

**No. 17403**

---

**UNITED STATES OF AMERICA  
and  
SAUDI ARABIA**

**Project Agreement for technical co-operation in highway  
transportation (with appendix). Signed at Riyadh on  
16 August 1977 and at Washington on 26 August 1977**

*Authentic text: English.*

*Registered by the United States of America on 14 December 1978.*

---

**ÉTATS-UNIS D'AMÉRIQUE  
et  
ARABIE SAOUDITE**

**Accord de projet concernant la coopération technique en  
matière de transports routiers (avec appendice). Signé à  
Riyad le 16 août 1977 et à Washington le 26 août 1977**

*Texte authentique : anglais.*

*Enregistré par les États-Unis d'Amérique le 14 décembre 1978.*

SAUDI ARABIAN-UNITED STATES JOINT COMMISSION ON ECONOMIC COOPERATION PROJECT AGREEMENT<sup>1</sup> BETWEEN THE MINISTRY OF COMMUNICATIONS AND THE MINISTRY OF FINANCE AND NATIONAL ECONOMY, GOVERNMENT OF THE KINGDOM OF SAUDI ARABIA, AND THE FEDERAL HIGHWAY ADMINISTRATION, DEPARTMENT OF TRANSPORTATION, AND THE DEPARTMENT OF THE TREASURY, GOVERNMENT OF THE UNITED STATES OF AMERICA, FOR TECHNICAL COOPERATION IN HIGHWAY TRANSPORTATION

---

PROJECT AGREEMENT BETWEEN THE GOVERNMENT OF THE KINGDOM OF SAUDI ARABIA AND THE FEDERAL HIGHWAY ADMINISTRATION, DEPARTMENT OF TRANSPORTATION, AND THE DEPARTMENT OF THE TREASURY, GOVERNMENT OF THE UNITED STATES OF AMERICA, FOR TECHNICAL COOPERATION IN HIGHWAY TRANSPORTATION

*Article I. SCOPE*

This Project Agreement between the Ministry of Communications and the Ministry of Finance and National Economy, Government of the Kingdom of Saudi Arabia, and the Federal Highway Administration, Department of Transportation, and the Department of the Treasury of the Government of the United States (hereinafter referred to as MOC, MFNE, FHWA and Treasury, respectively) sets forth arrangements for the conduct of a technical cooperation project (hereinafter referred to as the Project) whereby FHWA will assist the MOC in the development of systems of highways and the capability to manage them. The Project will take into account existing programs and technical capability in the Kingdom in determining the scope and nature of assistance to be provided.

This Agreement provides for the implementation of the "Proposed Scope of Work" and "Proposed Services to be Performed" contained in the "Conceptual Project Proposal" (Appendix A) agreed to by representatives of Saudi Arabia and the United States. The Conceptual Project Proposal is hereby made part of this Agreement. The Parties entering into this Agreement shall consult from time to time to develop additional activities and to modify and refine the present scope of work if required.

*Article II. AUTHORIZATION*

This Project will be carried out under the auspices of the Saudi Arabian-United States Joint Commission on Economic Cooperation and in accordance with provisions of the Technical Cooperation Agreement between the Government of the Kingdom of Saudi Arabia and the United States signed February 13, 1975,<sup>2</sup> which is hereby incorporated by reference and becomes a part of this Agreement.

---

<sup>1</sup> Came into force on 28 November 1977, in accordance with article XIII.

<sup>2</sup> United Nations, *Treaty Series*, vol. 998, p. 209.

### *Article III. PURPOSE AND OBJECTIVES*

The purpose of this Agreement is to assist the Ministry of Communications in the implementation of the objectives as contained in "Scope of work" and "Services to be performed" as outlined in the "Conceptual Project Proposal."

The Project will contribute to the attainment of these objectives through various agreed upon subprojects that will be for the most part described during Phase One (first six months) of the first two-year period.

