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## I. Situation analysis

1. On 9 August 2010, the ninth National Development Plan (2010-14) was approved by Saudi Arabia. Developed with the support of the United Nations Development Programme (UNDP), the National Development Plan has the overall theme of sustainable development. The Government has allocated a record amount of \$385 billion, a 67 per cent increase in spending compared to the eighth Plan, to help achieve six broad objectives: (a) improving standards of living; (b) regional development; (c) diversifying the economy; (d) knowledge-based economy; (e) economic competitiveness; and (f) human resources and participation of youth and women. As highlighted in the United Nations country analysis and the United Nations common country strategic framework (UNCCSF), Saudi Arabia has made great progress over the past years in various development goals, including its rise in the Human Development Index (HDI) to 0.752 in 2010, placing it within the High Human Development category. As noted in the 2010 Human Development Report, Saudi Arabia stands as the fifth top mover among all countries in achieving HDI improvements since 1970, and the third when non-income HDI is considered. Saudi Arabia is on track to achieve the Millennium Development Goals by 2015. As noted in the 2009 National Millennium Development Goals Report, 10 out of the 11 targets set have already been reached or will be reached before 2015. With regard to extreme poverty, only 1.63 per cent of families are reported to live on less than \$2/day (2005), largely in remote rural communities. Meanwhile, Saudi Arabia is emerging as a leading global partner in development, as the sole Arab G20 member and largest economy in the Arab region. As noted in the 2009 National Millennium Development Goals Report, Saudi Arabia is a top official development assistance provider with \$95 billion to over 95 developing countries (1973-2008), third among developing countries after China and India. Crisis relief in the least developed countries has also been a priority with the cancellation of \$6 billion of debt of the least developed countries.

2. However, as noted by the UNDP Millennium Development Goals Breakthrough Strategy for the Arab region, in countries like Saudi Arabia, where significant breakthroughs to achievement of the Millennium Development Goals have already been made, a key focus is on the need for sustainability of development results. The ninth National Development Plan addresses remaining gaps so as to reinforce this commendable progress and ensure that it is sustainable. As noted in the ninth Plan, Saudi Arabia relies on the oil sector for 80 per cent of public revenues, 45 per cent of gross domestic product (GDP) and 90 per cent of export earnings, while also facing demographic challenges, with a high unemployment rate of 14.4 per cent (2005). To create a sustainable future, Saudi Arabia seeks to diversify the economy beyond oil exports and create future employment for a growing youth population. This includes a particular focus on developing a knowledge economy as well as geographic diversification of growth to less developed regions. Coupled with this is the need to increase the share of private sector-generated GDP progressively in coming years and the need for greater effectiveness of local administration for public service delivery and monitoring of development results. Saudi Arabia also invests heavily in a new generation of world class universities to support future employment needs. Meanwhile, increased industrialization and urban growth are leading to rising levels of natural resource use, including water and energy. Environmental solutions to resource scarcity are a priority to conserve resources for future generations. Of top priority are issues of energy conservation and renewable energy, as well as water scarcity and demands for an already scarce groundwater rise, and the impacts of pollution, waste and climate are increasing at the local level.

3. Social empowerment is a top priority in the ninth National Development Plan. Youth make up more than 50 per cent of the population, with 21 per cent of the population between 15 and 24 years of age and 30 per cent unemployment (2005/2006), with the need

for rapidly improving education and employment systems and labour policies. Saudi Arabia continues to face challenges in implementing its “Saudization” policy of shifting employment opportunities from foreign migrants, who may now make up as much as 60 per cent of the total workforce, to the large and growing needs of youth. Females lack access to policymaking, employment and education opportunities. While making up the majority of university graduates, 61 per cent of female graduates are in the humanities and literature with 85 per cent of female labour in the women’s education sector, 6.1 per cent in women’s health and social sectors and 4.4 per cent in public administration. Female employment remains low despite a rise from 5 per cent in 1990 to 19 per cent in 2010. The illiteracy rate is also higher for women (28.9 per cent) than for men (11.1 per cent). Specific concerns relate to the poor, including remote rural communities, the disabled and elderly, and migrant workers, who face challenges in accessing social protection. Broader issues include citizen access to participation, information and remedy in decision-making. The main United Nations Conventions that have not been signed include the Convention on Migrants Workers Rights, the International Covenants on Civil and Political Rights and Economic, Social and Cultural Rights, the Conventions on Freedom of Association and the Convention on Abolition of Child Labour.

