



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

Distr.  
GENERAL

DP/CP/SAU/5  
10 March 1992

ORIGINAL: ENGLISH

Thirty-ninth session  
4-29 May 1992, Geneva  
Item 6 of the provisional agenda

PROGRAMME PLANNING

Country and intercountry programmes and projects

FIFTH COUNTRY PROGRAMME FOR SAUDI ARABIA

<u>Programme period</u>	<u>Resources</u>	<u>\$</u>
1992-1996	Net IPF (carry-over from fourth cycle)	1 478 000
	Cost-sharing and government cash counterpart contribution	<u>86 685 000</u>
	Total	<u>88 172 000</u>

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## I. DEVELOPMENT SITUATION, OBJECTIVES AND STRATEGIES

### A. Socio-economic situation

1. Based on judicious utilization of its oil revenues, Saudi Arabia has simultaneously achieved rapid economic growth and improvement in living standards, diversified its economy and reduced excessive dependence on primary oil export earnings. For example, during the last 20 years national income has increased fourfold, and personal consumption has increased on the average by 9.4 per cent per annum. According to recent government statistics, by 1989 the reliance on the oil sector had declined from 68 per cent of GDP (1970) in constant prices to 40 per cent, while oil revenues had fallen from over 85 per cent of all government revenues in 1980 to an estimated 65 per cent. Crude oil exports, which had increased to nearly 95 per cent of all merchandise exports in 1977, steadily declined to 66 per cent of exports by 1989.

2. The other main thrust of government efforts over the past decade has been to strengthen the private sector, where real output has grown fivefold over the last 20 years and private investment has increased seven times.

3. The massive investment in physical infrastructure is illustrated by the indicators for 1970 and 1990 which show the paved road network expanding from 8,000 km to 39,000 km; 18 new airports have been constructed with passenger movements rising from 0.8 million to 10.1 million (1989); telephone line capacity has increased from 77,000 to over 1.5 million.

4. The indicators for social and human development are also impressive, with school enrolments - primary, secondary, technical and vocational - increasing rapidly and significant improvements being made in the quality of education provided. The infant mortality rate has declined from 148 to 43 per 1,000, while comprehensive health facilities are now available for the entire population in both urban and rural areas.

5. Despite this favourable picture, the Saudi economy still faces significant hurdles in its economic and social advancement. Among the most prominent of these is the need to diversify the economy further and reduce the continuing dependence on oil exports. Persistent current account and budgetary deficits pose additional challenges. Serious constraints to increased growth arise from the lack of domestic markets to absorb the full output of existing productive capacity in industry and agriculture. There is also a need for a progressive reduction of the excessive reliance on expatriate labour. The rapid growth of the economy over the past two decades has created numerical imbalances in the Saudi and non-Saudi components of the labour force despite tremendous expansion in vocational training facilities. The resolution of these issues will require a broad range of labour policies to rationalize the labour force, increase efficiency, improve the technical and productive skills of Saudi manpower, improve employment opportunities in

the private sector, reduce wastage in the education system and improve labour market information and market services.

6. Regarding science and technology, there is a need to close the differential in technological attainment among different sectors through the development of applied research. On the policy side, it is proposed to establish a long-term plan for scientific and technological advancement and adopt measures to promote coordination between the private sector and the government sector in relation to technology issues.

7. With regard to financing public services and utilities, a clear need has been expressed for greater involvement of the private sector. The main policy aspect is the need to facilitate self-financing of utilities and other public services by giving priority to national and sectoral policies aimed at improving efficiency and productivity and increasing private sector financing of commercial public services. Policy development in setting tariffs, prices, user charges and ensuring proper cost accounting in public services and utilities is also a priority. The fifth plan proposes a thorough review of subsidy policy and practices.

8. In terms of social policies, there is a need to strike a balance between preventive and curative measures, services and facilities, and ensure that the social impact of government policies is fully assessed. This would require the continuing monitoring of the geographical spread of social facilities and services in relation to the recognized poorest groups in society.

9. The rapid development of the Kingdom over the last two decades has brought with it the usual environmental problems, including pollution and health hazards due to inadequate industrial, urban and agricultural waste disposal, air pollution in major urban areas and industrialized zones, a declining water table, water clogging and soil sanitization. These problems have been compounded by the massive oil pollution and other environmental problems associated with the Gulf crisis.