### *Article IV. DURATION OF AGREEMENT*

The Agreement shall be effective for a period of six years. The scope of work, services to be performed and cost estimates will be prepared on a two-year basis. During the first two years, the work to be performed shall be divided into two phases. Phase One will begin with the arrival of the advance contingent of the FHWA team and end six months later. Phase Two will commence at the end of Phase One and end eighteen months later. The Agreement will become effective in accordance with article XIII but for work-related and cost estimate purposes the six-year period of the Agreement will begin with the departure of the advance contingent of the Project Team from the United States.

### *Article V. DEVELOPING US/MOC LINKAGES*

FHWA, in cooperation with Treasury, will provide advice and assistance to MOC in developing technological linkages with other U. S. Government, State and local agencies, the U. S. private sector; and the academic community. In providing this assistance, FHWA will contract for services, supplies and equipment for the MOC.

### *Article VI. REPORTS*

FHWA, in cooperation with Treasury, will prepare and transmit to MOC and MFNE a quarterly report covering the overall status and progress of this Project. In addition, FHWA will prepare and transmit to MOC a brief monthly report covering progress from a technical viewpoint.

### *Article VII. COORDINATION*

Overall coordination of this Joint Economic Commission Project with other joint Economic Commission activities with the United States Government and provision of certain administrative facilities and support for this Project will be the responsibility of Treasury. The Office of the Joint Economic Commission in Riyadh will monitor the implementation of this Agreement in Saudi Arabia and will serve as the point of contact for procedural and policy-related communications between the MOC, MFNE, FHWA and Treasury connected with this Project. The FHWA will have the responsibility for planning and implementing the technical assistance activities with the MOC under the Project. The Administrator assigned to the Project in Riyadh will be the point of contact between MOC, FHWA and Treasury for activities related to project planning and implementation.

### *Article VIII. COUNTRY SUPPORT*

The MOC shall directly or through other Saudi Arabian agencies provide all necessary support to insure the achievement of the purposes of this Agreement, with particular reference to "Responsibilities of MOC" in the Conceptual Project Proposal.

*Article IX.* CONFIDENTIALITY OF INFORMATION

To the extent permitted by U. S. law, FHWA and Treasury will, upon request of MOC or MFNE, keep confidential any information or data provided to them by MOC or MFNE or generated as a result of the activities pursuant to the Agreement.

*Article X.* “FORCE MAJEURE”

The term *force majeure* means Acts of God, acts of a public enemy, war, civil disturbances, and other similar events not caused by nor within the control of the parties.

If any party to this Agreement is rendered unable because of *force majeure* to perform its responsibilities under this Agreement, these responsibilities shall be suspended during the period of the continuance of such inability. During the period of suspension of performance caused by *force majeure*, FHWA and Treasury may continue to pay normal costs of maintaining Project personnel from funds advanced to the United States by the Government of Saudi Arabia. In the event of suspension of a party's duties because of *force majeure*, the parties shall consult and endeavor jointly to resolve any attendant difficulties.

*Article XI.* FUNDING

The Government of Saudi Arabia agrees to deposit in the Dollar Trust Account in the United States Treasury established by the Technical Cooperation Agreement sums sufficient to cover in advance the estimated costs of this Project. The costs for the services to be provided by and through FHWA and Treasury for the initial period of the Project, covering two full years, are set forth under “Cost estimate” in the Conceptual Project Proposal. Cost estimates for subsequent periods of this Project will be prepared and submitted by FHWA and Treasury for acceptance by the Government of Saudi Arabia during the life of this Agreement. The Government of Saudi Arabia will authorize disbursement of required funds from the Dollar Trust Account for this Project pursuant to the Technical Cooperation Agreement.

On the basis of a statement of funds required, Treasury shall deposit with FHWA, six months in advance, sums sufficient to cover the estimated costs of the Project. Each deposit shall be made thirty days in advance of requirements.

