



**Governing Council  
of the  
United Nations  
Development Programme**

Distr.  
GENERAL

DP/CP/SAU/NOTE/4  
5 March 1986

ORIGINAL: ENGLISH

Thirty-third session  
2-27 June 1986, Geneva  
Item 5 (b) of the provisional agenda

PROGRAMME PLANNING

Country and intercountry programmes and projects

FOURTH COUNTRY PROGRAMME FOR SAUDI ARABIA

Note by the Administrator

I. PROCESS OF THE PROGRAMMING EXERCISE

1. The stage was set for the programming exercise by a review of the third cycle country programme conducted over the period October 1984 to January 1985. The review was arranged under the aegis of the Technical Co-operation Administration (CTA) which is attached to the Office of the Prime Minister and serves as UNDP's main channel of communication with the Government on technical matters. Since the bulk of the funding for the third cycle country programme was in the form of Government project cost-sharing, all sectoral Ministries were invited to participate.
2. The country programme review benefited from a series of individual project evaluations and tripartite reviews in which executing agencies fully participated; it covered projects financed through the IPF and/or Government cost-sharing, thus leaving outside its scope the substantial Funds-in-Trust (FIT) arrangements entered into directly by agencies of the United Nations system (primarily the Food and Agriculture Organization of the United Nations (FAO) and the International Civil Aviation Organization (ICAO), who between them accounted for some \$175 million of Funds-in-Trust activities in Saudi Arabia during the third cycle).
3. The findings of the country programme review were embodied in a report in February 1985, which was widely circulated both within Government circles and to agencies of the United Nations system. The report highlighted, among other things, such issues as the transfer of technology, the build-up of national capacity, cost effectiveness and enhancement of the quality of technical co-operation.

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4. Following this review and the adoption of Saudi Arabia's fourth Five-Year Development Plan (1985/1990), the Resident Representative prepared his note and presented it to the Technical Co-operation Administration for distribution to the sectoral Ministries. At the Government's request, agency sectoral missions were fielded by the International Labour Organisation (ILO), the United Nations Industrial Development Organization (UNIDO), the Food and Agriculture Organization of the United Nations (FAO) and the International Civil Aviation Organization (ICAO). The actual preparation of the country programme document was finally undertaken in the last quarter of 1985.

5. Saudi Arabia is a country with a high per capita income. Yet in spite of its overall rapid economic growth, it has all the attributes of a developing economy. Its Government and existing private sector institutions need to be strengthened, with many more established and developed, so that the country may better manage the enormous capital investments made in the infrastructure, in industry and in agriculture. Efficiency of operation, enhanced productivity, adequate maintenance, technology assessment and selection are among the aspects requiring urgent attention. An increasing number of Saudi nationals have to be educated and/or trained, in technical fields, as well as in management, to meet the challenge. The task of creating self-reliant capabilities is indeed immense and, even while these capabilities are being developed, day-to-day tasks have still to be carried out. Thanks to its financial endowments, the country has access to expertise on the world market and through bilateral arrangements. Saudi Arabia opts, however, to seek multilateral technical co-operation through UNDP in matters where the United Nations system has a comparative advantage, as for example in institution-building and human resource development, or where a range of technological options needs to be examined. Senior Government officials have recently conveyed to the Administrator their satisfaction with the UNDP's contribution to the country's development.

6. The country programme document was prepared against the background of declining oil revenues and financial stringency by the Government, which is now keener on maximizing the returns of technical co-operation and containing its cost. This has coincided with UNDP's own determined effort to enhance programme and project quality.

## II. THE FOURTH COUNTRY PROGRAMME

7. The four main themes of the country programme are derived from the macro-economic development objectives of the National Plan and have been identified as: (a) Saudization and human resources development; (b) enhancement of the planning and management capacity of public institutions; (c) orientation towards high priority production areas; and (d) enhancement of scientific research capabilities.

8. Whilst several ongoing projects are retained under the first two objectives, it is important to note that the nature of technical co-operation envisaged is changing, to reflect the coming of age of the various Saudi institutions involved and the greater availability of Saudi skills. There is to be a greater reliance on national talent, supplemented by short-term consultants (rather than resident experts) as appropriate. The programme represents a judicious mix of institution-building and direct support.

9. As in the third cycle, the bulk of the financing for the fourth country programme is being provided by the Government through project cost-sharing. UNDP is encouraging the Government to increase its participation in cost-sharing activities. Appropriations for technical co-operation projects are made in the budgets of the respective sectoral Ministries and institutions and are subject to normal budgetary process of the Government. Of the total programme resources, some \$1.9 million will serve as reserve to be programmed under the four headings indicated above, whilst a modest \$325,000 remains unprogrammed.

10. In addition to cost-sharing, the Government is also continuing with Funds-in-Trust arrangements with United Nations organizations. In fact, the funds expected to be devoted to such arrangements during the fourth country programme period are huge - estimated at \$156 million - and they far exceed the amount indicated for the cost-sharing arrangements with UNDP. Given the need for strengthening the co-ordination of technical co-operation activities from the United Nations system and the fact that UNDP provides a variety of backstopping services to trust-fund activities, the Administrator considers it desirable to further enhance the collaborative efforts between the Government, the Agencies and UNDP.

### III. MANAGEMENT OF THE COUNTRY PROGRAMME

11. Based on the findings of the review of the ongoing country programme, issues of project design, quality of technical co-operation personnel, timely delivery and cost will be pertinent in the fourth cycle. Through a variety of measures, the Government is expected to attract and retain qualified Saudi nationals to work uninterruptedly on technical co-operation projects alongside international experts and consultants.

12. Saudi Arabia meets its technical co-operation needs through a variety of channels: multilateral, bilateral and on the world market. Co-ordination of all these activities is done by the Government which, given the extent of Government financing, appears well-placed to bring about harmonization of technical co-operation, irrespective of source.

### IV. RECOMMENDATION OF THE ADMINISTRATOR

13. The Administrator recommends that the Governing Council approve the country programme for Saudi Arabia.

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