10. The sudden shock induced by the Gulf crisis led to a complication in the economic situation, but indications are that the economy has begun to emerge from this downturn through a slow recovery in world oil prices and an increase in crude oil production. The most significant medium-term priority is the need to finance the operations undertaken during the Gulf crisis which will have an effect on the resources available for economic development. A further major concern is the environmental damage to the Gulf region from oil pollution and destruction due to military activity.

#### B. National development objectives and strategies

11. The main challenge of the fifth Development Plan is to broaden the development of the economy as a whole and sustain the recovery achieved in the latter years of the fourth Development Plan. The key to increased employment

and productive use of resources rests with the move towards privatization and full utilization of existing resources.

12. Although the fifth Plan reaffirms the broad objectives established in the fourth Plan, there is a new set of 13 development policy objectives reflecting the traditional adherence to Islamic principles along with a mixture of economic, social and security considerations. The need to build up human resources is given prominence in connection with the need for greater economic diversification. In the public sector, efficiency in provision of services will be emphasized along with the qualitative improvement in utilities and completion of outstanding infrastructure projects as appropriate. On the broader strategic front, the Plan reiterates the need for greater privatization and achievement of balanced regional growth. Finally the Plan stresses the continuation of economic and social integration among the Gulf Cooperation Council (GCC) countries.

13. The GDP growth target in the fifth Plan is 3.2 per cent per annum with the non-oil sectors growing at 3.6 per cent, and the oil sector at 2.7 per cent per annum. The former is higher than it was for the fourth Plan, reflecting renewed investment expenditure in the budget, increasing private sector investment, improving mobilization of domestic private resources through such devices as the development of a capital market, and effective utilization of the work force.

14. In agriculture, real growth is expected to average 7.0 per cent per annum reflecting the strong existing base for agricultural expansion with a shift to higher-value-added products. In manufacturing, the growth rate target is 6.5 per cent per annum, with petrochemicals growing at 8 per cent and other manufacturing (non-oil) at 6.5 per cent though by a combination of export-led growth and import substitution. Public utilities are expected to grow at 6.9 per cent, compared with a fall in output in the fourth Plan.

## II. EXTERNAL COOPERATION

### A. Role of external cooperation

15. External cooperation between Saudi Arabia and other countries is based on mutual respect with cooperation priorities determined by the host country. To a great extent, the fifth Plan provides the basis, justification and direction for the various components of external cooperation. In view of the substantial domestic financial resources available for its own development, external cooperation programmes in Saudi Arabia are generally fully funded by the Saudi Government and confined mainly to technical assistance. This applies to the UNDP country programme, which is funded almost entirely by the Saudi Government under a cost-sharing arrangement and through trust funds.

16. The principal bilateral partners in external cooperation are the United States, United Kingdom, France, Germany and Japan. Of the multilateral

agencies considerable technical support is provided by the World Bank on a 100 per cent reimbursable basis.

#### B. Aid coordination arrangements

17. The Deputy Ministry of Economic and Cultural Affairs of the Ministry of Foreign Affairs is responsible for the coordination of most external cooperation activities in Saudi Arabia, including those under the United Nations system. A number of bilateral and multilateral agencies, principally the World Bank, are coordinated directly by the Ministry of Finance and National Economy. One of the first steps in strengthening the Deputy Ministry of Economic and Cultural Affairs' capacity has been the establishment, with the assistance of UNDP, of a comprehensive computerized database on international trade and in training the Department's staff. Technical cooperation with Saudi Arabia in other areas is provided within the substantive guidelines of the national development plans.

18. In his capacity as Resident Coordinator of the United Nations system, the UNDP Resident Representative holds frequent meetings with the Country Representatives from the World Bank, the Office of the United Nations High Commissioner for Refugees (UNHCR), the United Nations Children's Fund (UNICEF), the World Health Organization (WHO) and the Food and Agriculture Organization of the United Nations (FAO). Coordination with other multilateral and bilateral agencies in individual programme areas is exercised as and when possible in order to avoid duplication and to increase efficiency.

### III. THE COUNTRY PROGRAMME

#### A. Assessment of ongoing country programme

19. United Nations technical assistance has been an important and catalytic partner in Saudi Arabia's development. UNDP's fourth country programme was designed in accordance with the country's fourth Plan and had four development objectives: (a) to assist Saudization and human resources development; (b) to enhance planning and management capacity of national institutions; (c) to encourage orientation of the economy towards high-priority production areas; (d) to encourage development of scientific research capabilities.

