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PROGRAMME PLANNING

Country and intercountry programmes and projects

FOURTH COUNTRY PROGRAMME FOR SAUDI ARABIA*

<u>Programme period</u>	<u>Actual resources programmed</u>	\$
1987-1991	IPF for 1987-1991	4 400 000
	Other resources programmed	<u>37 406 000</u>
	Total	\$41 806 000

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Annex: Financial summary

*Detailed listings of projects and other related data prepared as part of the country programming exercise are available on request. These listings include:
a) ongoing projects; b) proposed projects; c) distribution of resources by objective;
d) planned activities of operational funds and programmes under the authority of the Administrator; e) distribution of new country programme by sector.

I. DEVELOPMENT TRENDS, STRATEGIES AND PRIORITIES

A. Current economic trends

1. The economy of Saudi Arabia has entered a period of consolidation after several years of rapid growth.
2. This is due partly to a decline in oil revenues and the consequent need to trim new capital investments and current expenditures. The economic activity of the Kingdom is fueled largely by Government finance. The majority of large-scale projects in the fields of infrastructure, agriculture and industry have been financed by the Government, while private sector activity in industry and agriculture has also been receiving support in the form of concessional financing and subsidies. Since oil is the Government's main source of revenue, the drop in oil prices has resulted in a gradual tightening of Government spending, beginning in 1984/1985. In addition to the decline in the performance of the oil sector, there has consequently been a decline in the previously booming construction sector, as new infrastructural projects were deferred, as well as in the Government part of the other non-oil sectors.
3. Activity in the private sector, however, which has increasingly been assuming the most dynamic role within the Saudi economy, has notably continued on a path of steady expansion, thanks especially to the stimulus of certain Government measures, including concessional finance. Sectors such as agriculture, non-oil manufacturing, private services and utilities have registered generally steady, and, in some instances, rapid growth.
4. The overall trend is reflected in the growth rates. During the first three years of the Third National Development Plan (1980/1981-1984/1985), the average growth rate for the non-oil sector was in the range of 8.5 per cent, as compared with a target of 6.2 per cent. The tightening of expenditures led to a decline in the annual growth rate in the last two years, which, in turn, lowered the estimated average annual growth rate during the entire planning period to 5.1 per cent. But this lower rate, although below the original plan target, was still reasonably good under prevailing world economic conditions. The economy today is, therefore, in a position of strength and is moving forward steadily, underscoring the fact that, while the oil sector is still dominant, a healthy diversification has begun.
5. The beginning of the consolidation phase also reflects the need for obtaining optimum benefits from the enormous capital investments already made and the array of modern technologies already introduced. A variety of factors are relevant in this context. Among them are:

(a) Policies: The Government's policies have, of necessity, recognized the reduction in resources available, the need to diversify the economy further so as to broaden its base and generate more employment, and the social as well as economic implications of generous incentives given to the private sector and the subsidies offered to consumers;

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(b) Institutional structures: During the period of rapid growth of the economy, a number of organizations and institutions were quickly established. Many of these need to be reoriented and/or strengthened so as to be able to discharge their functions and responsibilities effectively, especially where the latter have increased in scope. New institutions must also be developed to undertake work in new but essential fields. The shortage of qualified Saudis to staff these institutions must be met, both through increasing output and modifying the educational/training performance;

(c) Efficiency measures: There is considerable room for increasing the efficiency of operations of ongoing economic activities. Means to enhance efficiency are being introduced, including efforts to improve the maintenance of plant and equipment. There is also the acknowledged necessity to pay greater attention to the economic viability and cost efficiency of new projects.

6. The Fourth-Five Year Development Plan (1985/1986-1989/1990) envisages a total Government outlay of 1,000 billion Saudi Riyals, of which 500 billion will be allocated to development projects. Sectoral allocation targets are: human resources development - 27.1 per cent; economic resources development - 26.1 per cent; social development and health - 17.9 per cent; transport and communication - 15.4 per cent; municipal and housing - 13.5 per cent. The Plan lists a total of 3,226 projects, of which 1,782 are ongoing and 1,444 are new.

B. National development strategies

7. The socio-economic development objectives of the Fourth Five-Year Development Plan reflect the changed and changing economic perspective. The main objectives, set within the framework of Islamic values, are:

(a) To reduce dependence on the production and export of crude oil as the main source of national income;

(b) To continue with real structural changes in the economy through further economic diversification and due emphasis on industry and agriculture;

(c) To complete the infrastructural projects necessary to achieve overall development;

(d) To develop human resources further so as to ensure a constant supply of manpower and to upgrade and improve efficiency;

(e) To improve the economic performance of utilities and facilities already established during the previous plan periods; and

(f) To achieve economic and social integration among the countries belonging to the Arab Gulf Co-operation Council (AGCC).

8. Eight strategic principles, which offer details of the approaches to be followed, will guide the achievement of these objectives. In summary, those relevant to socio-economic development are:

(a) To improve the standards of the services and products provided by the Government either directly (education and security) or indirectly (utilities and transport);

(b) To maximize participation of the private sector in the socio-economic activities of the Kingdom;

(c) To rationalize the system of direct and indirect subsidies;

(d) To allocate Government investment expenditures according to sound economic principles;

(e) To continue the development of Saudi human resources;

(f) To provide social welfare and health care on a large scale;

(g) To establish discipline in fiscal policy to keep expenditures in line with revenues.

C. Technical co-operation priorities

9. The requirements of technical co-operation during the Fourth Plan period were identified in light of the development progress made during the earlier plans and the newly entered consolidation phase. The socio-economic development objectives and the strategic principles enunciated in the Plan provided the broad framework. An assessment of the experience of the third country programme, carried out in 1985 in collaboration with UNDP, served a useful purpose in identifying areas of progress as well as those in need of priority attention in the future. Sectoral studies undertaken subsequently by various United Nations agencies served to pinpoint specific development objectives to be pursued and activities to be undertaken in the present stage of evolution of the Saudi economy.

