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M. Bouhacene/kd  
10 December 1989

**PROJECT FORMULATION FRAMEWORK**

Country: Maghreb region (Morocco, Mauretania, Algeria, Tunisia, Lybia).

Date:

Project No.: RAB/89/...

Project title: Expert group meeting on Regional Industrial Co-operation in Maghreb countries.

Estimated duration: 5 months.

Estimated UNDP Contribution: US\$87,000

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**A. Objectives of the Project**

**1. Development objectives**

The development objective of the project is to assist the member states of the newly created Arab Maghreb Union (UMA, 17 February 1989) and officials and industrialists of these countries in the strengthening of their regional industrial co-operation.

More specifically, the long-term objectives of the project aim at making available notably to the Secretariat of UMA, studies which will provide information, knowledge and experience on institutions, instruments and mechanisms leading to industrial regional integration and supports rational decision making at the level of the region.

**2. Immediate objective**

The immediate objective is to provide policy makers in charge of implementing the Maghreb industrial co-operation with studies analysing the experience gained in industrial co-operation within other regions (Andean Pact Countries, ASEAN Countries, Arab Gulf Countries, EEC), as well as the institutional frameworks and mechanisms supporting regional industrial co-operation (investment policies, industrial property, regional planning for industrial branches, promotion of intra regional enterprises and industrial projects, industrial financing, scientific and technological co-operation, government procurement policies, special support to less developed industries and regions).

The expert group meeting should come out with a better definition of subjects and topics requiring in depth studies to support the industrial integration process within Maghreb region for the next five years.

**B. Concerned parties/target beneficiaries**

**1. Problem Identification**

The need to launch a programme of studies to support the industrial integration of Maghreb was identified during discussions between UNIDO (Regional and Country Studies Branch) and the resident representative of UNDP in Algiers, as well as during the UNIDO General Conference during which officials of the Ministry of Industry of the member states of Maghreb have emphasized the desperate need for studies and data to support a rational decision making at the level of the region.

**2. Target beneficiaries**

Knowledge and experiences related to regional industrial integration are to be provided to key decision makers in the Secretariat of Arab Maghreb Union, in Ministries of Industry, Planning, Finance, Trade as well as to research institutions dealing with industrial development and regional integration.

**C. Pre-project and end of project status**

**1. The present or pre-project situation**

A conference of the five heads of states (Morocco, Mauretania, Algeria, Tunisia and Lybia) took place in Marrakech and was sanctioned the 17 February 1989 by the signature of a treaty creating the Arab Maghreb Union; this new regional grouping is intended to establish the integration of the economies of the member states and has been endowed with political as well as executive bodies:

- a presidential council of heads of states with a presidency by rota every six months (presently Morocco is presiding the council, and Tunisia will take over the six first months of 1990);
- a council of ministers of foreign affairs;
- a follow-up committee made up of one member of each government;
- a general secretary of the presidential council;
- a consultative council made up of a representative of each Parliament;
- a judicial body made up of two judges from each member state.

Five specialised committees have been established for organisation and structures, education and culture, economy, finance, security, social and humanitarian questions.

The treaty creating the Arab Maghreb Union calls "for the reinforcement of the relations of the member states through the implementation of appropriate means and mechanisms for a progressive integration, and the formulation of common rules to establish an effective inter Maghreb solidarity and assure the economic and social development of the member states", without defining the ways, means and mechanisms to reach these objectives.

It is clear that the legislators have given to the bodies created the capacity to define the required mechanisms to reach these objectives. These bodies will have to draw from the various experiences of industrial integration in other regions and conceive the most suitable rules, mechanisms and instruments to the specificities of the region. They obviously need a strong support to gather information and experiences related to regional industrial co-operation, which implies the conceptualisation and the implementation of probably the most complex institutions and mechanisms dealing with industrial development.

