

JUL 14 1987

MEMORANDUM OF UNDERSTANDING

During the week of February 15-23, 1987, officials of the Department of Transportation and the Ministry of Communications met in Riyadh to follow-up and implement decisions reached during the JECOM 10 bilateral discussions of the previous week. The JECOM 10 discussions further clarified the goals and objectives of the TRANSPORT Project, identified the need for better definition of programmatic activities and specified the desirability of reorganizing the structure of the project for enhanced utilization of project human and capital resources.

During the course of the week's meetings, representatives of the Department and the Ministry agreed that the clarifications and improvement sought by both sides could be best accomplished by drawing up a comprehensive document detailing the role and scope of work of the TRANSPORT Project, the procedures for future project development and implementation, a new organization, procedures for the recruitment and selection of employees, clear authority for the management and operations of the TRANSPORT Project, and other practical considerations of transition.

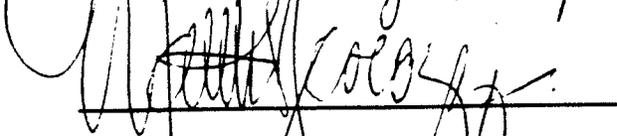
By mutual agreement of the Department and the Ministry, the document "A New Direction for the TRANSPORT Project", is included by reference in the appendix of the Memorandum of Understanding along with detailed attachments. The parties agree to abide by the authorities, responsibilities, organization and procedures as elaborated herein and look forward with confidence to the further success of the program.

Date Signed July 5, 1987



Dr. Nasser M. Al Salloum
Deputy Minister of Communications
Ministry of Communications
Riyadh, Saudi Arabia

Date Signed July 3, 1987



Matthew V. Scocozza
Assistant Secretary for Policy
and International Affairs
The Department of Transportation
The United States of America

~~JUL 14 1987~~

A NEW DIRECTION FOR THE TRANSPORT PROJECT

July 4, 1987

PURPOSE

In consideration of the United States - Saudi Arabian Joint Commission on Economic Cooperation, agreement among the Department of Transportation and the Department of the Treasury, United States of America and the Ministry of Communications and the Ministry of Finance and National Economy, Kingdom of Saudi Arabia for Technical Cooperation in Transportation signed in October 1983 (AGREEMENT), this paper provides further elaboration of the authorities, responsibilities, organization and procedures for the TRANSPORT Project to carry out the agreement.

BACKGROUND

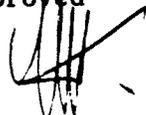
Meetings during JECOM 10 between the Ministry of Communications (Ministry) and the Department of Transportation (Department) indicated that the scope of work and the organizational structure of the TRANSPORT Project should be changed to better achieve Ministry goals and the current objectives of technology transfer, training and Saudization.

Two major clarifications were identified as central to these conclusions.

1. The TRANSPORT Project* could enhance its performance by refocusing its efforts to the fulfillment of well defined programmatic activities and projects.
2. A reorganization of the team was necessary with full Saudi integration and participation to effectively and efficiently carry out its mission.

A third item identified was the need for a clarification of authority and responsibility for administering the program.

*The TRANSPORT Project is defined as all employees in Saudi Arabia including government employees, private sector consultants, local hires or otherwise, where the compensation for services is paid from the approved budget for the TRANSPORT Team.



THE ROLE OF THE TRANSPORT TEAM

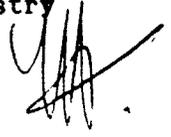
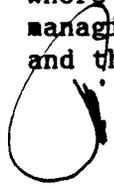
The role of the TRANSPORT Project is to assist the Ministry to achieve its transportation related objectives and to assist the Ministry in the necessary technology transfer, training and Saudization required to carry out this responsibility.

SCOPE OF WORK

The scope of work carried out by the TRANSPORT Project shall be defined by the annual budget, also called Management Financial Plan (MFP). The MFP shall be mutually developed and approved by the Ministry and the Department through the TRANSPORT Project Leader and his Saudi Counterpart. Technology transfer and training opportunities will be a major factor in the selection of a project to be performed by the team. The MFP shall be based on Ministry needs and Department objectives. Projects may be proposed by the Saudi Counterpart, or the Project Leader or jointly. In all cases the Ministry and the Department shall approve all projects to be included in the MFP. Projects included in the MFP, whether included at the beginning of the budget year or added subsequently, shall be developed pursuant to standardized procedures such as outlined in attachment (A).