10. The overall exercise confirmed, if confirmation was needed, that despite its wealth and the impressive growth of its economy over the past decade or more, Saudi Arabia is still very much a developing country in the sense that the term is commonly understood.

11. With particular reference to institutional structures, management and administrative procedures and practices, national (as against expatriate) human resources, educational, training and health care processes and facilities, scientific, technological, economic and social research, and the efficiency of economic and social activities, the development process of the Kingdom is still in its first stages. The achievements recorded so far mainly serve to highlight what still remains to be accomplished.

12. In light of its huge and varied need for technical co-operation, the Government has sought to obtain expertise from different sources and has taken recourse to different modalities. It has received, and continues to receive, technical co-operation under official bilateral arrangements, from commercial sources and from multilateral organizations. In this context, UNDP in particular and the United Nations system in general constitute a source of highly significant - and often unique - co-operation.

13. The fourth country programme for Saudi Arabia has been prepared against the above-mentioned assessment of the technical co-operation needs of the various economic and social sectors, as summarized below.

Planning and plan implementation

14. The improvement of general economic and social planning continues to enjoy high priority. Pursuant to the adoption of the Fourth Five-Year Development Plan, more emphasis will be placed on the monitoring of implementation both at the sectoral and project levels. Moreover, correlation between the Plan and the annual budget will be ensured, since the Plan can be implemented only if the required financial appropriations are allocated. A proper monitoring system will ensure flexibility in the planning process and will rectify imbalances. Concentration will also be placed on the qualitative aspects and on the efficiency of individual project performance, which will be the joint responsibility of both the Ministry of Planning and the relevant technical departments of the Government.

15. A major objective of the Plan is to continue a policy of balanced regional development to ensure complete co-ordination among Government agencies working in a specific region or Emirate. Another important objective is to alleviate the difference between rural and urban areas, the achievement of which is planned through expansion of village clusters that co-ordinate services in these areas.

16. Budget control and cost effectiveness are also areas needing urgent attention. In the past, the general approach of the Saudi Government to the development of practically all sectors was to procure the best hardware, software and expertise without giving sufficient importance to cost. However, the strict fiscal policy now aims at keeping Government expenditure in line with total revenue. The World Bank has already helped to develop a project monitoring system and a disbursement management system in the Ministry of Finance and National Economy, but more remains to be done.

17. The need to co-ordinate consultants' work is highly desirable. During the transformation of the 1970s, voluminous studies on every facet of socio-economic development were carried out by private consultants, thus increasing the appraisal effort required by the Government. Though a growing capacity now exists in Government agencies to review consultants' work, there is still a need for highly technical staff to ensure a thorough examination of their work.

Agriculture

18. Agriculture realized tremendous expansion during the Third Five-Year Development Plan, with an increase in the income of rural areas. Government payment of subsidies for wheat and other items at lucrative rates gave rise to pressure on the budget, in addition to the fact that the expansion of agricultural production resulted in a decline in the water table. The Government now aims to achieve a more realistic rate of growth in agricultural production at a minimum cost.

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19. Lack of water constitutes the major development constraint in agriculture. The main policy guidelines are: (a) the improvement of water management systems, including implementation of national and regional water plans; (b) the development of water resources, with emphasis on surface water; (c) the use of technology for the reclamation of waste water; and (d) the establishment of a water data bank. Operation and maintenance programmes will ensure sufficient supply and distribution of water with minimum wastage.

20. The agricultural technical co-operation programme is mainly covered under Funds-in-Trust (FIT) arrangements. A recent review undertaken for the Government by the Food and Agriculture Organization of the United Nations (FAO) identified the following areas for technical co-operation: agricultural economics; comprehensive and co-ordinated monitoring of soil and water characteristics under extensive irrigation; soil conservation; the promotion of citrus-growing; animal production and health services; vaccine production; forestry and range development; the development of national parks; and organization of the management of agricultural development. Other high priority areas include fisheries; marketing of products; grain storage; improvement in the agricultural data base; and the training of skilled manpower.

Industry

21. In the industrial sector, the basic industries, including the hydrocarbon and heavy industries, are established by the Saudi Arabian Basic Industries Corporation (SABIC), while the manufacturing industries are chiefly owned by the private sector. The Fourth Five-Year Development Plan emphasizes the role of the industrial sector as a means to broaden the productive base and, for this reason, an annual growth rate of 15.5 per cent in industrial output is contemplated. Some issues highlighted in the Plan include: the existence of idle capacity; investment decisions being based on short-term market indicators; low productivity; and problems of industrial location. Therefore, the following areas have been identified for particular attention: the quality of feasibility studies; management services; market information systems; technical training; maintenance services; and industrial surveys and studies on investment opportunities.

22. Within the framework of the Fourth Five-Year Development Plan, a sectoral study carried out by the United Nations Industrial Development Organization (UNIDO) identified new areas for technical co-operation, covering technological and international market trends, with particular reference to downstream petrochemical industries of plastics, synthetic fibres and rubber. In the plastics industry, a sample study has been started and some trends identified. Areas needing technical co-operation include: market opportunity; productivity and export promotion policy; glass re-inforced plastics (GRP) and polyvinyl chloride (PVC) technologies; and mould-design and mould-making. Construction material also rates high in priority, and in this connection, the cement and ceramic industries, mainly in the domain of the private sector, will reap considerable benefit from United Nations technical co-operation.