## **II. Past cooperation and lessons learned**

4. In the process of preparing the country programme document, a series of reviews were undertaken of the previous country programme (2007-2011). It included a United Nations country analysis linked to the new UNCCSF (2011-2015), which followed a consultative process of identifying development challenges and areas of comparative advantage for United Nations support, including areas for UNDP in the lead role. A History Report on UNDP-Saudi Arabia Cooperation (1970-2010) was also produced by UNDP as a means of reviewing past cooperation and charting future cooperation. Key lessons included existence of long-term partnerships that sharpened national priorities, strong alignment with national priorities focused on UNDP comparative advantages, and recognition of the UNDP added value in accessing global expertise and best practices. A global UNDP evaluation on the role of UNDP in capacity development for national policy and planning in Saudi Arabia was also undertaken, which found that UNDP played a crucial role in supporting the refocusing of development policies towards socio-economic reforms and a shift from the GDP-oriented model to a more upstream, results-based and human development orientation. The evaluation found that cooperation has resulted in a paradigm shift to embrace the human development concept and policies geared at improvements in global rankings, including the HDI. Specific strategic outputs included upstream studies on the triple crisis of financial recession, food security and fuel/oil prices with cooperation resulting in modification of various macroeconomic models, oil revenue projections, and other factors, towards effective policy setting under the ninth National Development Plan. Nevertheless, it found that greater depth was needed in addressing certain aspects of Human Development policy in Saudi Arabia, with emphasis on pro-poor policies and women’s empowerment. Other key lessons were that the wealth of the UNDP global development experience had not been fully mobilized to the benefit of local partnerships, and that a need exists to develop new partnership strategies.

5. A country programme outcome evaluation on development policy was undertaken with a key lesson learned being the UNDP role in shifting focus of policy towards sustainability of development results as expressed in the ninth National Development Plan. The evaluation recommended a focus for the next country programme on social, environment and economic pillars of sustainable development. Other key lessons were the increased emphasis on results-based management and the need to engage global networks to connect partners to global best practices. A country programme outcome evaluation on environment and energy was also undertaken with various strategic outputs noted, such as

regulations and institutions for energy conservation, government capacities for analysis of climate risks, groundwater policies and action plans for biodiversity conservation. Key lessons were that a more cohesive vision for cooperation in the area of environment and energy was needed, that the wealth of UNDP global development experience had not been fully mobilized to the benefit of local partnerships, and that a need exists to develop new partnership strategies given the growing prioritization of the topic under the ninth National Development Plan.

### **III. Proposed programme**

6. The proposed programme is aligned to the main priorities of the ninth National Development Plan, the global UNDP strategic plan (2008-2013) and the recommendations of the above-noted evaluations. In line with the overarching theme of the National Development Plan on sustaining development results, the country programme has three outcomes: (a) social empowerment and institutional strengthening with emphasis on youth; (b) enhanced policies and strategies for sustainable use of natural resources and the environment; and (c) sustainable development mainstreamed across the economy. The country programme also has cross-cutting priorities: capacity development at the systemic, institutional and individual levels, global partnerships for sharing knowledge and technical expertise, and gender mainstreaming. In all areas, UNDP partners with specialized agencies and centres of excellence. This includes the Food and Agriculture Organization of the United Nations, the International Labour Organization, the Office of the High Commissioner for Human Rights, the United Nations Conference on Trade and Development, the Department of Economic and Social Affairs of the United Nations Secretariat, the United Nations Environment Programme, the Economic and Social Commission for West Asia, the United Nations Children's Fund, UN Women, the World Tourism Organization (UNWTO) and the World Trade Organization (WTO).

#### **A. Social empowerment and institutional strengthening with emphasis on youth**

7. Youth development: The ability to address education and employment needs for its youth, male and female, will in many ways define the sustainability of development results in Saudi Arabia. Cooperation focuses on capacities to implement the National Youth Strategy, with capacities for effective labour policies and systems, and education systems at primary, secondary and tertiary levels and a new generation of universities specialized in domains aligned with global trends. Support also focuses on capacities to generate future employment through cooperation with the public and private sectors. This includes use of global partnerships to share best practices and youth exchanges through South-South dialogues.