*Article XII.* COMPENSATION FOR PERSONNEL ASSIGNED TO SAUDI ARABIA

The compensation of all personnel of the FHWA assigned to Saudi Arabia from the date of assignment to the date of separation from the Project will be paid by the FHWA from funds advanced by the Government of Saudi Arabia through Treasury as provided in article XI.

The compensation of each employee will be as prescribed for an employee of the FHWA of his grade and term of service by applicable United States statutes, regulations and instructions.

*Article XIII.* EFFECTIVE DATE

This Agreement shall become effective after signature by representatives of the MOC, MFNE, FHWA and Treasury and the deposit by the Government of Saudi Arabia of the sums described in “Cost estimate” of the Conceptual Project Proposal for the first two full years of the Agreement. This Agreement shall remain in effect for six years or until terminated by any party hereto in accordance with article XIV below, or termination of the Technical Cooperation Agreement of February 13, 1975, whichever shall occur first.

*Article XIV.* AMENDMENT, EXTENSION, OR TERMINATION

This Agreement may be amended or extended by mutual agreement in writing. This Agreement may be terminated by any party through written notification to the others ninety days in advance.

*Article XV.* RESOLUTION OF DIFFICULTIES

MOC, MFNE, FHWA and Treasury shall consult, upon request of any one of them, regarding any matter relating to the terms of this Agreement and shall endeavor jointly in a spirit of cooperation and mutual trust to resolve any difficulties or misunderstandings that may arise.

Government of the Kingdom of Saudi Arabia:

Ministry of Communications:

[Signed]

Dr. NASIR AL-SALLOUM  
Deputy Minister

Date: Aug. 16 1977

Ministry of Finance and National Economy:

[Signed]

Dr. MANSOOR AL-TURKI  
Deputy Minister and Coordinator  
Joint Commission on Economic Cooperation

Date: Aug. 16 1977

Government of the United States of America:

Federal Highway Administration:

[Signed]

KARL S. BOWERS  
Deputy Federal Highway Administrator

Date: August 26, 1977

Department of the Treasury:

[Signed]

JOHN P. HUMMON  
Director, U.S. Representation  
Joint Commission on Economic Cooperation

Date: 8/16/77

APPENDIX A  
CONCEPTUAL PROJECT PROPOSAL

PREAMBLE

In recent months several meetings have been held among officials of the Saudi Arabia Ministry of Communications (MOC), the Saudi Arabia Ministry of Finance and National Economy (MFNE), the U.S. Department of Transportation's Federal Highway Administration (FHWA), and the U.S. Department of Treasury (Treasury) concerning cooperation in the field of highway organization, planning, programming, design, construction and maintenance to take place between the FHWA and MOC under the auspices of the Saudi Arabian-U.S. Joint Commission on Economic Cooperation. In these meetings the basis for discussion was a preliminary conceptual project proposal prepared by FHWA outlining in general form the areas in which technical cooperation could be provided. The substance of this proposal was approved by MOC at that time and FHWA was requested to submit a more detailed version of the proposal which would include general cost figures. This was done on January 24-26, 1977. General agreement was reached. This revised draft represents the results of those meetings. It is accompanied by a Project Agreement.

*Article 1. SCOPE OF WORK*

FHWA will provide the MOC with reimbursable technical assistance in the general area of highway organization, planning, programming, design, construction and maintenance over a six-year period. This work will be carried out under the auspices of the Saudi Arabian-U.S. Joint Commission on Economic Cooperation. Services to be performed and other relevant factors will be detailed in a formal project agreement to be signed by MOC, MFNE, FHWA, and Treasury prior to the start of work.