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Natural resources

23. In the field of energy, Government policy aims at the conservation and management of the Kingdom's hydrocarbon resources to achieve maximum far-reaching benefits; the development of solar energy as one of the alternative energy sources; and the establishment of the required conditions for efficient utilization of nuclear energy for peaceful purposes. The United Nations system can assist in assessing the cost effectiveness of various energy sources and in preparing a master plan.

24. In the mineral sector, the development strategy is to encourage the discovery and utilization of deposits and introduce a transformation from geological research to mineral exploration with detailed evaluation of proven reserves. Extensive activities on the pre-Cambrian portion of the Arabian shield have been undertaken. Also, with the assistance of UNDP as part of King Abdul Aziz University, a post-graduate centre for applied geology has been established.

Trade

25. The Kingdom is seeking to expand its exports of non-oil products. In this context, a mission carried out by the International Trade Centre (ITC) has helped identify activities needed to develop an export promotion programme and to enlist the active participation of the private sector.

Infrastructure

26. The infrastructure sector mainly includes transport and communications, roads, municipalities and housing. Most infrastructure projects have been completed, and the new Five-Year Development Plan foresees a lower rate of growth for this sector.

27. Technical co-operation projects in the infrastructure sector constituted the bulk of the UNDP third country programme, but this trend will change in the fourth cycle, due to the expansion of the human resources and production sectors. Simultaneously, emphasis will be placed on operation and maintenance. Apart from the areas already covered by the UNDP technical co-operation programme in telecommunications, civil aviation and road transport, the Fourth Five-Year Development Plan highlights the field of postal training in which the Government has a comprehensive programme to train large numbers of its staff, both locally and abroad. As regards maritime services, the Government programme calls for training in major fields such as port management, maritime safety, and marine pollution, which can be implemented in co-operation with the United Nations system.

28. An area needing attention, and one highlighted by the World Bank, is engineering and construction management. The unprecedented boom in construction has paved the way for an influx of engineering/contracting firms from all over the world. During this period, the main objective was the completion of construction projects with little attention to cost or procedures. With the slow-down in target growth during the 1980s, the thrust in construction activities now emphasizes management efficiency.

Science and technology

29. The Fourth Five-Year Development Plan has pinpointed the need for planned application of technology on a cost-effective basis; the proper selection of technology prior to its introduction; a long-term technology master plan enhancing productivity; and direct research for the particular problems of the Kingdom. Among the main topics selected for research are: water requirements for crops under different climatic conditions; protected agriculture; corrosion in water desalination stations; the use of remote sensing in oceanography; sand dune movements and water resources; food quality control; problems of petrochemical industries; the rationalization of energy; and the planning of computer applications.

Human resources

30. Current structural changes in the economy will have far-reaching implications on manpower and social development. They will have to be matched by social and labour policies which support and promote the changes foreseen in the Plan and which also promote the welfare of the people and social justice. The range of these policies is wide and multi-dimensional. The Government realizes the need for enhancing the technical and administrative capacity in developing, implementing, monitoring and evaluating these policies. Against this background, the following areas of technical co-operation have been identified with the help of an International Labour Organisation (ILO) sectoral study mission.

31. In the area of manpower development, technical co-operation is needed for the development of labour administration, labour markets, productivity programmes, job classification and descriptions, occupational safety and health and social security. Vocational training, partially covered under various technical co-operation programmes, must begin to encompass such areas as hotel management and port labour. Strengthening is required for management training, a key factor in promoting both the private and public sectors as well as improving the productivity of enterprises. Thus, the need to establish a national training strategy for the co-ordination of all training activities in the Kingdom cannot be underestimated.

32. The Kingdom could benefit most from utilizing the recognized institutes such as the International Institute for Labour Studies in Geneva and the International Centre for Advanced Technical and Vocational Training in Turin for the training of Government staff. However, for purposes of efficiency and cost effectiveness, emphasis will be placed on providing training, whenever possible, within the Kingdom, thus ensuring the training of larger numbers geared to meet local conditions.

33. Education is the basis for manpower development and there was a remarkable increase in the number of students enrolled at all levels during the first three five-year development plans. Presently, greater importance is being given to the quality of education as well as to the improvement of its internal efficiency. To date, the United Nations system has contributed to the establishment of educational research and information services. Moreover, as areas needing further attention, the United Nations Educational Scientific and Cultural Organization (UNESCO) has helped to identify educational planning, curricula development, teacher training and vocational secondary education. In higher education, it is essential that

universities and higher technical institutes meet the increasing demand for highly qualified manpower. In line with the Fourth Five-Year Development Plan, a comprehensive programme for higher education will be set up to ensure that the educational system will meet the national requirements in terms of numbers and specializations.

34. The objectives of social development, as outlined in the Fourth Development Plan, include, inter alia, completion of the social development centres network; support of programmes for the handicapped; strengthening co-operative services; promotion of youth and child welfare; training of local leaders and social workers; and promotion of planning and research, including the establishment of a data bank for social information. Technical co-operation activities in this sector have been quite effective and there is a scope for expansion either through new projects or through the introduction of new activities under existing projects. Among areas identified is the development of handicrafts, an ancient traditional industry in Saudi Arabia, and one which can prove to be an important revenue-earning source, particularly in rural areas.

35. The World Health Organization (WHO) is currently executing a number of health projects in the Kingdom under the regular programme and FIT arrangements, and through its latest country health review, has helped identify areas needing technical co-operation: health statistics; health manpower; the investigation of epidemic diseases; health administration; and the integration of main and vertical programmes into primary health care.

D. Aid co-ordination arrangements

36. The close relationship between the Technical Co-operation Administration (the Government body responsible for co-operation with the United Nations system) and UNDP has been a positive factor, contributing to the enhancement of the mutual co-ordinating roles. The World Bank and the joint Saudi Arabia/United States activities are co-ordinated by the Ministry of Finance and National Economy. Other bilateral technical co-operation is negotiated between the relevant technical Ministry and the country concerned. The fact that technical co-operation programmes are mostly financed by the Kingdom enables the Government to co-ordinate such activities effectively.