PROJECT DEVELOPMENT AND IMPLEMENTATION

Projects accepted for implementation by the TRANSPORT Project shall be developed by a detailed work plan. The detailed work plan shall include such items as statement of objectives, identification of task, sub-task, estimated costs, time frames for completing the various tasks, responsibility for each task, milestones, deliverables, resources required, and the potential benefits concerning technology transfer, training and Saudization. The Terms of Reference shall be based on the detailed work plan. The detailed work plans may be developed by the Project Leader and the Saudi Counterpart jointly and assisted by others such as experts from the Ministry, the Department, state governments, or the private sector as scope and difficulty may require. In each case appropriate Ministry staff shall be directly involved as participants in the working sessions and, in all cases, the Saudi Counterpart and the Project Leader shall approve all projects before implementation. A typical flow chart outlining this process is shown on Attachment A-1. The project shall be developed for the integration into a computer program, where applicable, for the purpose of monitoring, preparing reports, and managing the project. Quarterly reports shall be issued to the Ministry and the Department.



ORGANIZATION STRUCTURE

In order for the TRANSPORT Project to efficiently carry out the new scope of work, it shall be reorganized to participate in and manage well defined projects with a detailed work plan.

The new organization is shown as attachment B.

The new organization will include a Project Leader, support and secretarial personnel, Project Administrators and necessary staff. Personnel may be selected from the Ministry, the Department, other governmental agencies and the private sector, including Saudi firms or individuals, and may involve joint venture assignments as appropriate. The Project Leader will provide overall supervision of the TRANSPORT Project and will coordinate these efforts with his Saudi Counterpart, JECOR, and the Department. His duties will include daily supervision of the project administrators, support staff, and general supervision of local hires who provide direct Ministry support through appropriate Directors.

The Project Administrators will be central to the new role of the TRANSPORT Project and will be long term personnel, with a wide range of expertise in fields which relate to the categories of projects contained in the MFP and selected for implementation. Project Administrators will be responsible for managing, monitoring, coordinating and implementing one or more projects in their field of expertise. They will work under the supervision of the Project Leader and act as liaison with the appropriate Ministry staff and others to insure the quality of work, performance of the work, and all other functions relative to completing the task, meeting schedules, milestones, deliverables and completing the project.

The Program Officer will be responsible for all administrative functions of the TRANSPORT Project such as, maintaining time and attendance reports, processing payroll discrepancies, filing, typing, securing translation services, preparing travel orders, verifying expense accounts, property management, procurement, training, and supervision of the personnel assigned to him for this purpose.

TDY experts or consultants may be used for the purpose of developing scopes of work and detailed work plans for various projects as may be appropriate, depending on the size and difficulty of a project.



Local hires presently designated by the MFP (or future MFPs) to provide Ministry support shall continue to provide such support.

In all cases the project shall be managed to provide the maximum level of technology transfer, training, and Saudization.

RECRUITMENT AND SELECTION OF PERSONNEL

A. Recruitment of long-term, short-term, TDY employees and Consultants

In order to meet the project goals, recruitment and hiring procedures have been established, placing the authority and responsibility with the Department for the selection and processing of Americans. Ministry participation will be insured in accordance with the procedures detailed in Attachment C. At the discretion of the Ministry, and in accordance with the approved MFP, local hires will be recruited and hired through the TRANSPORT Project in accordance with the rules and regulations of JECOR.

B. Sources of Personnel

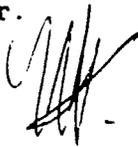
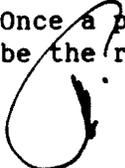
The Project Leader, Program Officer, Project Administrators, Project Managers and temporary duty personnel shall be selected from the Department or other federal, state, county, city or regional transportation agencies, or private sector.

Saudi trainees shall be selected from the Ministry for their specific expertise and training needs. They shall be either long-term or short-term personnel.