8. Women's empowerment: A special need exists for continued expansion of access of girls and women to effective education opportunities as a base for expanding the role of women in economic life in the public and private sectors. Support will be explored for capacity development for enhanced female education systems and an expanding role of women in employment. Support will also be explored in areas of social protection such as measures to combat abuse against women, and related issues, as well as possible support to women's role in future municipal elections.

9. Empowerment of the poor and persons of special need: There are many vulnerable groups in Saudi Arabia who face issues of exclusion and difficulties in accessing health, education and other social services and various protections; these include the income poor, disabled citizens, non-citizen residents and the elderly. Support will be explored for developing systemic and institutional capacities to address issues of human security for empowerment of vulnerable communities in Saudi Arabia and to support poverty reduction activities in least developed countries through global partnerships.

10. Capacity development of civil society organizations (CSOs) and public institutions: In order to address various social empowerment goals in Saudi Arabia, a key challenge has been to develop the capacity of CSOs and public institutions in the field of social development. Support will be explored to develop institutional capacities of CSOs and public institutions in specific areas of concern, such as youth, women empowerment and poverty reduction, and new public-private partnerships for sustainability. Assistance for participation in decision-making will continue, including future municipal elections.

#### **B. Enhanced policies and strategies for sustainable use of natural resources and the environment**

11. Energy conservation and renewable energy: A priority in the ninth National Development Plan is development of new capacities for energy conservation and renewable energy systems in public and private sectors. Partnerships will be forged with the Government and industry for design of new policies and regulations that catalyse new clean technologies, and with university and industry centres of excellence for research and development on renewable energy and energy conservation. Support will also go to build capacities to engage in new global partnerships and mechanisms, such as the Clean Development Mechanism, as a means of attracting investments into new clean technologies.

12. Resource management, biodiversity, natural heritage, and eco-tourism: Cooperation will include programming in the areas of water resources, biodiversity conservation and natural heritage protection, eco-tourism and waste management, all rising challenges in Saudi Arabia, with particular emphasis on innovative technologies and approaches for resource conservation and environmental assessment methodologies. Support will include analysis of climate vulnerability particularly as related to issues of storm and flood prevalence, impacts on water and biodiversity resources, and elaboration of strategies for adaptation. Global partnerships will bring best practices and gender dimensions of resource use will be addressed.

#### **C. Sustainable development mainstreamed across the economy**

13. Capacities for development planning and public administration: Building on the successful design of the ninth UNDP and related national and local policies, cooperation will focus on enhancing institutional capacities for results-based management and monitoring of National Development Plan results through evidence-based indicator systems at the national and local levels, including support to National Millennium Development Goals Reports, NHDRs and National and Local Urban Observatory systems. Moreover, specific strategies will be launched, including a National Spatial Strategy for regional balance and specialization, a National Rural Development Strategy for connecting communities to services. Capacities will be developed for global partnerships and mechanisms, such as Millennium Development Goals review processes and sharing development successes of Saudi Arabia with other countries through United Nations and related conferences and forums.

14. Development of a knowledge economy: A priority in the ninth National Development Plan is developing capacities for achieving economic diversification beyond oil exports, with major emphasis on growth of the knowledge economy. New capacities will be developed for expansion of areas of new emphasis such as tourism and information technology as well as policies and institutional capacities for shifting to a knowledge economy, including the role of New Economic Cities. Related to this will be WTO post-accession policies and improving the competitiveness of Saudi Arabia, and alignment with global standards and safety in areas like transport and food and drug manufacturing.

Support will also go to build capacities to engage in global partnerships related to the above issues of trade and investment.

#### **IV. Programme management, monitoring and evaluation**

15. As a net contributing country, Saudi Arabia provides government cost-sharing resources for all programming. This will be coupled with UNDP Trust Funds and donor and private sector contributions in consultation with the Government. All programme development is undertaken in concert with coordinating agency and implementing partners. Activities will be implemented through the national implementation modality, including a 5 per cent to 7 per cent management fee and provision of implementation support services. All programmes follow country programme mechanisms such as programme Board and outcome evaluations, and others, in accordance with UNDP Programme and Operations Policies and Procedures. All transactions will be compliant with standard UNDP rules and regulations, including direct payments. UNDP undertakes evaluations per Evaluation Plan, alongside national implementation modality audits. With regard to availability of data, cooperation will enhance statistical capacities for effective monitoring and evaluation.