The overall objective of work to be carried out by the FHWA under such an agreement will be the upgrading and modernizing of MOC's highway transportation management capabilities and of the existing Saudi Arabia highway system. FHWA will also have the ten following specific objectives guiding its work during the six-year project period:

1. To assist MOC in executing and managing project work (location, design, construction) necessary for the development of an Expressway System of Highways connecting major cities of the Kingdom;
2. To assist MOC generally in strengthening its contract administration capabilities through review and revision of procedures and training;
3. To develop and administer a long-term training program for MOC personnel in relevant areas of administration, planning, design, construction, maintenance and operation of highways. This program would be conducted for the most part in the United States;
4. To assist MOC in developing and implementing a program for modernizing the existing network of highways and in planning regional networks of secondary roads;
5. To help upgrade MOC's Central Materials Laboratory in Riyadh and assist in establishing regional laboratories;
6. To assist MOC in organizing and developing a Planning and Programming Department within MOC which will include a highway planning unit and a computer center;
7. To assist MOC in organizing and developing a Traffic Safety Department within the Ministry which will have capabilities in the areas of highway safety, public information, and highway education;
8. To assist MOC in the procurement of construction, maintenance, laboratory, and other equipment;

9. To assist MOC in upgrading its general highway design and structural capabilities and in organizing a Hydrology Division within the Ministry;
10. To assist MOC in organizing and phasing in a highway maintenance management program to effectively protect and preserve the present and future network of highways in the Kingdom.

*Article 2. SERVICES TO BE PERFORMED*

1. To implement the scope of work described above, FHWA will provide a team of twelve experts to work directly in the MOC. These experts will initially be sent to Riyadh and be funded for a two-year period. Their expenses for this two-year period are detailed in article 4, Cost estimate, below. The team of twelve experts will consist of personnel in the following areas:

- a. Administrator with a strong background in contract administration;
- b. Administrative Manager with report writing ability and organizational experience;
- c. Training Officer capable of organizing a domestic and overseas (U.S.) training program;
- d. Planning and Research Engineer;
- e. Material Engineer with a strong background in laboratory procedures;
- f. Highway Safety Engineer with a traffic engineering background;
- g. Construction Engineer with a good background in contract management and specifications;
- h. Maintenance Engineer;
- i. Design Engineer capable of developing design manuals and criteria;
- j. Structural Engineer with hydrology experience and capable of developing a design manual;
- k. Location, Surveying and Photogrammetry Engineer;
- l. Computer Specialist (Generalist who would be supplemented on a TDY basis);
- m. Three-member Washington support staff.

2. The personnel described in 1, *a-m*, above, will be provided by FHWA to MOC in two phases:

a. In phase one, to commence immediately following funding and signature of an agreement, FHWA will recruit and dispatch an Administrator (1, *a*) and three others among the experts mentioned in 1 above, to Riyadh. This four-man team would assess the present capabilities of the Saudi Arabian Highway Department within the Ministry and the state of the highway system and would develop a work program report that would serve as the foundation for the work of the project staff on both a short and long-term basis. It is estimated that phase one would take approximately six months following the arrival of the four-man team in Riyadh.

b. In phase two, the eight remaining team members described in 1. above would arrive and join the four who were already in place. Each member of the twelve-man team would remain for approximately two years but could extend for a second tour if mutually agreed upon.

c. Additional personnel may be added to this team at any time through mutual consent of MOC and FHWA and provision of adequate funds. The term of service in Riyadh of the original team or of replacement personnel will be open to extension up to the six-year period of the agreement through mutual agreement by MOC and FHWA.

d. In addition to the provision of the twelve-man team as described in *a* through *c*, it is anticipated that FHWA will provide MOC, when requested, with a number of short-term personnel to perform specific assignments. Expenses for such personnel are included in the attached budget.

e. It is also anticipated that FHWA will engage in various types of contracting such as for training, design and construction supervision in relation to this project on behalf of MOC.

Funding for contracting will be approved by MOC on an individual basis. A tentative funding estimate for a training contract is included in the attached budget. The estimate for this element of the program may require adjustment after the scope of the contract work is better defined. Funding for other contracts will be added at the appropriate time.