37. The Government of Saudi Arabia relies on the Office of the UNDP Resident Representative/Resident Co-ordinator to co-ordinate the United Nations system operational activities for development in the Kingdom and to backstop technical co-operation projects undertaken by the different United Nations agencies.

II. THE COUNTRY PROGRAMME

A. Assessment of current country programme

38. The optimism shown during the preparation of the third country programme regarding the expansion of UNDP activities in the Kingdom of Saudi Arabia can be attributed to the high liquidity position of the Government and the growth of the non-oil sector. During the latter years of the third cycle, the sharp drop in Government revenues led to non-attainment of the level of technical co-operation contemplated in the country programme, inasmuch as the majority of these activities were financed on a cost-sharing basis.

39. Overall, the performance of the programme was quite impressive. Many institutions were established which made a valuable contribution to the formulation of the organizational structure, the setting up of procedures and regulations, and the training of national technical and managerial staff. Under the programme, the United Nations system provided advisory services to various Government departments for the enhancement of their capacity to carry out technical work and review activities of consultancy firms. The introduction of the latest technology, in infrastructure projects especially, necessitated that the quality of assistance meet the Government's expectations. Consequently, the type of expertise provided was a crucial requirement for the success of UNDP-assisted projects. In many cases, United Nations technical co-operation activities were highly appreciated by the respective Government departments; in other cases, the shortage of high-level expertise in relevant fields in the world market and the prevailing United Nations conditions of service hindered recruitment and thus proved a major handicap.

40. The programme helped establish many institutions and develop their programmes, staff, facilities and organizational structure. In these endeavours, shortage of counterparts was an important problem encountered, as it was in the earlier country programmes. This was a consequence of the heavy demand for qualified national personnel by both the private and public sectors. Projects have, therefore, been running beyond the time normally required to produce appropriate counterparts to take over responsibility for the institutions and functions established.

41. The slow rate of implementation of fellowship training abroad (due mainly to the shortage of candidates, the internal procedures and the unattractive United Nations fellowship stipend rates vis-à-vis the Government's rates) was a further drawback. However, during the fourth country programme period, Saudi universities will turn out more graduates who will be able to act as counterparts after having undergone appropriate training.

42. Experience gained during the third country programme emphasizes, once again, that the question of project design, to which many problems may be attributed, requires careful consideration. For example, the design of some projects became outdated due to the hiatus between project preparation and implementation. In other cases, sizeable projects did not take into account the administrative and financial capacities of the United Nations executing agency and the Government implementing agency, resulting in a slow rate of implementation. The lesson was that a project must not be so large as to become difficult to manage yet must provide the critical mass of quality inputs to achieve its objectives.

43. In the fourth country programme, special consideration will be given to the careful preparation and quality of project documents to ensure the achievement of the desired impact in each sector. To this end, objectives, outputs and activities geared towards the actual requirements of the project will be stated in explicit and verifiable terms. Multi-phase ongoing projects will be redesigned to include new time-bound objectives stressing the build-up of national technical and managerial staff during the life of the projects. For all projects, detailed work plans reflecting the specific needs of the counterpart agencies will be drawn up.

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B. New programme proposal

44. The preparation of the fourth country programme coincided with the announcement of the Government's Fourth Five-Year Development Plan. The main theme of the programme was derived from the Plan's macro-development objectives. The four main targets identified in the country programme are: (a) orientation towards high priority production areas; (b) the enhancement of the planning and management capacity of Government institutions; (c) Saudization and human resources development; and (d) the enhancement of scientific research capabilities. These objectives have been formulated on a cross-sectoral basis and will have an overall impact on the Kingdom's absorptive capacity.

45. The Indicative Planning Figure (IPF) for the fourth country programme has been set at \$4.4 million and the bulk of financing will come from the Government as cost-sharing contributions. Total provisional cost-sharing contributions for projects already identified are estimated at \$37.4 million. It is worth noting that commitments which have already been made in the form of approved budgets for continuing projects into the fourth cycle are expected to represent a relatively small portion of the total programme. New activities have been included in this document for planning purposes only; final financial appropriations will be made on a yearly basis.

46. In line with the Government objective of rationalizing expenditures, the principle of cost effectiveness will be applied in the formulation of projects, thus ensuring, among other things, that only essential inputs are provided.

47. As more competent counterparts are provided by the Government, the ultimate need for long-term experts will be less. To the extent possible, short-term consultants will replace resident experts as and when they can fulfill the pertinent tasks. The use of national project co-ordinators and national project professionals (including expatriates recruited locally) will be further encouraged and the newly established Short-Term Advisory Services (STAS) system will be utilized, particularly when dealing with the private sector. Other possibilities which remain to be further explored include the utilization of United Nations volunteers.

Saudization and human resources development

48. Saudization and human resources development are major objectives in the Fourth Development Plan and therefore have received the highest priority in the allocation of Government expenditure. The United Nations system has extensive experience in this particular field in the Kingdom and numerous Saudis have undergone training in various specializations, both in local training institutions and on fellowships abroad. The United Nations system will contribute more towards the development of human resources during the forthcoming five-year period. In this respect, there will be a shift from merely setting up training institutions to directing training programmes based on careful study of manpower requirements. All education, training and social development activities are covered under this section and the relevant projects are summarized below.