Local hires shall be employed through the JECOR Local Support Contractor based on their specific expertise. They shall be either long-term or short-term personnel.

MANAGEMENT AND OPERATIONAL AUTHORITY

Once a project has been accepted, the implementation of the project shall be the responsibility and under the authority of the Project Leader.



All personnel assigned to the project in Saudi Arabia including long-term and short-term personnel, local hires and Saudis, shall come under the supervision of the Project Leader.

Management of the TRANSPORT Project budgeted funds in Saudi Arabia shall be vested in the Project Leader. Expenditures (including contracts) shall conform to the MFP and shall be administered in accordance with the procurement and operational procedures of the Department and JECOR, as each may be applicable. With respect to expenditures covered by the MFP, the Project Leader shall have authority to disburse funds for all operational aspects as may be required to implement the MFP, including funds for local support, supplies and equipment. In regard to proposed expenditures by the Project Leader of \$5,000.00 or more, the Project Leader shall discuss various options and obtain the concurrence of the Saudi Counterpart to insure the most economical and/or practical purchasing strategy and for the purpose of keeping the Saudi Counterpart informed on major local transactions. The Project Leader will also provide to the Saudi Counterpart a copy of all procurement requests initiated by the Project Leader or the Coordinator. Similarly, the Project Leader shall provide to the Washington Coordinator copies of all procurement requests initiated by the Project Leader.

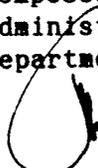
Expenditure by the Project Leader of funds not covered by the MFP shall require the approval of the Ministry, the Department and JECOR.

TRANSITION AND CORRELATION WITH EXISTING MFP

Current activities and assignments not conforming with the policies and procedures established herein shall be phased out. All long term personnel presently employed by the TRANSPORT Project shall be permitted to finish their present tours and will be utilized in capacities to implement the new program and may be phased into the new role of the TRANSPORT Project with extended tours if applicable. In justifiable cases, present employees acting as advisors may be retained to complete or phase out existing projects or to continue indispensable services related to technology transfer.

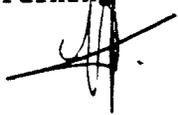
PROJECT REVIEW PROCESS

Project review shall take place every 6 months. The review team shall be composed of the Deputy Minister, officials of the Ministry, the Project Administrators, the Washington Coordinator, appropriate officials of the Department, the Project Leader and the Saudi Counterpart.



Accomplishments and progress on the work shall be reviewed for compliance to the schedules. All personnel problems will be reviewed as well as any other operational problems and remedial steps shall be taken as required and as jointly agreed. The Deputy Minister may offer personnel performance appraisals of the Project Leader, and Project Administrators during the six month project reviews or at other appropriate times.

A monitoring system shall be established to track the progress of each project on a quarterly basis, and include a summation of the training achieved.



ATTACHMENT A

PROJECT DEVELOPMENT

Project development shall follow the general format in the associated Gantt chart (Attachment A-2). In general, Project identification (1.0), general scope of work (1.1), MOC review and prioritization (2.0) and cost estimate (3.3), shall be prepared for projects which are proposed for inclusion in the MFP. Other items shown on Attachment A-2 shall be prepared for detailed project development and implementation.

Item 1.0 - 1.1

Projects may be identified and proposed by any member of the Ministry of Communications or the TRANSPORT Project. All proposals shall be submitted to the Saudi Counterpart and the Project Leader. The proposal shall contain a statement of objectives, general scope of work, and the potential benefits concerning technology transfer, training and Saudization.

Item 2.0

The Saudi Counterpart shall review the proposal, compare it to other proposals as appropriate, and provide a prioritization of the project. The Saudi Counterpart may consult with other members of the Ministry as required or the Project Leader relative to the prioritizing process.

Item 3.0 - 3.5

Upon reviewing and prioritizing the proposed project, the Saudi Counterpart shall submit the proposal to the Project Leader for development of the detailed work plan. The detailed work plan shall be developed by the Project Leader in cooperation with the Ministry or others as required.