20. In terms of area of concentration, 51 per cent of the country programme went to general development issues and planning, 24 per cent to transport and communication, 16 per cent to industry, 7 per cent to agriculture and 2 per cent to trade, education, social conditions and science and technology. In total, 70 per cent of fourth country programme resources went towards Saudization and human resources development, while 16 per cent went to enhancing planning and management capabilities.

21. In terms of impact, the fourth country programme was successful in several areas. In national, urban and regional planning, UNDP cooperation in national economic development planning supported the preparation of the fifth five-year plan and afforded advice on policy matters. About 70 officials were trained in regional planning; specifically, national capacity was developed in the preparation of regional and urban plans and mapping. A national policy for comprehensive rural development was prepared and a computerized database set up covering over 22,000 villages. Institutional support was provided to a system of General and Local Village Development Committees responsible for assisting a "bottom-up" approach to integrated rural development.

22. The massive expansion of the road network (including bridges and tunnels) over the past 20 years, has been accompanied by an increasing demand on the government institutions responsible for overseeing these developments. Accordingly, since 1979, UNDP has been assisting the Ministry of Communications with technical support in the planning, design and construction of roads and bridges. Extensive technical support to the Presidency of Civil Aviation has come from the International Civil Aviation Organization (ICAO) commencing with a trust funds project in 1972. Some 2,000 Saudis have been trained, capacity has been strengthened in many technical areas of civil aviation. In the area of telecommunications, the heavy investment in modern and efficient systems has imposed great strains on Saudi technical capacity for sustaining telecommunications activities. This demand has been met by the support to the Telecommunications Training Institutes in Jeddah and Riyadh. The most recent phase of assistance concentrates on training support for frequency management planning in the Ministry of Posts, Telegraph and Telephone. In the area of maritime transport, the demand for maritime personnel is being met through a UNDP interregional training project.

23. Over the past 20 years, the Government has placed great emphasis on economic diversification to reduce reliance on oil exports and expand the revenue base for financing capital and recurrent expenditures. Since 1980, UNDP has been providing advisory services to the Industrial Affairs Agency of the Ministry of Industry and Electricity, concentrating on industrial policy and procedural matters, the appraisal of major industrial projects, feasibility studies and technical workshops. Impact has also been evidenced through UNDP assistance to the Saudi Arabian standards organization, which is responsible for the formulation and adoption of national standards (specifications) for all products and commodities, and the establishment of national metrology standards, including calibration. UNDP has also undertaken studies on institutional requirements for a Saudi export promotion organization, training needs, export potential, export financing and credit and for the creation of a trading house.

24. Agricultural development in Saudi Arabia is characterized by an indigenous traditional subsector, mainly small-scale; and by modern large capital-intensive farms and schemes. UNDP has been instrumental in providing training and support facilities in agricultural engineering and for training centres since the early 1970s. The third phase of assistance concentrated on detailed manpower planning for the sector. Over time, the sub-components of

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this programme include advice on agricultural extension, marketing, irrigation and production, and a wide range of technical support services.

25. One of the central tenets of the Saudi Government's development approach is the promotion of popular participation in development. Since 1969, UNDP has cooperated with the Ministry of Labour and Social Affairs in strengthening the Centre for Community Development and Applied Research through a succession of projects. The training programmes have concentrated on literacy, agricultural extension, women's activities, health education, data collection and analysis, and latterly also rehabilitation of disabled youth, women and health education and cooperatives. An associated area of assistance has been support for educational documentation and statistics to the Ministry of Education and specifically the Centre for Statistical Data and Educational Documentation. The impact on planning and management of higher education has been supported since 1985.

26. Since 1984, UNDP has cooperated with the Meteorological and Environmental Protection Administration in establishing a National Meteorological Centre with weather forecasting and observation facilities. Ongoing support to the National Meteorological Centre will enable it to monitor climatic changes for environmental impact analysis. Closely related to this is the assistance being given by the Meteorological and Environmental Protection Administration through the World Meteorological Organization (WMO) to investigate the potential for rain enhancement in the Asir region to supplement desalination plants.