## Annex. Results and resources framework for Saudi Arabia (2012-2016)

<p><b>National priority or goal:</b> National Development Plan Objective 6: Improved living standards and quality of life; National Development Plan Objective 5 Human development with focus on youth and women; National Development Plan Objective 11: Support civil society institutions for development goals. <b>United Nations County Cooperation Strategic Framework (UNCCSF) Outcome #4: Quality social services; #3: Governance. Country programme Outcome #1:</b> Effective strategies and institutions for social empowerment of youth, women and the poor. <b>Outcome indicator:</b> Percentage of youth and female enrolment in higher education, percentage of youth and female unemployment, percentage of poor sustainable access to social services. <b>Related UNDP Global Strategic Plan focus areas:</b> Poverty reduction and achievement of Millennium Development Goals: Gender equality and empowerment of women.</p>					
National partners contributions	UNDP contributions	Other partner contributions	Indicator(s), baselines and target(s) for UNDP contributions	Indicative country programme outputs	Indicative resources by outcome (thousands of United States dollars)
<p>Ministry Economy and Planning coordinates ministries for design of National Youth Strategy. Ministry Foreign Affairs coordinates other countries on South-South exchange. Prince Sultan Fund identifies women entrepreneur CSOs. Ministry of Social Affairs identifies areas of need for CSO development for poverty reduction.</p>	<p>UNDP policy advice on National Youth Strategy design. UNDP helps design programmes for National Youth Strategy implementation on employment and education. UNDP facilitates South-South experiences. UNDP develops capacities of women entrepreneurs and policies for scaling-up results. UNDP develops CSO capacity to empower youth, women and the poor</p>	<p>Universities mobilize youth for National Youth Strategy consultations. National Dialogue Centre selects youth for South-South exchanges. Local CSOs conduct women's empowerment activities. ILO, UN Women, UNESCO, OHCHR for technical expertise. Global partnerships to share expertise and technical resources among countries</p>	<p><b>Indicator:</b> National Youth Strategy incorporates best practices and emerging global/regional policy trends and follows participatory process  <b>Baseline:</b> High levels of youth unemployment. No National Youth Strategy  <b>Target:</b> National Youth Strategy is established as a model for reducing youth unemployment and other priorities, with effective initiatives commenced for implementation</p> <p><b>Indicator:</b> Enhanced capacity of CSOs to provide women empowerment opportunities, new policies to support women empowerment  <b>Baseline:</b> Modest role for CSOs in developing women's role in economic and public life  <b>Target:</b> Increased number of women able to participate in mainstream economy and new policies to support broader results</p>	<p>National Youth Strategy and institutional capacities and policies to increase youth employment. South-South youth exchanges</p> <p>CSO capacities enhanced. Women empowerment policies enhanced.</p>	<p><b>Regular:</b> Nil  <b>Other:</b> 15,000</p>
<p><b>National priority or goal:</b> National Development Plan Objective 10: Sustainable use of natural resources and the Environment. <b>United Nations County Cooperation Strategic Framework (UNCCSF) Outcome #4:</b> Sustainable Use of Natural Resource and the Environment. <b>Country programme Outcome #2:</b> Enhanced policies and strategies for sustainable use of natural resources and the environment. <b>Outcome indicator:</b> Percentage of area under conservation; per capita waste generation; per capita water availability; energy intensity of growth per unit GDP. <b>Related UNDP Global Strategic Plan focus areas:</b> Environment and sustainable development</p>					