Item 4.0 - 5.0

When the detailed work plan is developed, the Project Leader shall transmit it to the Saudi Counterpart for final review and acceptance. If revisions are required, the detailed work plan shall be resubmitted to the Project Leader, who shall make appropriate changes and return work plan to the Saudi Counterpart for final acceptance.

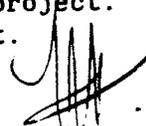


Item 6.0 - 6.4

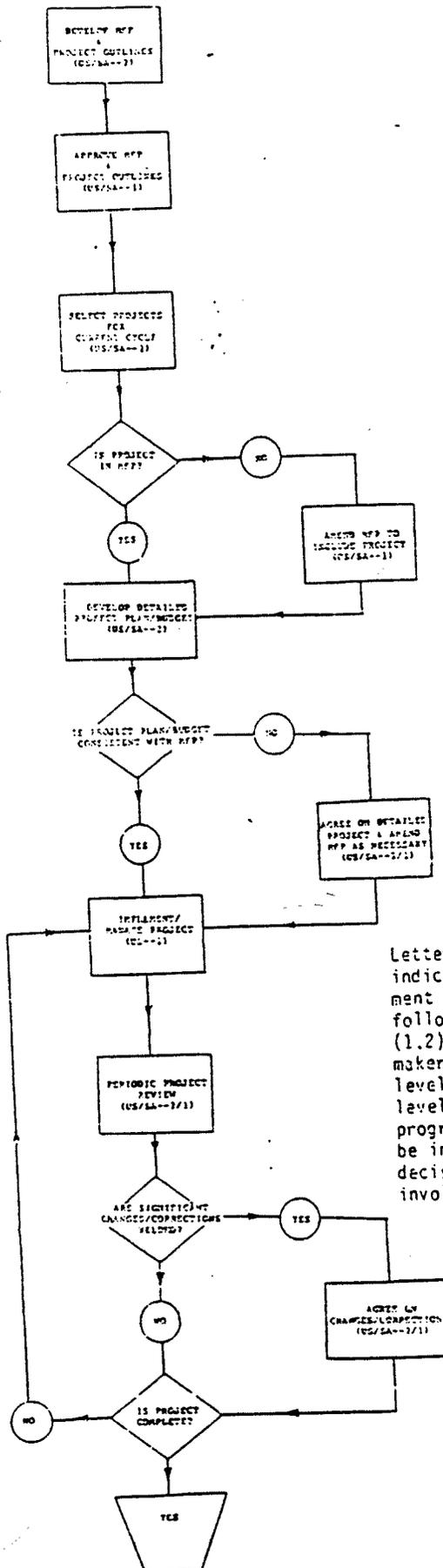
Upon final acceptance by the Saudi counterpart and the Project Leader the project shall be implemented. Quarterly progress reports shall be developed by the team and submitted to the Saudi Counterpart and others, as required. Progress reports shall be prepared for the Six-Month Review, and copies shall be submitted to the Saudi Counterpart, Washington Coordinator and JECOR.

NOTE

It is understood that Attachment A-2 as it relates to the timeframes for project development is only a typical example. Actual timeframes for the completion of the tasks under items 3.0 - 3.5 and items 6.0 - 6.4 will vary depending on the scope of work and the difficulty of the project. It is anticipated that timeframes for all other items shall be met.



U.S.-SAUDI PROJECT MANAGEMENT



Letters in parentheses (US,SA) indicate U.S. and/or Saudi involvement in the process. Numbers following letters in parentheses (1,2) indicate level of decision makers. "1" signifies policy level; "2" signifies program (field) level. "2/1" indicates that program level decisionmakers would be involved first; policy level decisionmakers may or may not become involved later.