27. In terms of the overall fourth country programme, owing to the shortage of trained Saudi manpower, many of the technical experts provided had to assume line or executive functions as direct support staff. Nevertheless, UNDP can claim a special role in promoting the process of Saudization through close attention to capacity-building, by emphasizing in-house and overseas training. The fifth country programme will address this particular problem more closely given that a specific long-term programme of human resources and institutional development is to be drawn up for each agency in which UNDP has a project.

28. The fact that several projects have had multiple phases is revealing about the nature of UNDP cooperation in Saudi Arabia. It indicates that UNDP interventions have targeted priority areas and provided services required by host ministries/agencies. However, the long duration of most projects also seems to indicate that the programme's success in terms of capacity-building is less than optimal. In the forthcoming fifth cycle, improving development management and administration practices will be emphasized.

29. Since the UNDP programme has concentrated substantial resources in a relatively limited number of areas, its effectiveness and intra-sectoral coordination has been enhanced. The Government has almost fully funded the programme and also assigned national project professionals to complement international experts. The executing agencies have, on the whole, provided appropriate backstopping and technical and logistical support, resulting in a

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relatively high delivery rate. Most projects have been executed through the traditional agency-executed modality with national project directors.

## B. Proposals for UNDP cooperation

### 1. Preparatory process

30. Technical cooperation priorities for the fifth cycle have been identified through a process of review and assessment of the needs of both the country programme as a whole and for individual sectors and themes. Such needs were identified in the mid-term review of the country programme. The holding of tripartite reviews, monitoring of individual projects, and evaluation missions has also provided an opportunity to identify future potential needs and priorities. This includes the first national workshop on environment and development, which gave an indication of future support for the environment sector.

31. Another important point in the preparatory process was the presentation of the UNDP advisory note, the main comments of which have been incorporated in the country programme document. Agency sector review missions have been conducted while individual consultations have also taken place with the major implementing ministries and with the responsible United Nations executing agencies operating under the trust fund financing arrangements, notably, FAO, ICAO, UNICEF and WHO.

### 2. Strategy for UNDP cooperation

32. The Government's central strategy with regard to the utilization of all external assistance is to ensure that it is clearly within the framework of the Government's development priorities as set out in the five-year plan and in official working documents pertaining to individual sectors and programmes. The United Nations system will continue to be preferred over other arrangements when it can demonstrate a clear comparative advantage in terms of cost-effectiveness and prompt delivery of technical inputs and complementary outputs, and has shown its ability to promote capacity-building. The Government recognizes that the United Nations system as a whole has unique advantages in view, inter alia, of its neutrality and firm commitment to the development objectives of the Kingdom. Under the fifth country programme resources will be concentrated on perceived and agreed high priority development objectives.

33. UNDP's continuing priority for the use of resources is national capacity-building, given the shortages of trained Saudi manpower. The aim is progressively to reduce the degree of direct support activities and concentrate on the preferred area of training and institutional support. With this in mind the requirements of each host institution were examined in relation to the fifth country programme and a specific long-term programme of human resources and institutional development was drawn up.

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3. Proposed UNDP cooperation in selected areas of concentration

34. In view of the Government's interest in continuing UNDP cooperation in many of the areas featured in the fourth country programme, and its willingness to provide substantial cost-sharing and cash counterpart resources, cooperation will be concentrated in these same areas, and extended to others, some of which (particularly the environment) derive from follow-up needs related to the Gulf war.

35. The individual areas of concentration for the fifth country programme and the amounts allotted to them are: (a) economic planning and management; (b) strengthening of the productive areas; (c) development of transport and communications; (d) human resources and social development; and (e) environment and natural resources development.

36. The linkages within the whole programme have been analysed at three levels. First, the linkages between the UNDP activities in each area of concentration and the declared government development objectives and strategies relating to that area, as set out in the fifth Development Plan are identified. Second, the linkages between the various components within each area of concentration in terms of complementarity of inputs/outputs are then examined. Third, the linkages between the area of concentration in question and other areas in the UNDP country programme are then examined in terms of complementarity and mutually supporting elements. This hierarchical analysis of linkages is intended to define and reinforce the coherence and internal logic of relationships associated with the form and structure of the UNDP country programme.

