GOVERNMENT OF THE
KINGDOM OF SAUDI ARABIA

THE SUPREME COMISSION FOR TOURISM

UNITED NATIONS DEVELOPMENT PROGRAMME

Umbrella Programme
Advisory Services to the Supreme
Commission for Tourism

(SAU10-40801)

Brief Description

This Umbrella Programme is conceived with the overriding objective of designing a long-term framework for the technical cooperation between the Supreme Commission for Tourism of Saudi Arabia and the UN System in the context of the strategic national quest for economic diversification, including the increased contribution of promising services sectors such as tourism. The other interrelated objectives of the Programme include assistance in institutional capacity building at SCT as well as providing advisory services in meeting the SCT’s mandate as the central body responsible for activating the tourist industry and strengthening its role as a major contributor to the national economy with a positive social, cultural and environmental impact. The advisory part of the Programme will immediately start responding to the urgent requests of SCT in terms of thematic studies and capacity building activities.
Part I. Situation Analysis

Since the early 1990s, the Kingdom of Saudi Arabia has recognized the urgent need to adopt an economic development paradigm that challenges the conventional economic models of the previous 1970s and 1980s. In the past, the assumption was that the economy was simply resource-based, and rentier in nature, with economic growth or contraction dependent on the price and output of oil¹.

This paradigm shift has been manifested in the Seventh Development Plan (2000-2004) with the long-term strategic objective of diversifying the economic base. Yet, the shift gained more prominence in the Eighth Development Plan (2005-2009) which has further emphasized the trend of diversification by putting premium on the contribution of non-oil sectors, particularly producing sectors, such as non-oil mining and manufacturing (including petrochemicals) sectors as well as promising services sectors such as tourism and financial services².

During the same period (1990s), the Kingdom has been vigilant to the challenges imposed by a globalizing economy that gives currency to the services sector and illuminates its potentials for the GDP of the developed and developing nations alike. In this context, the Saudi Arabian long-term development strategy (manifested in the Vision 2025) stresses the importance of structural transformation of the economy with the salient need to further economic diversification, development of the non-oil sector and economic reforms to promote openness and liberalization.

In this long-term vision, tourism has been seen as an untapped potential that could help in diversifying the economic base, generate jobs for an increasing population and build a strong private-public partnership to achieve mutual national interest. Indeed, the steady population growth poses a daunting domestic challenge that calls for the expansion of public services and infrastructure, on the one hand, and an increase in the pace of Saudization, on the other, to enable citizens to contribute further to the Kingdom’s development and progress.

In fact, tourism is the largest ever sector on the international level. It is also projected to achieve a steady growth rate until 2020 and afterwards. Presently, the world tourist industry is estimated at US$600 billion, and is expected to rise to US$2 trillion by 2020. At a regional level, in the Middle East area, tourism registered a record growth of 10.2 percent in 2000. This growth has largely been ascribed to the sudden increase in the religious tourists coincided with the advent of the new millennium³.

More importantly, tourist activities are increasingly creating job opportunities for the poor. This has found extensive discussion in the recent literature and the empirical evidence advocated by the WTO that tourism creates important opportunities to diversify the local economy. In reality, tourism can often be developed in poor and marginal areas with few other export and diversification options. Tourists are often attracted to remote areas because of their high cultural, wildlife and landscape values. One of the assets of the poor is their cultural and wildlife heritage; and tourism presents opportunities to capitalize on those assets⁴.

Another aspect of economic significance is that tourism offers better labour-intensive and small-scale opportunities than all sectors except agriculture.

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² The Central Themes and Areas of Focus in the 8th Development Plan. The plan itself is expected to get endorsed and publicized early next year (2005).
⁴ Ibid.
Against this background, the establishment of the Supreme Commission for Tourism in 2000 represented a vital step to formulate and implement a viable development plan for the tourist sector. The national economic strategy, therefore, can hardly neglect the potentials of tourism as the biggest activity worldwide in terms of revenues.

Part II. Strategy

The strategy of this Programme is expected to contribute to the major goal of creating an enabling environment for the sustainable human development as stated in the current cycle of the Common Country Framework (CCF) that sets the framework for the technical cooperation between the Government of Saudi Arabia and the United Nations Development Programme. The Programme will advance the approach to enabling the Kingdom meet the foremost goal of poverty reduction among the Millennium Development Goals that were adopted by the world leaders in the Millennium Summit of the UN in September 2000.

UNDP assistance in this phase will be geared towards providing short-term technical assistance with the objective of meeting a number of immediate and interrelated as follows:

1. Review, evaluate, comment, and bring to the international standards a list of policy discussion papers which include:
   a) Trade Associations By-Laws (for accommodation, travel services, and visitor’s attractions). This task is envisage to involve a national and international (short-term) consultants in addition to the engagement of a law firm to draft and finalize a Tourism Trade Association Law, Tourism Trade Association Regulations and a uniform model of Tourism Trade Association By-Laws;
   b) Tour Operations Licensing Policy and Process;
   c) Land Policy Discussion paper;
   d) The operational standards and competencies, accreditation, course requirements, outlines, contents for the Accommodation Sector Occupations;
   e) The institutional framework for tourism sector; and
   f) Global best practice on tourism destinations planning and development process.

2. Preparing tourism master plan for selected Tourism Development Areas (TDAs) and Tourism Sites (TSs)

3. Respond to instant requests for case studies and best practices in a process to strengthen the partnership between SCT and the UN System, a process that will culminate in the formulation of a long-term technical cooperation programme.