G

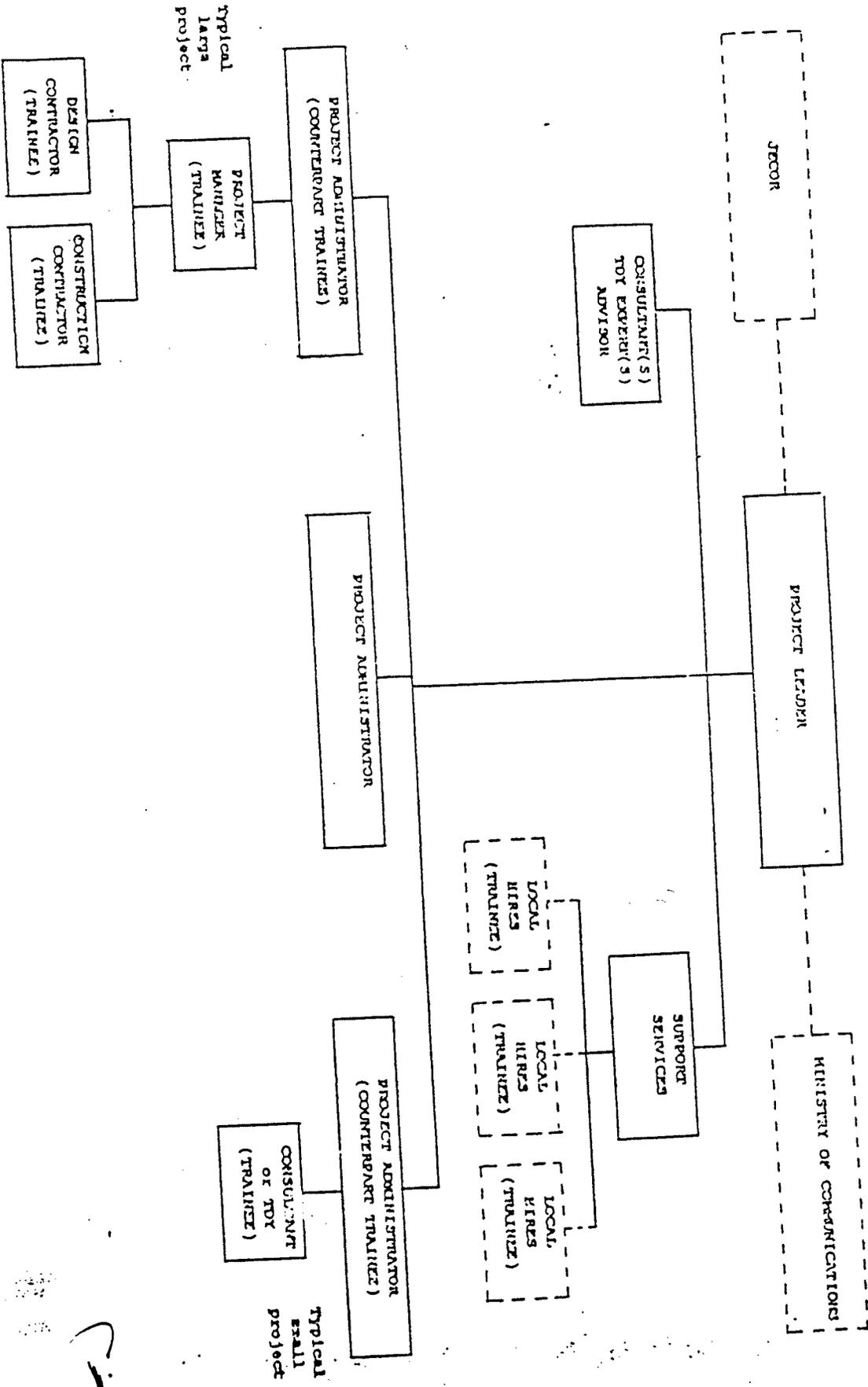
ATTACHMENT A-2

GANTT CHART REPORT - Current Date: 02-22-87
 Summarize Level: 11 Wildcard WBS: ??????????
 Project Development Resource Number: 0

	1987							
	APR	MAY	JUN	JUL	AUG	SEP	OCT	
1.0 Project Identification								
1.1 General Scope of Work								
2.0 MOC Review & Prioritization								
3.0 Detailed Project Development								
3.1 Task Description								
3.2 Schedule Development								
3.3 Cost Estimation								
3.4 Personnel Requirements								
3.5 Terms of Reference								
4.0 Acceptance								
4.1 Review by Ministry								
4.2 Revisions								
4.3 Compliance with MFP Criteria								
5.0 Final Acceptance Decision								
6.0 Implementation								
6.1 Recruiting								
6.2 Contract Development								
6.3 Field Operations								
6.4 Status Reporting								

Milestone
 Critical Non-Critical

TRANSPORT TEAM ORGANIZATION



Typical large project

Typical small project

ATTACHMENT C

RECRUITMENT

The following procedure is designed to insure the timely and efficient recruitment of personnel for assignment to the TRANSPORT Project. This will be accomplished by placing in the Department the authority and responsibility for time selection and processing of Americans and ensuring Saudi involvement in the process.