37. Further linkages will be encouraged with participating agencies of the JCGP particularly those which are operating in Saudi Arabia. Operational linkages will be particularly valuable in the area of social and human resources development. In addition, Saudi Arabia participates in a number of inter-country programmes under regional or interregional arrangements in the areas of food security, technology transfer, natural resources, human resources development, transport and communications, regional and subregional cooperation, development issues, environment, private sector development and trade. Linkages between these and national programmes will continue to be encouraged as will the use of interregional advisers from specialized agencies and regional institutions. At the same time, serious consideration will be given to the Kingdom's increased participation in regional and subregional activities supported by UNDP. Notable examples are the utilization of interregional advisers for the forthcoming Saudi general census and the leading role of the Saudi Government in the Gulf region environmental programme.

38. The government objectives and the proposals for UNDP cooperation is summarized for each area of concentration.

## Economic planning and management

### National development objectives

39. With respect to national planning, the objectives of the planning system are to: (a) provide a long-term conceptual vision to guide development; (b) provide an organizational framework for coordinating the development effort of the private sector and the Government to guide and initiate structural change; (c) direct government resources towards achieving the long-term development objectives for the economy and towards ensuring the availability of essential public services; and (d) strengthen the ongoing management of the economy through periodic reviews, and by preparing for emerging conditions which could affect the development process.

40. Development planning in Saudi Arabia represents a combination of long-term indicative guidance, policy directions and instruments, and the medium-term allocation of government expenditures, all of which lead to structural changes in the economy and more effective control over the development process. The broad thrust of the five-year plans since 1970 has been similar with respect to the weight and interaction of the economic, social and institutional dimensions of development; nevertheless, each plan has established its own particular priorities among its various targets, and identified key elements or variables expected to play a leading role. Associated with this is a change in the nature of the planning process itself, with less attention to quantifiable targets for public spending or to particular initiatives by government agencies, in favour of a series of coordinated policy measures in support of the private sector. The planning process also focuses increasingly on new strategic initiatives for long-term development - an orientation which is fully reflected in the fifth Plan. In the Plan considerable emphasis is placed on improving systems of economic and financial management.

41. In the area of regional and urban planning, the fifth Development Plan places special emphasis on the need for balanced development and the full utilization of existing facilities and services through the development of growth centres.

### Proposed UNDP cooperation

42. UNDP cooperation will continue to support critical areas of economic and financial management. It is recognized that UNDP can play a unique role in providing technical inputs at the policy and management levels and significant assistance to capacity-building in the form of training and skills enhancement. Accordingly a comprehensive programme of assistance will be prepared at a later stage by UNDP and the Government with emphasis on the following aspects:

(a) Macroeconomic planning and management;

(b) Strengthening of sectoral planning and monitoring capacity, both in the Ministry of Planning and sectoral ministries, and in strengthening linkages between them; and

(c) Financial management, including the linkages between planning and budgeting systems as well as broader aspects of financial management. The programme would also identify eventual inputs from the United Nations system as well as other partners, and appropriate coordination and management mechanisms.

43. In the area of regional and urban planning, UNDP has a significant comparative advantage in terms of the successful cooperation built up over the years with the Ministry of Municipal and Rural Affairs, and in the training of Saudi personnel. This cooperation would be linked to economic management through the input of regional planning specialists in the Ministry of Planning required to strengthen national capacity in this area and to ensure better coordination with the Ministry of Municipal and Rural Affairs. Continued UNDP cooperation is also envisaged in the areas of integrated rural development planning and community development planning and coordination.

#### Strengthening of the productive sectors

##### National development objectives

44. In the fifth Development Plan, economic diversification away from dependence on crude oil exports is to be attained by the promotion of the private sector, increased output of the productive sectors (agriculture, industry, electricity and construction), and the services sector (commerce, tourism, other services). The national objectives for the private sector include promoting its prominent role in diversification of the economy; employment promotion; and encouraging increased private capital inflows to sustain domestic investment. The broad objectives for the productive sectors include maximization of the domestic transformation of locally produced raw materials; promoting import substitution and export-oriented industries; industrial integration; improvement of labour productivity and technology transfer. The contribution of the services sectors involves, inter alia, trade development and facilitation and raising standards and specifications and quality control. All three of the above sectors are quite well developed, and the Kingdom already has wide access to capital, technology and expertise on normal commercial terms. One of the constraints to growth, though, is the lack of domestic markets to absorb the full output of existing productive capacity in industry and agriculture.