<p>Government energy conservation and renewable energy policies. Ministry of Petroleum clean development mechanism (CDM) policies. Ministry of Economy and Planning renewable energy strategy. Presidency of National Commission on Climate report. Ministry of Water issues Water Strategy. National Wildlife Commission issues Biodiversity Plan.</p>	<p>UNDP policy advice on design of energy conservation and renewable policies UNDP capacity development for energy conservation and renewable energy institutions, including CDM. UNDP support implementation of report of the National Commission on Climate, biodiversity action plan. UNDP policy advice groundwater policies and capacity.</p>	<p>University centers of excellence and KACST on energy conservation and renewable energy to provide expertise and consultative support. Private sector participation in dialogues; proactive role in implementation. Department of Economic and Social Affairs (United Nations Secretariat), UNEP, FAO, World Bank expertise support. Global partnerships to share expertise and resources among countries</p>	<p><b>Indicator:</b> Energy conservation and renewable energy policies and institutions incorporate global best practices and links to CDM  <b>Baseline:</b> Few energy conservation and renewable energy policies exist at national or local level and modest use of market mechanisms  <b>Target:</b> Stronger policy incentives for shifting to less energy-intensive growth at national and local levels and first set of CDM projects are launched</p> <p><b>Indicator:</b> Water conservation and biodiversity policies and institutions incorporate global best practices  <b>Baseline:</b> National Water Strategy and National Biodiversity Action Plan yet to be launched  <b>Target:</b> Launch of national policies and enhanced conservation measures in place</p>	<p>Energy Conservation Centre. Energy Conservation Law. Renewable Energy Strategy. National Groundwater Policy. Environment master plans for urban areas. Initiatives to address climate change risks.</p>	<p><b>Regular:</b> Nil  <b>Other:</b> 15,000</p>
<p><b>National priority or goal:</b> National Development Plan <b>Objective 3:</b> Sustainable economic development; <b>Objective 4:</b> Balanced regional development; <b>Objective 7:</b> Economic diversification; <b>Objective 8:</b> Knowledge economy. <b>United Nations County Cooperation Strategic Framework (UNCCSF) Outcome #1: Inclusive growth and employment, #3: Governance. Country programme Outcome #3:</b> Sustainable development mainstreamed across the economy. <b>Outcome indicator:</b> Increase in HDI; percentage share GDP from non-oil sectors; percentage share GDP from knowledge sectors; percentage share GDP from private sector-led growth. <b>Related UNDP Global Strategic Plan focus areas:</b> Poverty reduction and achievement of Millennium Development Goals. Democratic governance</p>					
<p>Ministry of Planning progress reports on ninth National Development Plan, consultations for National Millennium Development Goals Report, NHDR.</p>	<p>UNDP advice for NHDR, NMDGR. UNDP capacity support for statistical systems and ninth National Development Plan monitoring and</p>	<p>Chambers of Commerce and Industry support diversification policies. Department of Economic and Social Affairs, Economic and Social Commission for Western Asia, WTO,</p>	<p><b>Indicator:</b> Human development approach integrated in development policies  <b>Baseline:</b> Trend towards making human development centre of national development paradigm  <b>Target:</b> Clear human development-oriented approach to development policy by 2015 with view to sustainability of development results</p>	<p>Ninth National Development Plan annual reports National Human Development Report National Millennium</p>	<p><b>Regular:</b> Nil</p>



<p>Ministry Municipality coordination for Spatial Strategy, urban observatory network, Rural Development Strategy. Tourism Agency sets policies for tourism development. Ministry Commerce policies for diversification through trade. Saudi Agency for Investment plans for economic cities. Government sets information technology sector plans/policies</p>	<p>evaluation. UNDP policy advice for tenth National Development Plan and related policies. UNDP advice for design of Spatial Strategy, Rural Development Strategy, capacity development for cultural heritage, eco-tourism UNDP advice for trade and investment</p>	<p>UNWTO for global expertise. King AbdulAziz City for Science and Technology supports development of information technology sector innovations such as open source software capacities. Global partnerships will be engaged to share experiences among countries</p>	<p><b>Indicator:</b> Global best practices integrated into new Spatial Strategy, Rural Development Strategy, Urban Observatory policies  <b>Baseline:</b> Modest ability of previous strategies to achieve results in geographic balance of development  <b>Target:</b> Strategies serve as effective frameworks for balanced development  <b>Indicator:</b> Sustainability integrated in trade, investment, tourism policies  <b>Bbaseline:</b> Modest trend towards economic diversification beyond oil  <b>Target:</b> New strategies and capacities accelerate diversification beyond oil export economy</p>	<p>Development Goals Report  Tenth National Development Plan    Spatial Strategy  Rural Strategy  Urban Observatory Network    Policies, institution capacities for eco-tourism, cultural heritage    World Trade Service Centre  New corporate social responsibility and investment policies.</p>	<p><b>Other:</b> 20,000</p>
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