1. The Project Leader in cooperation with the Saudi Counterpart shall prepare position descriptions and other appropriate documents which define the scope of work for the required personnel or consultants.
2. The Coordinator shall conduct a search for qualified personnel or consultants.
3. The Coordinator, together with appropriate officials of the Department, shall review the applications and select and rank the qualified applicants.
4. The Coordinator shall submit the name(s) of the top qualified applicants (up to three) along with the appropriate documentation to the Project Leader.
5. The Project Leader in coordination with the Saudi Counterpart shall make the final selection from the applicants submitted.
6. When hiring a new Project Leader the Department shall propose the best qualified applicant(s) and, through the current Project Leader, advise the Saudi Counterpart accordingly.
7. In the event the Saudi Counterpart disagrees with the Project Leader's proposed selection (or in the case of the proposed selection of the Project Leader, the Department's selection) the Deputy Minister shall appeal the selection to the Assistant Secretary within 10 days in order to facilitate a final decision.
8. The Coordinator shall hire the selected applicant and process all personnel documents or contracts.
9. The Coordinator shall advise the Project Leader of the expected arrival time of the selected applicant.
10. The Coordinator shall provide the Project Leader with the appropriate personnel documents or signed contracts.

TERMINATIONS

A. TDY Personnel and Consultants

In the event of unsatisfactory performance by TDY personnel or consultants, the Project Leader shall attempt to discover the cause of the unsatisfactory performance and impose remedies.

B. Long-Term Employees

In the event of unsatisfactory performance of long-term employees, the Project Leader shall attempt to discover the cause of the unsatisfactory performance and impose appropriate remedies. If the unsatisfactory performance cannot be remedied, the Project Leader shall endeavor to change the duties of the employee to gain satisfactory performance.

C. Terminations

1. Routine Termination (Completion of Tour or Contract)

The Project Leader shall advise the Saudi Counterpart and the Washington Coordinator six months in advance of the routine termination date.

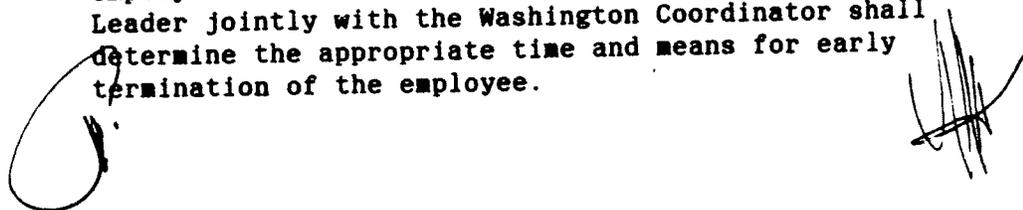
2. Early Termination

a. Short-Term Employee

If the unsatisfactory performance of TDY personnel or consultants cannot be remedied, the term of employment shall be discontinued at the discretion of the Project Leader.

b. Long-Term Employee

In case the unsatisfactory performance of a long-term employee cannot be remedied as noted above, the Project Leader jointly with the Washington Coordinator shall determine the appropriate time and means for early termination of the employee.



The Project Leader shall advise the Saudi Counterpart of a pending early termination of a long-term employee thirty (30) days in advance of notifying the employee and shall give reasons for the early termination.

Early termination of the Project Leader shall be only at the discretion of the Department. In such case, the Deputy Assistant Secretary shall advise the Deputy Minister thirty (30) days prior to notifying the Project Leader and shall give reasons for the early termination.

D. Appeal Procedure

In case the Project Leader and Saudi Counterpart disagree on a termination, the Deputy Minister and the Assistant Secretary will make a final decision.

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