##### Proposed UNDP cooperation

45. UNDP has a comparative advantage in certain areas which can facilitate the attainment of the above objectives. These include advice on policies relating to the sector, fostering a conducive environment for private sector

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investment, strengthening institutions, training of personnel, and establishing standards and quality control. UNDP will consolidate its cooperation in those areas where it has a proven comparative advantage, namely, in the institutional strengthening of the Industrial Affairs Agency of the Ministry of Industry and Electricity, supporting the Saudi Arabian standards organization so that it can respond better to national and even subregional needs and strengthening of trade facilitation and investment promotion services, particularly of the Saudi Export Development Centre of the Council of Chambers of Commerce. Furthermore, in order to enhance the private sector and promote capacity-building in the industrial sector, it has been proposed that a study on small- and medium-scale industries and on human resource development in the industrial sector be carried out. UNDP support for pre-investment studies is also important along with the proposed assistance for engineering design studies and investment promotion services.

46. The coherence and linkages of the various sub-components of the programme will be continually fostered by the Government and UNDP through inter-agency cooperation and dialogue on important aspects of the diversification programme. It is maintained that the components of the UNDP inputs in this area are mutually reinforcing and interrelated.

#### Development of transport and communications

##### National development objectives

47. For the past 20 years, a major priority for the Government has been the establishment of an appropriate transportation and communications infrastructure. More recently emphasis has shifted towards its more efficient operation and maintenance, completion of outstanding infrastructural projects and consolidation of the rational system.

48. In the area of land transport, the Government will continue the road construction programme with major emphasis on development of secondary and rural roads, strengthening the traffic monitoring programme, carrying out economic studies and improving operational efficiency of transport sector institutions. The objectives for the civil aviation sector are to complete ongoing projects, to ensure operational self-sufficiency of the national carrier, SAUDIA, and to develop the structures and services of the Presidency of Civil Aviation. In maritime transport, an intensified Saudization programme through training is envisaged for the national shipping company, and in all areas of port and shipping management.

##### Proposed UNDP cooperation

49. UNDP will provide assistance to the Ministry of Communication and to the Ministry of Defence and Aviation (Presidency of Civil Aviation), with assistance in each area reviewed to reflect future priorities; its expected impact will be fully reflected in the area of human resources development through the training of Saudi nationals. The design of UNDP support activities has taken account of reviews in the respective areas, including

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those areas where UNDP assistance would have a comparative advantage. Consequently ongoing projects have been revised, or new projects formulated in each sub-area, in order to reflect priority needs, and to mobilize the necessary cost-sharing and government cash counterpart resources.

50. It is proposed that UNDP cooperation will be provided in:

- (a) strengthening of the road network development and maintenance system;
- (b) strengthening of civil aviation infrastructure and management;
- (c) training of management staff responsible for shipping and ports;
- (d) strengthening of telecommunications services; and (e) strengthening the infrastructure development of radio and television broadcasting services.

Emphasis will also be placed on operation and maintenance systems and on the training of national personnel progressively to take over functions currently carried out by expatriates, according to long-term capacity-building programmes in each sub-sector. Furthermore, given the size of the proposed UNDP assistance to this area of concentration, special additional measures will be introduced to upgrade the monitoring and evaluation of performance of the respective subprogrammes. This will include regular review mechanisms using external consultants, if required, and periodic independent evaluations in the course of the programme cycle.

#### Human resources and social development

##### National development objectives

51. Under the fifth Development Plan resources continue to be devoted to formal and informal training and to the provision of social services. Of fundamental importance in this area is the upgrading of technical education and training in view of the increasing sophistication of the economy. Enhancement of the technical skills of women also has high priority with a view to increasing their contribution to economic advancement.

52. The objective of the fifth Development Plan in the area of human resources development is to ensure that the systems and facilities established for general education, and higher, technical and vocational education can effectively provide the quantity and quality of personnel necessary for the Kingdom's future development. This requirement is all the more critical in view of the excessive dependence of the Kingdom on expatriates.

53. With respect to social development, the objectives are to promote the well-being of Saudi society, through the provision of social services such as health care, social and youth services, cultural and information services, as well as judicial services. These objectives also relate to the general theme of human development. Unlike many other developing countries, Saudi Arabia does not have a recognized poverty group. Indeed, under the current social services regime great care is taken to ensure that those in need are fully taken care of.