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Ongoing projectsSAU/85/006, Centre for Training and Applied Research in Community Development, Phase IV

49. Since its inception in 1969, the Centre for Training and Applied Research in Community Development has provided multiple purpose training courses and undertaken valuable research activities. It will have new dimensions in the future and will provide new training courses and more advisory services to user agencies in the Ministries of Labour and Social Affairs, Health, Education, Municipal and Rural Affairs, as well as to other concerned ministries. It will also participate in more research related to the social consequences of the development process. A two-year extension of project activities in the fourth cycle has been agreed upon, during which the project will undertake the tasks noted above and attain the goals not realized in the previous phases. The extension will particularly emphasize the Saudization process, including teaching and research posts. Furthermore, the Ministry of Labour and Social Affairs will reorganize the Centre and appoint a Board to design the policies so that they will meet satisfactorily the needs of the user ministries. As a primary step towards Saudization, the Ministry will appoint a senior Saudi official to serve as project co-ordinator while other experts will be recruited jointly by the Government and the United Nations system. The estimated cost of the extension phase in the fourth cycle will be in the range of \$850,000.

SAU/79/006, Vocational Rehabilitation of Disabled

50. Two main fields have been identified for the extension of this project, which has high priority in the social sector. These are: (a) the development of a comprehensive programme in vocational rehabilitation for both men and women; and (b) the training activities which will be attached to the Community Development Training Centre. A decision has not yet been taken on whether these activities will be undertaken by long-term experts or short-term consultants. The estimated cost is in the range of \$300,000.

SAU/85/002, Manpower Development in Agriculture

51. The objective of this project, which is to last for four years into the fourth cycle, is the development of Saudi agricultural manpower to facilitate the Government's takeover of the responsibilities of various specializations, including supervisory and teaching posts at the training centres. This will be achieved through consolidation of the existing institutional set-up, with special reference to the Training Department of the Ministry of Agriculture and Water, considered to be the focal point for drawing up manpower plans as well as monitoring their implementation. The Training Department will be assisted by a network of training centres to be developed in accordance with the requirements of the agricultural sector. Project outputs will involve a developed national agricultural training programme; trained manpower, as specified in the manpower survey for the coming 15 years; the establishment of a planning and follow-up unit for the continuous development of training activities; well-staffed and equipped training centres; and the establishment of new centres. The estimated cost of this project for the fourth cycle will be in the range of \$3 million.

SAU/81/001. Telecommunications Training Institutes

52. The project has already carried out various related activities for enhancement of the training functions of the Ministry of Posts, Telephone and Telegraph (PTT), including curricula and syllabi development and the preparation of training materials. It has achieved almost all its objectives and the two Institutes in Jeddah and Riyadh are now operating at full strength. A three to four-year follow-up phase is required, mainly for the Saudization of the staff and to upgrade the training courses. The new project is expected to emphasize the following goals:

(a) To develop careers for graduates of these institutes through the introduction of advanced and refresher courses enabling them to assume senior technical posts. Special reference is made to the Saudi national assistant instructors, who are being trained abroad and who should assume full responsibilities as practical subject instructors. The project will also train newly recruited Saudi engineers to teach theoretical subjects;

(b) To follow up on the progress of graduates in their present posts and accordingly update courses to suit the needs of different ministries and user agencies;

(c) To monitor the implementation of courses introduced during Phase III of the project under a full three-year study cycle;

(d) To revise and update comprehensive manpower training plans.

Project cost is estimated at \$5 million.

SAU/83/002. Home Economics

53. This project, which requires the services of one expert, provides direct support services to the Home Economics Department of King Faisal University. Assistance will continue on a yearly basis, involving an approximate cost of \$270,000.

New project proposalsSAU/85/004. In-Service Training of Kindergarten Teachers

54. The basic objectives of this project are to set up a system of in-service training catering to the specific needs of Saudi pre-school teachers and to improve the efficiency of existing teachers, upgrade their performance and effectiveness and direct them to the development needs of the pre-schoolers between the ages of three and six. Project output will focus mainly on a model teacher-research centre, training pre-school teachers (employed by the Ministries of Education, Labour and Social Affairs and the Girls' Education Administration); pre-school kindergarten curriculum; training model and guidelines for curricula; and details of a four-year university degree in early childhood education. The cost at the initial stage of the project is estimated at about \$500,000.

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Strengthening Labour Administration

55. This project will include the following major components: (a) the review, consolidation and rationalization of functional units within the Office of the Deputy Minister for Labour; (b) the training of staff at various levels at the Ministry of Labour and at labour offices in a number of specializations to enhance their effectiveness; and (c) the introduction of a system of employment counselling in all labour offices, including the development of a counselling programme, its testing and finalization in selected labour offices, and the training of Saudi officials in counselling techniques with a view to improving the matching of national candidates with available jobs.

Strengthening Labour Statistics, Labour Market Analysis and Information Services

56. The project will provide assistance and training to Saudi officials in the following major activities: (a) the collection and analysis of labour statistics and the establishment of a labour data bank; (b) strengthening computerized delivery systems based on labour-related surveys, their analysis and processing; (c) the measurement of productivity in Saudi enterprises; (d) the study of manpower and labour mobility; (e) the introduction of a labour and employment market information system, including labour market signalling; and (f) developing detailed occupational descriptions and preparing a manual of occupations.

Strengthening of Co-operation

57. This project will include the following components: (a) an in-depth review of existing rural/agricultural co-operatives and advice to the Government on their organization and management with a view to diversifying productive activities; (b) assistance in establishing industrial and production co-operatives, particularly those of Saudi small entrepreneurs, including the study of their production, marketing and management aspects; (c) a review of co-operative banking and credit systems, including a feasibility study for the establishment of a co-operative bank for the non-agricultural sector; and (d) the training of co-operative officials, office-bearers and members of co-operative societies in various specializations, particularly management, marketing, accounting and financial procedures.

