical information systems and so forth).

(iii) *Support for the emancipation of rural women.* The activities envisaged under this programme would take the form of support for the formulation of programmes targeting the specific needs of rural women, particularly as regards reducing disparities in education and health.

### C. Protection of the environment

22. Greater use will be made of the GEF mechanisms in order to implement targeted pilot activities, while ensuring the necessary linkage with environmental issues at the regional and global level. The activities considered within the context of this third priority will focus on two areas:

(a) *Desertification control.* Tunisia has developed and implemented a plan to combat the process of desertification. Various agriculture, forestry and ecosystem management programmes are also furthering the general objective of desertification control. In view of the nature of the problems to be resolved and the number of actors involved, the activities planned will focus on problems of coordination, with particular emphasis on the establishment of institutional mechanisms to improve the compatibility of national and international efforts (discussion between national actors and Tunisia's international partners in this area).

(b) *Preservation of ecosystems.* The activities planned in this connection are mainly global in nature and concern either the United Nations Framework Convention on Climate Change, the Biodiversity Convention or mechanisms (in particular GEF) to finance the commitments made under those Conventions. These activities will aim to:

(i) *Reduce energy consumption.* Tunisia has made a commitment to reduce its greenhouse gas emissions, even though these are still relatively limited. Control of the energy variable will, however, become a future priority in terms of both energy efficiency and the broader issue of greenhouse gas emissions. In this connection, the programme is expected to promote the reduction of greenhouse gases through the establishment of suitable programmes and provision of the necessary expertise (GEF).

(ii) *Preservation of biodiversity.* This is covered by various nationwide programmes, which also receive considerable international aid. Although not the country's only external partner, the United Nations system plays a significant role in this regard, a role which it intends to strengthen in the future. It is therefore anticipated that the initiatives under way to preserve biodiversity will continue, thanks in particular to the implementation of programmes in the areas considered to be most at risk.

### D. Questions of governance

23. The activities considered in connection with this fourth priority concern the three following areas:

(a) *Role and efficiency of the Government.* The intended objectives in this field are:

(i) *To better define the roles of the Government, the public sector and the private sector.* The dividing line between the public and private sectors is still open to question and debate today (ability of the private sector to take on certain non-commercial activities or activities required in the general interest, division of roles between the Government and the private sector, modalities and rate of public sector transfers to the private sector). In this regard, plans have been made to promote brainstorming and dialogue with a view to reaching consensus on the role of the Government and the extent of privatizations, particularly in the context of Tunisia's integration into the global economy. Such a consensus should serve as a basis for defining strategies to adapt the machinery of government.

(ii) *To increase the efficiency of the administration and the judicial system.* The opening of borders and Tunisia's integration into the global economy call for restructuring of the machinery of both production and administration in order to ensure that the latter is able to operate efficiently in its new environment. Modernization of the administration and the judicial system will be assisted by a process of diagnostic assessments in these two fields followed, if necessary, by elaboration of action plans and pilot programmes, aiming in particular to develop distance administrative services in rural areas.

(b) *The decentralization process.* The administrative reforms scheduled or under way are generally geared to creating closer ties between the administration and citizens. Plans have been made to replicate this process at the regional and local levels. Experiments such as those carried out in the region of Gafsa as part of the local human development programme, with the help of external partners and decentralized cooperation, proved useful in developing the process and will be strengthened and expanded. The implementation of local Agenda 21 initiatives should also provide further reinforcement. The main goal will be to support development of basic planning processes, involving both the administration, particularly at the municipal level, the populations concerned and the representatives of civil society. Another goal will be to strengthen the participatory

approach by relying on the support of community organizations for the implementation of development plans and local agendas. The intended objective will be to establish dynamic partnerships between local administrations and community organizations with a view to achieving sustainable human development, relying in part on the strengthening of decentralized cooperation initiatives which mobilize regional and local actors from Northern Mediterranean countries.

(c) *Information and communication.* The activities planned in this connection concern access to information and diversification of information. Stemming from the Government's interest in promoting equitable integrated development, the programme is intended to enhance the implementation of a strategy aimed at increasing the use of new information and communication technologies in poor areas or districts, particularly among young people. The objective will be to design, test and disseminate information systems that meet the needs of the target populations, with support from local communities and community organizations. In addition, the capacity of Tunisian society to deal with the coming changes and the challenges of globalization will largely depend on its ability to access and interpret abundant data. The intention is to help to diversify information content by helping the media to master new information and communication technologies (written and audio-visual press).

