

**No. 18622**

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**UNITED STATES OF AMERICA  
and  
SAUDI ARABIA**

**Project Agreement for technical co-operation in agricultural  
bank management and training (with annex). Signed at  
Djidda on 18 November 1978**

*Authentic text: English.*

*Registered by the United States of America on 18 April 1980.*

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

**Accord concernant un projet de coopération technique en  
matière de gestion de banques agricoles et de formation  
de leur personnel (avec annexe). Signé à Djedda le 18  
novembre 1978**

*Texte authentique : anglais.*

*Enregistré par les États-Unis d'Amérique le 18 avril 1980.*

PROJECT AGREEMENT<sup>1</sup> BETWEEN THE GOVERNMENT OF THE KINGDOM OF SAUDI ARABIA AND THE GOVERNMENT OF THE UNITED STATES OF AMERICA FOR TECHNICAL COOPERATION IN AGRICULTURAL BANK MANAGEMENT AND TRAINING

Article 1. SCOPE

This Project Agreement to be implemented by the Saudi Arabian Agricultural Bank (the Bank) and the Ministry of Finance and National Economy (MFNE) of the Kingdom of Saudi Arabia, and the Farm Credit Administration (FCA) and the Department of the Treasury (Treasury) of the United States of America sets forth a technical cooperation project (the project) to assist the Bank in establishing a training program in the United States for employees of the Bank and improving the capabilities of the Bank in the fields of management, organization, administration, and economic analysis.

Article 2. AUTHORIZATION

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

Article 3. SERVICES

1. The services to be performed under this Agreement follow the general guidelines of a report prepared by the FCA entitled "Organization and Administration of the Saudi Arabian Agricultural Bank", September 10, 1977. This report is hereby incorporated by reference and becomes part of this Agreement.

2. The services to be provided under the project include:

- (A) Providing advisors to assist the Director General regarding the organization and administration of the Bank, and an agricultural economist to assist in developing the Bank's economic analysis capability and in the systematic preparation and utilization of economic data. These specialists will advise, *inter alia*, regarding instituting certain organizational and administrative changes in the Bank.
- (B) Arranging for a non-degree training program at an appropriate academic institution in the United States for twenty to thirty Saudi Arabian employees of the Bank.

3. Treasury and FCA will assign a team of nine (9) experts to the project to assist the Bank by carrying out the services described in paragraph 2 of this Article. An initial team of three (3) experts will be assigned to the Bank and the remaining experts will be assigned to the project on a phased basis. A list showing the members and a more detailed description of the work each expert will undertake is attached as Annex 1.

4. Personnel assigned to the project will be selected solely on the basis of professional capability, experience and other like merit factors after review and approval by the Bank and Treasury.

5. FCA will prepare and transmit to the Bank periodic reports on the overall status and progress of the project as well as recommendations for changes in the project.

<sup>1</sup> Came into force on 5 March 1979, upon the deposit of the sum described in article 8, in accordance with article 9 (1).

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

#### Article 4. LOCAL SUPPORT

1. The Bank shall, either directly or through MFNE, support the project by:
- a. Identifying appropriate Bank personnel to work with the U.S. personnel assigned to the project.
  - b. Providing all available data which may be needed by the U.S. advisors to fulfill their obligations under the project.
  - c. Providing services, when necessary, to obtain clearance in matters relating to the project, including but not limited to, customs, drivers' permits and other services that may involve other agencies of the Government of Saudi Arabia.
  - d. Providing adequate office space, office furnishings, utilities, telephone facilities, supplies, and maintenance and upkeep of such office space for each advisor assigned to Saudi Arabia pursuant to this Agreement.
  - e. Providing interpreter and translator services as needed.
  - f. Providing other related support as may be appropriate to the conduct by the experts of their official advisory duties.
2. FCA and Treasury may use funds deposited for the project by the Government of Saudi Arabia in the dollar trust account, to provide the supplies and services mentioned in this Article to the extent they are not provided by the Government of Saudi Arabia.

#### Article 5. COORDINATION

1. FCA shall designate an appropriate FCA official to be responsible for FCA's coordination with the Bank for the project. The Bank shall designate an appropriate Bank official to be responsible for the Bank's coordination with FCA under the project.

2. Overall coordination of the project with other Joint Economic Commission activities of the United States Government, and provision of certain administrative facilities and support for the project, will be the responsibility of Treasury. The Office of the Joint Economic Commission in Riyadh will serve as the point of contact for all communications between the Bank, MFNE, FCA, and Treasury concerning the project, and will be primarily responsible for monitoring the implementation of the project in Saudi Arabia.