Handicrafts Production

58. The project will assist in the development of income-generating activities through the production of handicrafts based on indigenous raw material. It will include the following components: (a) carpet-making; (b) pottery and ceramics; (c) palm-tree-based handicrafts; and (d) embroidery. Activities will be dispersed among selected areas and will use, to the extent possible, local expertise with intermediate technology and systematic training methods as required.

Occupational Safety in Health

59. This project aims at strengthening the capabilities of the Occupational Safety and Health Department in the organization and training of staff, including factory inspectors, the establishment of three laboratories, the selection and installation of equipment and the training of laboratory staff.

Linkages

60. Regarding linkages with the UNDP regional and interregional IPF-financed projects, the objectives of the recent capacity assessment mission for UNDP-assisted technical vocational projects in the Arabian Peninsula were to review existing training institutions in the area and propose possible projects to be financed under the regional IPF for the fourth cycle. This welcome development will ensure complete co-ordination between national and regional projects. During its visit to Saudi Arabia, the mission was able to identify several institutions for regional activities and a number of UNDP-assisted institutions are already training nationals of the Gulf States as well as trainees from other Arab countries.

61. Linkages under this objective are maintained in various fields of activities. For example, information on water and sanitation is being exchanged between UNDP, WHO and the United Nations Children's Fund (UNICEF). In this respect, it is worth stating that Saudi Arabia has already surpassed the objectives of the water and sanitation decade. The Community Development Training Centre, too, is training health assistants and both the Ministry of Health and WHO are involved in the design of the training programmes. Co-operation also exists between this Centre and the Integrated Rural Development Project at the Ministry of Municipal and Rural Affairs, as well as with other ministries engaged in human resources development.

Programmed reserve

62. A reserve of \$700,000 has been allocated from the IPF to finance project ideas which are yet to be formulated under this component.

Enhancement of planning and management capacity of Government institutions

63. This objective absorbs the biggest portion of the United Nations technical co-operation programme in the Kingdom. It concerns several Government departments whose projects are directed, through institutional building and advisory services, at enlarging the Government's planning, technical and managerial capacity. The programme under this category ranges from providing advice in general, sectoral and regional planning to preparing terms of reference and specifications for consultancy services directly engaged by the Government, as well as assisting in the preparation of guidelines and manuals in various fields.

Ongoing projects

SAU/79/004. Roads Network Development and Maintenance

64. This project has been satisfactorily providing technical advisory services to the Ministry of Communications in the form of monitoring consultants' activities and providing assistance in the preparation of manuals covering various aspects of roads and bridges. In view of the project contribution and the emphasis placed on maintenance aspects in the Government Development Plan, the Government has firmly indicated its interest in having the project continue at more or less its present size into the fourth cycle, with allocations to be made on a yearly basis. Estimated cost will be in the range of \$6 million.

SAU/86/001, Presidency of Civil Aviation

65. This project will have an input of four experts, plus consultancies, in management and advisory services for training and manpower development, as well as providing support to a sizeable FIT/International Civil Aviation Organization (ICAO) programme. This programme mainly covers assistance in the preparation of engineering requests for 25 domestic airports planned for the period 1985/1989; the monitoring and supervision of maintenance contracts; the management of air traffic services; civil aviation safety and fire and rescue operations. The UNDP-assisted project will continue for five years into the fourth programming cycle at an estimated cost of \$3.2 million.

SAU/84/007, National Meteorological and Environmental Centre

66. This project aims at strengthening the National Forecasting Centre, the national observation system and the national data base. Though mainly providing direct support services, it has a training component and a system for identifying research activities in the various areas of meteorological application. This project is continuing from the third cycle and the level of assistance is estimated at \$250,000, with extension of activities being made on a yearly basis.

SAU/81/009, Advisory Services in General and Agricultural Planning: Phase II

67. Under this project, direct support services are provided to the Ministry of Planning in co-ordination with other technical co-operation programmes in the Ministry. It has been assigned the task of preparing an annual follow-up report covering macro- and micro-aspects of the economy. The level of assistance is in the range of \$380,000, with a budget in local currency for the recruitment of professional and administrative staff.

SAU/82/005, Advisory Services to the Ministry of Information

68. Direct support services are provided by this project to the Ministry of Information. These include the preparation of technical reports on satellite broadcasting, and advice on various aspects of the execution, installation and performance of radio transmitters, as well as on space frequency management and interference problems. The project is expected to continue into the fourth programming cycle at an estimated cost of \$330,000.

SAU/85/005, Regional Development Planning

69. The main objectives of this project are to enhance the capacity of the Ministry of Municipal and Rural Affairs to develop a planning framework, policies and priorities for the spatial development of urban, rural and bedouin areas. The project will continue the work of SAU/80/013 in preparing and monitoring comprehensive regional plans, and in surveying, mapping and broadening national capabilities. The estimated cost for three years is in the range of \$11 million, to be financed under government cost-sharing.

SAU/81/005, Integrated Rural Development

70. A hiatus took place between the preparation of the document for this project and the commencement of its implementation, as well as between the adoption of the regulations of village development by the Council of Ministers and the formation of the general and local committees which are the main organs for the implementation of integrated rural development in the Kingdom. Based on careful analysis of new Government policies and the changing situation, the project document has been amended with renewed emphasis on strengthening the capabilities of the Office of the Deputy Minister of Rural Affairs and promoting the concept of integrated services in the pilot areas. Selection was made from areas having village clusters as well as areas without village clusters. Stress was also placed on the establishment of policy guidelines and the strengthening of the regional and local development committees. The estimated total allocation for this project up to 1988 is in the range of \$2 million.