*Article 3. RESPONSIBILITIES OF MOC*

1. MOC would provide a representative to act as official point of contact with the FHWA team.
2. MOC would provide counterparts for the twelve-member FHWA team.
3. MOC would provide office space, furniture, and equipment for the FHWA team that is satisfactory to the Administrator and at a location convenient to work with their MOC counterparts.

*Article 4. COST ESTIMATE*

The total estimated two-year cost for the provision of the twelve-member team described above and the required TDY's and training costs is \$6,366,086. This figure breaks down as follows:

TWO-YEAR ESTIMATE OF COST FOR PERMANENT TWELVE-MAN TEAM

	<i>1st year</i>	<i>2nd year</i>
1. Personnel compensation and benefits .....	\$ 534,355	\$ 819,362
2. Travel and Transportation .....	133,000	138,828
3. Housing .....	1,927,160	585,600
4. Other .....	1,173,655	1,054,126
	SUB-TOTALS	\$3,768,170
	GRAND TOTAL	\$2,597,916
		\$6,366,086

NOTE

*Article 1. SCOPE OF WORK*

This item provides for assisting the MOC in executing and managing highway project work by selecting large projects and training MOC engineers and technicians in the processes of location, design and construction. A cost estimate for this work is not included in the above estimate. It is anticipated that at the appropriate time the Project Agreement will be amended to include such work and funding will be provided.

SAUDI ARABIA COST ESTIMATE FOR TWO-YEAR PERIOD

I. *Personnel compensation*

a) Salaries .....	\$ 893,691
Covers 240 man/months, post differential, and Sunday premium pay	
b) Benefits .....	78,771
Covers Government's share of health insurance, life insurance and retirement benefits	
c) Allowances .....	265,500
Covers cost of living, foreign transfer, and educational (estimated at 2 children per staff member)	



d) Other personnel costs .....	115,755
Covers medical cost at Post for staff member and family, APO costs, and 2 years' salaries for 1 secretary and 1 translator employed at FHWA offices in Saudi Arabia	
SUB-TOTAL:	\$ 1,353,717
 II. <i>Travel and transportation</i>	
a) Travel international .....	\$ 114,228
Covers assignment and repatriation ticket costs, per diem, excess baggage, and other expenses	
b) Other travel and per diem .....	157,600
Covers official travel by staff members at Post, official travel by Saudi Arabian official to the U.S., R&R, and visitation travel by Washington-based FHWA officials	
SUB-TOTAL:	\$ 271,828
 III. <i>Housing and related expenses</i>	
a) Housing .....	\$ 1,940,000
Covers advance payment of 3-year lease, procurement of appliances, and villa rehabilitation and maintenance charges	
b) Furniture .....	234,000
Covers procurement of required basic furniture for staff and families	
c) Shipment of household effects .....	338,760
Covers air freight costs of shipment of household effects to and from Post, also handling and storage charges in the U.S.	
SUB-TOTAL:	\$ 2,512,760
 IV. <i>Other</i>	
a) Orientation .....	\$ 8,760
Covers pre-departure briefing for staff members and wives; also in-country briefing after arriving at Post	
b) Publications and technical materials .....	10,000
Covers procurement of technical material and training aids	
c) Washington support staff .....	80,317
Covers salaries of 2 support positions for 42 man/months	
d) Medicals pre-employment and separation .....	12,600
Covers costs of pre-employment medical examinations for staff members and family, also medical examination costs for the staff member and family at the end of tour	
e) Indirect costs .....	870,506
Covers 40% overhead on U.S. expenditures, excludes expenditures in Saudi Arabia, and contingencies	
f) Automobiles .....	146,000
Covers local procurement of one automobile per staff member, and maintenance costs	

---

g) Training .....	600,000
Covers costs of training Saudi Arabian participants in the U.S., 20 employees for 15 months for \$2,000 man/month	
h) Contingencies .....	499,598
Covers 10% of all expenditures, excluding 40% overhead, for unexpected costs	
	SUB-TOTAL: \$2,227,781
	GRAND TOTAL: \$6,366,086

---