The Regional and Country Studies Branch of the Industrial Policy and Perspectives Division, UNIDO, within its studies and research programme has been giving particular attention to the potential of co-operation between developing countries in the context of regional and sub-regional co-operation schemes; emphasis being placed on the pursuance of the most effective modes of co-operation in the field of industry. Since 1981, a series of issue oriented studies and analysis have been carried out on various aspects of industrial co-operation within the regional co-operation schemes of the ASEAN as well as the Andean Pact. Recently, a comparative study has been completed on "new forms of industrial co-operation and investment policies in regional arrangements", updating the experience of the Branch related to ASEAN, Andean Pact, and EEC co-operation schemes.

Concerning Arab Region, a study on trade and investments co-operation between EEC and Arab countries is near completion. Various country studies reviewing the manufacturing sector of North African countries have been carried out or are in progress. These studies are financed from the UNIDO regular budget or special programmes.

## 2. The situation expected at the end of the proposed project

At the end of the project, i.e. after the holding of the expert group meeting on industrial regional co-operation, the countries main decision makers of the Maghreb region will have been familiarized with the various forms of regional/sub-regional co-operation schemes, the mechanisms, instruments and institutions used to these ends, the methods used in identifying, preparing and analyzing various factors at the branch/products/projects level in the framework of regional co-operation.

Discussions with decision makers and research institutes of the region will lead to the formulation of a longer term programme of studies to support the building up of the Maghreb industrial co-operation for the next five years.

**D. Special considerations**

The expert group meeting will contribute in providing knowledge and information to the decision makers in charge of conducting the Maghreb industrial co-operation, as well as focusing the Regional programme of UNDP to take into account the newly created situation resulting from the signature of the treaty establishing the Arab Maghreb Union.

**E. Other donors, programmes active in the same sub-sector**

The proposed project has a close substantive link with the regional programme of UNDP in North Africa.

**F. Major elements**

Outputs:

- (a) A set of issue papers prepared by UNIDO staff and a team of international experts.
- (b) A consolidated report on the discussions and conclusions of the expert group meeting regarding the longer term assistance to the building up of Maghreb industrial co-operation.

**G. Activities**

The project activities and their timing will be as follows:

- Preparation of full project document including detailed agenda of the seminar (either at UNIDO HQ or during a preparatory mission);  
project approval Month 1
- Selection of international experts to prepare some of the issue papers Month 2
- Preparation of issue papers on relevant aspects of regional co-operation and integration schemes Month 2-4
- Holding of a 2-3 day expert group meeting in TUNIS and preparation of final consolidated report. International participants in the seminar will be two UNIDO staff from the Regional and Country Studies Branch and 3-4 international experts Month 5

## H. Project strategy

### 1. Direct recipients

High-level officials from ministries involved in the conceptualisation and implementation of Maghreb industrial co-operation, representatives of the Secretariat of Maghreb Arab Union, and research institutions of the region.

### 2. How will the benefits reach the target beneficiaries?

The project aims at contributing - through providing information and advice - to a coherent and realistic development strategy to implement the Maghreb industrial co-operation. To the extent that this objective can be achieved, the industrial sector and the whole region will benefit in terms of better integration of the region's economic sectors.

### 3. Implementation arrangements

The project will be executed by UNIDO in close co-operation with UNDP and the Secretariat of Arab Maghreb Union. The expert group meeting will take place in the capital of the country hosting the Secretariat of Maghreb Union (more probably TUNIS, since Tunisia is hosting the Secretariat for the first six months of 1990).

### 4. Alternatives

(not applicable)

## I. Host country commitment

### 1. Government commitment

The Secretariat of Maghreb Union will arrange the seminar, provide the meeting facilities, secretarial assistance during the meeting as required as well as transportation for the participants. No financial commitment of the hosting country is involved.

### 2. Legal arrangements

(not applicable)

## J. Risks

### 1. Major risks

(None)

### 2. Risks to be monitored

(None)

K. Inputs

1. Skeleton budget

Short-term international experts fee + travel) .....	US\$60,000
UNIDO staff travel .....	US\$15,000
Sundries (incl. preparation and printing of final report; overheads) .....	US\$12,000
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TOTAL	<u>US\$87,000</u>

Person primarily responsible  
for this framework

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Signature

Name: Herman Muegge  
Title: Head,  
Regional and Country Studies Branch,  
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