SAU/81/006, Centre for Statistical Data and Educational Documentation

71. Project achievements deal with the efficient organization, collection and compilation of educational statistics and the dissemination of information through regular publications, statistical reports and studies. Educational documentation and library services have been established and important historical educational development studies in the Kingdom have been produced, all of which proved useful to educators. Data processing services have been organized for processing school data and producing tables for statistical reports. Continuation of the project is strongly justified, especially in view of the emphasis on the quality aspect of education, which will involve wider technical co-operation activities. The project has already assisted in the preparation of a study on the internal efficiency of education in the Kingdom. Project activities are now geared more to the requirements of planners and administrators in the educational sector. The estimated allocation for this project is approximately \$400,000 and further assistance needed will be determined in the course of the fourth cycle.

SAU/84/008, Strengthening of the Directorate-General for Development of Higher Education

72. The performance and activities of this project in the field of planning are commendable. Several project proposals emanated from the previous phase, including the study on junior colleges and the University Information Centre, which can be undertaken as separate projects during the coming five years. The project established a foundation for the production of educational statistics on a regular basis and has been engaged in assessing the needs for critical specializations with particular reference to university teaching staff. The estimated cost in the fourth cycle is about \$350,000, but a further review of project activities will be undertaken to ascertain its continuation beyond 1987. Main project activities for the fourth cycle are: (a) master plan for higher education; (b) research on higher education; (c) co-ordinated University Information System; (d) Central National Library; (e) planning the development of universities; and (f) training in planning and management.

SAU/84/011, Advisory Services to the Computer Project,
Ministry of Foreign Affairs

73. This project is continuing from the third cycle, with one expert assisting in the operation of the Ministry's computer as well as in the establishment of a data base. The estimated cost is approximately \$270,000.

New project proposals

Assistance in general and economic planning

74. Under this project, technical advice will be extended to the Ministry of Planning in areas such as general economic planning, regional planning, water resources and manpower planning. The estimated cost for this project is \$1.5 million.

Linkages

75. Most of the co-ordination of technical assistance under this objective is maintained by the Government. There is a large-scale UNDP-assisted project in the Ministry of Communications, which is co-ordinated with three other bilateral programmes as well as with World Bank activities.

76. The biggest FIT project executed by ICAO at the Presidency of Civil Aviation is provided with management services by a UNDP-assisted project in addition to various types of logistic support. It is worth noting that the Civil Aviation/FIT project in the third country programme cycle was carried out at a cost of approximately \$90 million and entailed the services of between 120 to 180 experts. With the progressive takeover by counterparts, as a result of the Government's extensive training programme, the volume of expatriate experts in the fourth country programme will be gradually reduced. There is also a large meteorological programme carried out by the National Meteorological and Environmental Department. This programme is implemented under bilateral agreements and is co-ordinated with the World Meteorological Organization (WMO)-assisted project.

77. In the field of regional planning, the experience of the Kingdom is now being transferred to other Gulf countries as well as to other Arab and developing countries. This is considered a good example for technical co-operation among developing countries (TCDC).

Programmed reserve

78. Approximately \$500,000 has been reserved to cover projects under this category for introducing new activities.

Orientation towards high-priority production areas

79. One of the Kingdom's major objectives in the Fourth Five-Year Development Plan is to reduce dependence on the oil sector by further diversifying the economy through the expansion of the non-oil sector and, in particular, the development of natural resources, agriculture, industry and the financial and business services sectors.

An important policy objective is the commitment of the Government to the market economy and the growing role to be played by private enterprises. The Government has stipulated that at least 30 per cent of the value of Government contracts with foreign companies should be sub-contracted to Saudi firms. The UNDP technical co-operation programme will continue to respond to the structural changes evolving in the economy during the fourth cycle.

Ongoing projects

SAU/81/008, Industrial Advisory Services to the Ministry of Industry and Electricity

80. This project is providing direct support to the Ministry of Industry and Electricity in the form of advisory services in setting up and implementing industrial policies and strategies covering the fields of industrial economics, mechanical and chemical engineering and industrial information. The project assisted in the preparation of feasibility studies as well as in supervisory work in technical workshops in industrial estates. It will also assist in the preparation of an industrial survey, as well as in the establishment of an industrial data bank (a project which is included in the Fourth Development Plan). The provision of consultants in chemical engineering under the project has helped in identifying possible areas for technical co-operation in the petrochemical, downstream and plastics industries. The project is also providing training to national staff in aspects such as project preparation, evaluation and appraisal of feasibility studies and other technical areas. There is a strong justification for the continuation of project activities in the fourth cycle, especially in the light of the growth of the industrial sector in the Kingdom. The budgetary allocations required for project activities amount to approximately \$920,000, to be financed mainly through government cost-sharing.

New project proposals

Export promotion

81. With the increase in the productive capacity of Saudi Arabia, there is a necessity to open new markets abroad, for both agricultural and industrial products. This is a high priority area in the Fourth Five-Year Development Plan, responsibility for which has been entrusted mainly to the private sector. Subsequent to the ITC recommendations, the Government intends to establish an export promotion council to be sponsored by the Chambers of Commerce and Industry. Within this framework, and as a preliminary step, export promotion programmes can be developed in the production sectors. A programme for the promotion of industrial exports will require both market studies and product adaptation to international markets.

Advisory services to the General Electricity Corporation

82. The General Electricity Corporation requested expert services for administrative organization and application of an advanced computerized system. This has a high-priority rating in the light of the rapid expansion of the electric power capacity and Government emphasis on efficiency. The main Government agencies concerned are the Ministry of Industry and Electricity and ten independent electricity companies. The General Electricity Corporation operates in the north outside the districts of the companies. Total cost of this project is estimated at \$700,000.

83. In line with the new United Nations policy, the private sector will receive assistance in the form of technical advisory services and direct support through provision of expertise, training and equipment. This assistance will include projects listed below:

Assistance to the National Industrialization Company (NIC)

84. This is a private holding company entrusted with the promotion of industries within the private sector. The estimated cost of the initial stage of this project is in the range of \$500,000, to be arranged by the Company.