#### Article 6. "FORCE MAJEURE"

If any party to this Agreement is rendered unable because of *force majeure* to perform its responsibilities under the Agreement, these responsibilities shall be suspended during the period of continuance of such inability. The term "*force majeure*" means acts of God, acts of the public enemy, war, civil disturbances, and other similar events not caused by nor within the control of the parties. During the period of suspension of performance caused by *force majeure*, 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 7. ESTIMATED BUDGET

The total two-year cost for the project is estimated to be \$3,530,000. This figure breaks down as follows:

	<u>Year One</u>	<u>Year Two</u>
Personnel Costs—compensation and benefits .....	\$ 500,000	\$ 530,000
Travel and Transportation .....	150,000	160,000
Housing and Related Expenses .....	520,000	530,000
Other .....	490,000	500,000
Training .....	<u>75,000</u>	<u>75,000</u>
TOTALS	\$1,735,000	\$1,795,000

### Article 8. DOLLAR TRUST ACCOUNT

The Government of Saudi Arabia agrees to deposit in the dollar trust account in the United States Treasury the sum of \$1,735,000 to cover the estimated cost for the first year's activities under the project.

### Article 9. ENTRY INTO FORCE, AMENDMENT, EXTENSION AND TERMINATION

1. This Agreement shall enter into force after the deposit by the Government of Saudi Arabia of the sum described in Article 8 above, and shall remain in effect for five years unless terminated either in accordance with paragraph three (3) below or through expiration of the Technical Cooperation Agreement of February 13, 1975, whichever shall occur first.

2. This Agreement may be amended or extended by the mutual written consent of all parties participating herein.

3. This Agreement may be terminated at any time at the discretion of either Government upon sixty (60) days written notice.

4. All questions related to this Agreement arising during its term shall be settled by the parties by mutual agreement.

DONE at Jeddah, Saudi Arabia, this 18th day of November, 1978.

United States of America:  
W. M. BLUMENTHAL  
Department of the Treasury

W. M. BLUMENTHAL  
Farm Credit Administration

Kingdom of Saudi Arabia:  
MOHAMMAD ABA AL-KHAIL  
Minister of Finance  
and National Economy

## ANNEX I

### TEAM OF EXPERTS REQUIRED BY THE BANK

#### A. EXPERTS

##### 1. *Initial Team*

###### a) *Senior Advisor and Project Team Leader*

This advisor, experienced in farm credit management affairs, will serve as a senior advisor to the Director General of the Bank and to designated members of the Director's staff. The senior advisor will:

- Assist in the overall planning and programming of the activities of the team;
- Provide general supervision of the team and evaluation of performance;
- Maintain coordination and liaison between the team and the Bank staff.

###### b) *Management Consultant/Analyst*

The management consultant/analyst will be responsible for assisting in:

- Developing planning procedures;
- Developing an internal management system;
- Developing a budget oriented management by objective system;

- If requested, assisting in making reorganization recommendations;
- Assisting in the development of requirements for data management.

c) *Training and Staff Development Specialist*

This specialist will:

- Assist in selecting personnel for training, including academic study;
- Evaluate the qualifications of candidates to be trained in the United States to determine needs;
- Formulate employee development plans for each candidate;
- Process candidates' applications for placement in academic institutions of advanced study;
- Provide training liaison with the appropriate institutions in the United States;
- Evaluate the effectiveness of training program;
- Develop short-term and long-term training plans.

2. *Team Members to Be Assigned on a Phased Basis*

a) *Agricultural Economist*

The duties of the agricultural economist will include but not necessarily be limited to:

- Preparing a study of farm equipment size needs, distribution and repair centers and manufacturer demonstrations;
- Coordinating the establishment of model or demonstration farms by area;
- Developing precise statistics on production methods, types of equipment, costs of inputs and marketing;
- Developing farm production, cost and income models by area and farm type;
- Assisting the development of plans for the identified livestock and other factors which relate to the extension of credit;
- Assisting in the design of standard guidelines on production, costs, prices and income for areas and farm types for distribution to Bank staff and Bank branches.

b) *Special Assistant*

Will work directly with the Director's immediate staff to:

- Streamline office procedures and policies including those relating to the routing of correspondence and other documents;
- Carry out other duties as assigned which include scheduling, arranging for printing and distribution of documents and Bank directives.

c) *Data Processing Specialists (2)*

Will be responsible for:

- Analyzing the data processing requirements both for the central office of the Bank and the Bank branches;
- Developing an overall data processing plan which will fit the specific needs of the Bank and which will include an information system, and equipment configuration;
- In conjunction with the training and staff development advisor, developing a program to train appropriate members of the Bank's staff to manage the data processing system and to operate the required data processing system.

d) *Loan Evaluation Specialist*

This specialist will assist the appropriate members of the Bank's staff in reviewing existing loan follow-up policies and methods and in developing and implementing modifications to those methods and policies.

**B. PHASING OF ASSIGNMENTS**

To insure smooth implementation of the project, the assignment of the experts listed above will be carried out on a phased basis. As soon as possible after signing and funding of this Agreement, the senior advisor, management consultant/analyst and training and staff development specialist will be assigned to the Bank. The schedule for assignment of the remaining team members will be determined at a later date.

**C. ADDITIONAL TEAM MEMBERS**

Additional personnel may be added to this team through mutual consent of the parties to this Agreement and the provision of adequate funds.

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