

TUNISIA: National Upgrading Programme

Context

In Tunisia, 1995 saw the launch of the post-adjustment stage and the signing of the Free Trade Area Agreement with the European Union (EU). The Tunisian authorities made a strategic choice to gradually liberalize the economy in close consultation with business operators, to allow sufficient time for the introduction of necessary adjustments and adaptations in production facilities. In line with this strategy, the Tunisian government initiated a National Programme for Upgrading the Economy and the Industrial Base (National Upgrading Programme) - the first large-scale programme of its type to be developed and launched in the Southern and Eastern Mediterranean region and on the African continent. The Programme aimed at helping companies to increase their productivity, reduce costs and improve quality, in turn raising competitiveness, increasing market share, boosting exports and creating employment.

Strategy

Since 1995, UNIDO has made considerable contributions to the formulation and implementation of the National Upgrading Programme. Launched in 1999, the UNIDO Integrated Programme (IP) constituted a continuation of earlier interventions of UNIDO in the field of industrial upgrading in Tunisia and focused on consolidation of these achievements and, at the same time, introducing new concepts and approaches. The four components of the UNIDO programme aimed at enhancing: a) the capacities of involved ministries and institutions; b) the capabilities of Technical Support Centres; c) the competitiveness of enterprises operating in priority agro-industrial sectors, and d) the promotion of foreign investment. Remarkably, the programme supported some of Tunisia's eight Technical Support Centres, with the aim of building their capacities and improving the quality of services offered to enterprises. This played a leading role in promoting the National Upgrading Programme and in helping enterprises to improve their competitiveness through a diversified range of services, including production, marketing, quality control, organization, management and specialized training.

Impact/Outlook

The UNIDO Programme contributed to country's efforts to increase productivity and economic diversification, to reduce production costs and to improve quality in the manufacturing sector, enhancing competitiveness and increasing the share of Tunisian goods in the global market. A significant achievement of the National Upgrading Programme was its contribution to the emergence of a competitive and diversified manufacturing sector, historically dominated by the textile industry. Highly sophisticated foodstuffs and chemicals, mechanical and electromechanical equipment, automotive and aeronautics parts and components, and technical textiles are among the largest and fastest growing production and export sectors in Tunisia. Most of these structural changes were implemented by the Tunisian authorities through the establishment of an efficient and market responsive system of support agencies, providing assistance to the industrial sector, in particular to enterprises seeking to become more competitive internationally.



Results:

As a result of the 14-year National Upgrading Programme:

- ◊ More than 5000 enterprises have benefited through the implementation of upgrading investments worth USD 5.0 billion
- ◊ Beneficiary enterprises have increased employment by 6%
- ◊ 2200 manufacturing companies have developed partnerships with EU operators
- ◊ 40% of beneficiary enterprises have started to export their products
- ◊ Exports of industrial goods from Tunisia have quadrupled since 1995, with an 18% rate of annual growth
- ◊ Around 80% of manufactured goods produced by beneficiary companies are exported to the EU market
- ◊ The number of certified operators has jumped from 60 to 1200
- ◊ 30% of investment flows to industry was generated by the Upgrading Programme
- ◊ FDI to the industrial sector increased from EUR 40 million to EUR 250 million per year

At a Glance

GOAL:	Improve competitiveness of local private sector producers and promote a new corporate culture among local businesses
MDGs:	8. Develop a global partnership for development
THEME:	Industrial Upgrading and Enterprise Development
DONOR:	Italian Government
PARTNERS:	Ministry of Industry, Agency for the Promotion of Industry and Innovation
BUDGET:	US\$ 4.5 million
STATUS:	Completed and followed up by the National Upgrading Programme
DURATION:	2001 – 2006