Assistance to the Saudi/Kuwaiti Cement Company

85. Assistance to this private sector company includes plant management, inventory control/material supply, maintenance, electrical engineering and training. Training courses will include the training of nationals who have completed vocational education in operation and maintenance and refresher courses for high-level staff in management. The United Nations system will also assist in the procurement of consumable materials, spare parts and capital equipment items. The preliminary estimated project cost is in the range of \$650,000, to be arranged by the Company.

Additional technical co-operation areas

86. Other project ideas concentrate mainly on natural resources development. The United Nations system has lengthy and successful experience in mineral exploration through direct execution and sub-contracting and is capable of providing valuable assistance to the Government in the preparation of a national water plan, as well as in strengthening the institutional arrangements, including the setting up of a water data bank.

Linkages

87. Since most agricultural activities are financed under FIT arrangements, the only project in this field included in the UNDP fourth country programme is Agricultural Manpower Development, listed in paragraph 51.

88. There are eight FIT projects, most important of which is that for strengthening the capacity of the Ministry of Agriculture and Water. Assistance is provided in important fields such as irrigation, horticulture, soil fertility, animal virology, range management, hydrogeology, animal production, agricultural economics, date-handling, forestry, dairy production, waste water treatment, crop production, plant protection, bee-keeping, marine sciences, protected cultivation, micro-biology and mass media. Other FIT projects cover veterinary and animal production, horticultural research, range and animal development research, fish farming, genetic conservation of the Arabian horse, agricultural development in Wadi Jizan and soil survey and land classification. The number of experts engaged in the FAO/FIT programme is about 110.

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89. The total cost of the FIT agricultural programme during the third cycle was in the range of \$105 million and the estimated magnitude for the fourth cycle will be in the range of 80 per cent of this figure. Co-ordination with this programme is emphasized in view of its linkages with other leading sectors such as human resources, natural resources and industry.

Programmed reserve

90. An amount of \$600,000 has been allocated to this category of projects, mainly to initiate new activities.

Development of scientific research capabilities

91. Saudi Arabia has been using the latest technologies during recent years and this has necessitated the development of national capabilities. The effective application of science and technology is crucial to some Government agencies and private companies with special reference to the Saudi Arabian Basic Industries Corporation (SABIC), the Saudi Arabian Standards Organization (SASO) and the Saline Water Conservation Corporation (SWCC). Scientific research is also carried out in most universities. The King Abdul Aziz City for Science and Technology (KACST) co-ordinates all types of research for development of scientific research in the Kingdom. It provides assistance to universities and industrial and agricultural establishments carrying out applied and basic research. KACST expects to have its own buildings and laboratories for which certain priority areas of work have already been identified, namely: petrochemicals and arid land and water resources. The Fourth Five-Year Development Plan contemplates a national action plan as well as the preparation of feasibility studies for scientific projects.

Ongoing projects

SAU/80/008. Technical Advisory Services to SASO

92. To date, this project has been confined to one expert, who provides overall advisory services to SASO on various aspects, including planning, legislation and equipment specifications. The planning stage has been completed and implementation activities are about to commence. In accordance with an outline prepared for the establishment of a national metrology and calibration centre, laboratories with high precision and calibration equipment are to be set up and primary standards are to be established. These items would not cover testing equipment but metrology laboratory equipment related to quality control or standardization activities. A maintenance period of three years will also be needed. An estimated amount of \$1 million for equipment and expert services will be required.

New project proposals

93. Although well-defined project proposals are not available, the United Nations system will be able to meet the requirements of the Fourth Five-Year Plan through recommending to KACST how best to establish, equip and operate laboratories as well as through assisting in the training of staff.

94. The United Nations system will also be able to provide assistance for the establishment of a scientific action plan.

95. Other project proposals are for training in pollution and environmental protection, remote sensing and nuclear energy.

Linkages

96. There is a need to establish linkage between research and industry. The downstream petrochemical industry has been identified as a high priority area to be supplemented by the upstream activities at KACST. In other areas such as the arid zone research, links with the agricultural sector are taken into account. Co-ordination between KACST activities and the FAO-assisted projects will produce effective results and will improve agricultural productivity.

Programmed reserve

97. A programmed reserve has been set at \$100,000.

C. Unprogrammed reserve

98. An amount of \$325,000 has been reserved for future activities which constitutes about 8.4 per cent of the total IPF for the fourth cycle.

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Annex

FINANCIAL SUMMARY

I. ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING

<u>A. UNDP-administered sources</u>	\$	\$
Third cycle IPF balance	-	
Fourth cycle IPF	4 400 000	
Subtotal IPF		4 400 000
Special Measures Fund for Least Developed Countries	-	
Special programme resources	-	
Government cost-sharing	37 406 000a/	
Third-party cost-sharing	-	
Operational funds under the authority of the Administrator	-	
UNDP special trust funds	-	
Subtotal, UNDP non-IPF funds		37 406 000
<u>B. Other sources b/</u>		
Funds from other United Nations agencies or organizations firmly committed as a result of the country programme exercise	-	
Parallel financing from non-United Nations sources	-	
Subtotal, other sources		-
TOTAL ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING		<u>41 806 000</u>

II. USE OF RESOURCES

Ongoing projects	35 731 000	
New project proposals	3 850 000	
Programmed reserve	1 900 000	
Subtotal, programmed resources		41 481 000
Unprogrammed reserve		<u>325 000</u>
TOTAL USE OF RESOURCES		<u>41 806 000</u>

a/ This amount includes 34 per cent of potential resources.

b/ The total anticipated from Funds-in-Trust programme executed mainly by ICAO and FAO in Saudi Arabia for the fourth cycle is in the range of \$156 million.