#### **IV. Management modalities**

24. The current programme falls within the context of the new approaches outlined by the UNDP Administrator, which are aimed at ensuring that the Organization plays the role of partner in a high-level constructive dialogue, supporting the formulation of national development strategies and highlighting in particular the possible choices and alternatives. For UNDP therefore, it is today no longer a question of providing the conventional form of technical assistance to Tunisia. Instead, in the context of globalization and a host of transitions, the objective is to help the country to control its future by acquiring a better grasp of a rapidly changing international environment and assimilating the skills and knowledge required in order to develop.

### **Programme management**

25. The activities planned within the current framework of cooperation support the objectives sought by Tunisia in its tenth economic and social plan (2002-2006). These activities will be carried out in close collaboration with the concerned organs of the United Nations system, with emphasis on the programme approach and on joint programming, in accordance with the priorities contained in the United Nations Development Assistance Framework (UNDAF) (2002-2006).

26. Most of the activities planned within the current cooperation framework will be implemented by means of national execution, with the aim of achieving 50 per cent government cofinancing. In this regard, UNDP will strengthen its role of supporting national partners in the conduct of operations.

27. UNDP support in the fields concerned will essentially take the form of strategic advisory services, with reliance on internationally renowned centres of excellence and on high-level national and/or international expertise. Pilot field activities will, however, be conducted in parallel with upstream activities in order to promote and test participatory approaches in connection with local human development.

28. Additional financing will be used through GEF. Italian financing will also be mobilized as part of the local human development programme run by the United Nations Office for Project Services (UNOPS), with the support of Italian decentralized cooperation. New sources of European financing will be sought with a view to expanding that programme.

### **Follow-up, review and reports**

29. The objectives, content and expected results of the present cooperation framework will be evaluated in the light of the analyses contained in the common country assessment and the DAF objectives. The updating of the common country assessment, scheduled for 2004, will serve as a starting point for the evaluation and possible modification of the DAF and the present cooperation framework.

30. The results achieved under the present cooperation framework will be measured annually using the procedures planned for that purpose (strategic results framework and the results-oriented annual report). Project follow-up and evaluation will use the procedures set up for that purpose (joint reviews and performance reports).

31. In addition, cooperation arrangements will be established with the Tunisian authorities for joint follow-up of the whole programme. This cooperation will involve various ministerial departments, within the framework of the Government/UNDP follow-up committees coordinated by the Ministry of Foreign Affairs, which will meet annually in order to improve the coordination and complementarity of the different types of programme activity.

### **Partnerships**

32. The present cooperation framework will be implemented through the development of numerous partnerships, creating a link between public institutions, the private sector and community organizations as required by the nature of the activities.

33. Technical support will be sought from some United Nations specialized agencies and will form the subject of specific cooperation agreements. Bilateral sources of aid will also be urged to support certain activities by providing matching contributions or cofinancing. The present cooperation framework will focus mainly on abstract outputs such as the formulation of policies and strategies. The upstream input, however, will lead to operational programmes, to be linked with the work of the United Nations system and the cooperation of other partners to achieve complementarity and mutual strengthening of initiatives and financing.

34. Lastly, on the basis of the substantial progress achieved by Tunisia in the area of human development, the present cooperation framework will further strengthen South-South cooperation, highlighting the country's achievements and strengthening its role as a regional platform.

### **Resource mobilization**

35. The period 2002-2006 covered by the present cooperation framework should witness substantial progress in resource mobilization to implement the programme and strengthen cooperation between Tunisia and UNDP. A strategy will be developed to forge the necessary partnerships with the main actors involved in development aid (bilateral and multilateral). This will necessarily rely on the key products developed with UNDP support (conference follow-up indicators, national human development reports, etc.), as well as on the establishment of communication and coordination mechanisms.



## Annex

### Resource mobilization target table for Tunisia (2002-2006)

(In thousands of United States dollars)

<i>Source</i>	<i>Amount</i>	<i>Comments</i>
<b>UNDP regular resources</b>		
Estimated carry-over	569	Carry-over of TRAC 1, TRAC 2 and previous AOS allocations.
TRAC 1.1.1	792	Assigned immediately to country.
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
SPPD/STS	350	
<b>Subtotal</b>	<b>1 711<sup>a</sup></b>	
<b>UNDP other resources</b>		
Government cost-sharing	2 148	
Third party cost-sharing	100	
Funds, trust funds and other	9 943	
	of which:	
GEF	7 650	
GEF (micro)	600	
Poverty	1 693	
<b>Subtotal</b>	<b>12 191</b>	
<b>Grand total</b>	<b>13 902<sup>a</sup></b>	

<sup>a</sup> Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.  
 Abbreviations: AOS = administrative and operational services; GEF = Global Environment Facility;  
 SPPD = support for policy and programme development; STS = support for technical services;  
 TRAC = target for resource assignment from the core.