In parallel with this, the Programme embraces a set of long-term objectives of relevance to the SCT that will be articulated in the concept paper to be developed as part of this Programme. These include putting into place appropriate mechanisms to enable SCT align the sectoral policies with the pro-poor growth imperatives. This is meant to ensure that tourism policies on the national level will favor creation of job opportunities for the poor population particularly in the rural and remote areas. The second aspect of the long-term dimension is to strengthen SCT’s institutional efforts in formulating and implementing the sectoral governance regulating the tourism industry in the Kingdom. Whereas the
third aspect will involve capacity building of SCT in a sustainable manner that meets the aspirations of
the sector and justifies the efforts and resources designated to develop the tourism industry.

Part III. Management Arrangements

Execution Arrangements: The Programme will be nationally-executed by the Supreme Commission for
Tourism. Thus, the implementation of the planned activities, together with the precedent and
subsequent financial controls, will be governed by the National Execution Modality of the UNDP. The
Executing Agency (i.e. SCT) will designate a National Programme Director to be the Programme’s
coordination focal point with UNDP. All projects’ personnel will be under the guidance and supervision
of the National Programme Director.

The amount estimated in the budget (US$1,085,605) will be deposited with UNDP. Thereafter,
payments for items identified in the matrix (budget) of each of the component projects will be made by
UNDP after receiving disbursement instructions from the National Programme Director. A financial
report will be submitted to the SCT at the end of the project for the purpose of review and endorsement.
In the event that both parties decided to close this Programme and certain funds remained unutilized,
UNDP will return the unutilized balance, after clearing all contractual commitments, to the SCT or
transfer to a successor phase of this Programme depending on the preference of the SCT.

The budgets are subject to review as needs arise and there is enough flexibility to transfer among
project budget activities.

Section II Results and Resources Framework

The Programme has the following three immediate objectives:

- Streamline the legal framework by reviewing and finalizing Tourism Trade Associations Law and
  relevant instruments
- Promote and develop Tourism Development Areas and tourism Sites in both the institutional
  and operational terms
- Provide advisory services and conduct substantive studies for SCT
<table>
<thead>
<tr>
<th>Sub-Goal</th>
<th>1.4</th>
<th>1.4.695 Internationally Consistently</th>
<th>Review and evaluate Tourism Law, Licensing Policy and Process, and Review Tourism Trade Association Laws, including a Tourism Trade Association Law.</th>
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<tbody>
<tr>
<td>Objective</td>
<td>43,000</td>
<td>400,000</td>
<td>160,000</td>
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<tr>
<td>Activities</td>
<td>Consultations</td>
<td>Coordination</td>
<td>Consultations</td>
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<td>Indicative Activities</td>
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<tr>
<td>Outputs</td>
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<tr>
<td>Focus AREAS/HIGHLIGHTED Outputs</td>
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**Quality Assurance**

**PROJECT OBJECTIVE**

1. Streamline the legal framework by reviewing and implementing Tourism Trade Association Law and relevant instruments.

**Partnership Strategy**

- 3.1: Reform tourism and hospitality sector for sustainable development
- 2.1: Pro-poor policy reform to achieve MDGs

**Applicable MTEF Service Lines**

- Capacity of key government institutions
- On the basis of the above, institution in accomplishing the Programmatic Results of particular relevance in the SPF is Goal 1, Sub-Goal 1, Strengthened

*Outcome Indicator as stated in the Country Programmatic Results and Resources Framework:

This Programmatic Result is stated in the Country Framework.

Section III - Programmatic Results and Resources Framework
<table>
<thead>
<tr>
<th>Subtitle</th>
<th>UNDP GMS (3%)</th>
<th>2004</th>
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<tbody>
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<td><strong>Programme Grand Total</strong></td>
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<td><strong>Subtitle</strong></td>
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<td>Indicator: Level</td>
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<td>Indicator: Mission</td>
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<td>Indicator: Events</td>
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<td><strong>PROCUREMENT STUDIES</strong></td>
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<tr>
<td>Review and evaluate the tourism development strategy and related tourism policies</td>
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<td><strong>SUBCONTRACTS</strong></td>
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<td>Indicator: Technical Assistance (TADs) and Tourism Studies (TTS)</td>
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<td>Indicator: Planning and Development Process</td>
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<td>Indicator: Tourism Development Framework</td>
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<td>Indicator: Tourism and Policy Development</td>
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<tr>
<td><strong>PROJECT OBJECTIVE 2: Promote and Develop Tourism Development Areas and Tourism Studies in Both Institutional and Operational Terms</strong></td>
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SIGNATURE PAGE

Country: The Kingdom of Saudi Arabia

UNDAF Outcome(s)/Indicator(s): N/A
(Link to UNDAF outcome., If no UNDAF, leave blank)

Expected Outcome(s)/Indicator(s): Capacity of key government institution is strengthened by applying UNDP’s service line for frameworks and strategies for sustainable development
(CP outcomes linked to the SRF/MYFF goal and service line)

Implementing partner: The Supreme Commission for Tourism
(designated institution/Executing agency)

Other Partners: (formerly implementing agencies)

| Project Period: 1 August 2004 – 31 December 2004 | Project Title: Advisory Services to the Supreme Commission for Tourism |
| Project ID: SAU10-40801 | Project Duration: Five Months |
| Management Arrangement: NEX |

| Budget: US$1,053,985 |
| General Management Service (3%): US$ 31,620 |
| Total budget: US$1,085,605 |
| Allocated resources: Government US$1,085,605 |

Agreed by:
(Government):
HRH Prince Sultan Bin Salman Bin Abdulaziz,
Secretary General, the Supreme Commission for Tourism

(Implementing partner/Executing)

(UNDP): Mr. El-Mostafa Benamlleh,
UN Resident Coordinator, UNDP Resident Representative

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