#### Proposed UNDP cooperation

54. In order to ensure that the process of human resources development is carried out in a systematic way, UNDP will continue to provide assistance to this area so as to make a significant impact on the number of qualified Saudis able to be employed in jobs commensurate with their skills. Support will also be aimed at assessing future supply and demand in terms of employment, skills availability, and educational and technical training capacity. It will be carried out under the auspices of the Ministry of Planning and the Manpower Development Council/Civil Service Bureau, and through sectoral planning units. This analysis and proposed subsequent assistance will include improved training opportunities for women and girls, so that they can contribute more fully to the attainment of national goals. In addition, activities in this area of concentration could relate to developing policies and programmes relating to human development in general, including for instance, the field of monitoring, evaluation and social statistics.

55. With respect to cooperation in human resources development, and particularly regarding follow-up to the Education for All Conference, held in Jomtien, Thailand (March 1990), eventual collaboration between the co-sponsors of this conference (UNDP, UNICEF, World Bank and the United Nations Educational, Scientific and Cultural Organization (UNESCO)), has been explored in the areas of planning, curriculum development and teacher training.

#### Environment and natural resources management

##### National development objectives

56. The fifth Development Plan highlights the need to preserve the environment and its natural characteristics; protect and develop indigenous wildlife; ensure a sustainable balance between population distribution and environmental capabilities; provide sufficient energy at reasonable cost and minimum environmental risk; achieve industrial expansion with new technology that adheres to environmental protection standards; attain the highest feasible degree of food security without resource depletion or environmental degradation; and restore the resources base (water and land) where environmental damage has been occurring. Added emphasis has been given to environmental concerns in the aftermath of the Gulf crisis.

#### Proposed UNDP cooperation

57. To date, UNDP cooperation on environmental issues has been confined to meteorological forecasting and environmental planning for the Meteorological and Environmental Protection Administration and formulation of environmental policies at the national level. Although the scope of UNDP involvement in environmental issues is relatively modest, it is likely to increase in view of the potentially disastrous consequences of further pollution of the Gulf, as occurred in the recent war.

58. UNDP is assisting the Government in determining its position and presentation to the forthcoming United Nations Conference on Environment and Development in Brazil in June 1992. In line with this initiative it is intended to prepare an environmental action programme to be implemented by all relevant ministries with the assistance of the Meteorological and Environmental Protection Administration. Among the proposed initiatives to be included in an umbrella project under the fifth country programme is assistance to coastal zone management and to a broader-based environmental impact assessment programme.

59. Under a regional project, the consolidated rehabilitation programme for the environment for the Regional Organization for the Protection of the Marine Environment, \$1.2 billion is earmarked for environmental rehabilitation in the Gulf region. Under this project, participating countries - the six Gulf States and Iran - are committed to mitigating the adverse effects on the environment resulting from the recent Gulf war. This involves cleaning of the Gulf and its shores and coordination of regional and national efforts to strengthen environmental protection capabilities, concentrate efforts on developing a greater public awareness of environmental issues, promote sharing of collective knowledge and experiences and fostering collaboration with other international environment-related agencies and NGOs.

#### C. Assistance outside the main country programme areas

60. In order to respond to high-priority technical assistance needs that fall outside the scope of the areas of concentration of the fifth country programme, an unprogrammed reserve of approximately 3 per cent of total UNDP resources is being established.

#### D. Implementation and management arrangements

61. To the extent possible, the fifth country programme has been constructed as part of a programme approach. It is recognized, however, that some elements of the approach are not yet fully developed. Thus the formulation of a fully integrated and comprehensive approach, which uses national programmes as a basis for UNDP country programming, will be progressively developed over the course of the fifth cycle in conjunction with the Government.

62. The mechanisms proposed for more effective management and implementation of the UNDP programme include the adoption of comprehensive assessments of technical cooperation needs in each area of concentration. To enhance coordination of the programme, well coordinated teams to support each specific objective will be required. In this respect the Resident Coordinator will continue to convene and chair periodic meetings of United Nations system representatives on substantive matters. Consideration will be given to the orderly build-up of the programme over the five-year programme cycle with a view to ensuring a smooth sequencing or start-up of projects. The precise

modalities of this will be given consideration by the UNDP programme management teams in the UNDP office in Riyadh.

63. Government is satisfied with the involvement of United Nations agencies in the execution of projects with the proviso that the National Project Director's functions are undertaken by Saudis. While all projects will be executed by United Nations agencies, most projects will be headed by national Project Directors. Special attention will be paid to ensuring that the counterparts of international experts assigned to projects are Saudi nationals.

64. Monitoring and management of the country programme will be in accordance with UNDP's standing procedures.



Annex I

FINANCIAL SUMMARY

I. ESTIMATED RESOURCES (IPF + cost-sharing) TAKEN INTO ACCOUNT FOR PROGRAMMING

	(Thousands of dollars)
Carry-over from fourth cycle IPF	1 487
Fifth cycle IPF	-
Subtotal IPF	1 487
Project cost-sharing (Government)	59 269
Project cash counterpart contribution (GCCC)	26 231
Programme cost-sharing (Third-party)	-
Programme cost-sharing	1 185
Subtotal cost-sharing	86 685
Total	<u>88 172</u>

II. ALLOCATION OF RESOURCES (IPF + cost-sharing + GCCC) BY AREA OF CONCENTRATION

	(Thousands of dollars)				Percentage of total resources
<u>Area of concentration</u>	<u>IPF</u>	<u>Cost-sharing</u>	<u>GCCC</u>	<u>Total</u>	
Eco. Planning and Mgmt. Strengthening of productive sector		3 616	3 201	11 817	13.4
Development of transport and communications	200	2 403	968	3 571	4.1
Human resources and social development	47	45 301	16 083	61 431	69.7
Environment and natural resources management	36	5 860	5 979	6 875	7.8
	<u>151</u>	<u>2 089</u>	<u>-</u>	<u>2 240</u>	<u>2.5</u>
Subtotal	434	59 269	26 231	85 934	97.5
Unprogrammed reserve	<u>1 053</u>	<u>1 185</u>	<u>-</u>	<u>2 238</u>	<u>2.5</u>
Total	<u>1 487</u>	<u>60 454</u>	<u>26 231</u>	<u>88 172</u>	<u>100.0</u>

## III. COMPLEMENTARY ASSISTANCE FROM OTHER SOURCES

(Thousands of dollars)

A. UNDP-administered funds

SPR <u>a/</u>	-
UNCDF	-
UNSO	-
UNIFEM	-
UNRPNRE	-
UNFSTD	-

Subtotal

B. Other United Nations sources

JCGP participating agencies	
UNFPA	-
UNICEF	-
WFP	-
IFAD	-
Other United Nations agencies (non-UNDP financed)	-
Global Environment Facility	-

Subtotal

Total non-core and other  
United Nations resources

C. Non-United Nations resources

Funds in Trust	<u>27 000</u>
Total	<u>27 000</u>

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a/ Include only SPR-financed, country-specific commitments.

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Annex II

## PROGRAMME MATRIX

Area of concentration	Area of focus a/					
	Poverty elimination and grass-roots participation	Environment and natural resources management	Management development	TCDC	Transfer and adaptation of technology	WID
I. ECONOMIC PLANNING AND MANAGEMENT						
Macroeconomic						
Planning and management		*	*	*		
Fiscal policy and planning			*		*	
Financial management			*	*		
Urban development		*	*		*	
Reg. planning/dev.		*	*		*	
II. STRENGTHENING OF THE PRODUCTIVE SECTOR						
Industrial support services		*	*			*
Small- and medium-scale industries		*	*			*
Quality control				*		*
Investment promotion service		*	*			
Ind. eng. design and consultancy capabilities				*		*
Trade and export				*		*
III. DEV. OF TRANSPORT AND COMMUNICATIONS						
Policy and planning		*	*		*	
Road transport		*			*	
Air transport		*			*	
Maritime transport		*			*	
Telecommunications					*	*
Television and radio			*			
IV. HUMAN RESOURCES AND SOCIAL DEVELOPMENT						
Integrated rural dev.	*	*	*			*
Social and community development	*	*	*			*
Non-formal education and managerial training		*	*			*
Institutional strengthening		*		*		

Area of concentration	Area of focus a/					WID
	Poverty elimination and grass-roots participation	Environment and natural resources management	Management development	TCDC	Transfer and adaptation of technology	
V. ENVIRONMENTAL AND NATURAL RESOURCES MANAGEMENT						
Environmental preservation and rehabilitation		*	*		*	
Policy and planning		*	*		*	
Wildlife		*				

a/ Asterisks indicate major linkages only.

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