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Enabling poor rural people
to overcome poverty

Memorandum of understanding between the Asian Development Bank and the International Fund for Agricultural Development

Note to Executive Board representatives

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Executive Board —108th Session
Rome, 10-11 April 2013

For: Approval

Recommendation for approval

It is recommended that the Executive Board approve the proposed memorandum of understanding (MoU) between the Asian Development Bank and the International Fund for Agricultural Development upon such terms and conditions as shall be substantially in accordance with those presented herein and authorizes the President to sign the MoU provided in the annex.

Memorandum of understanding between the Asian Development Bank and the International Fund for Agricultural Development

I. Introduction and background

1. In direct response to a commitment made in the Report of the Consultation on the Eighth Replenishment of IFAD's Resources, IFAD adopted a Partnership Strategy that confirms its recognition of the value of partnerships as a means to achieve its development objectives and the importance of providing a strategic framework for its partnership efforts. The goal of the IFAD Partnership Strategy is to enable more rural people to move out of poverty through the selective use and effective management of partnerships. Consequently, during discussions at the annual meeting of the Asian Development Bank (ADB) in May 2012, ADB and IFAD agreed that the cooperation agreement between the two institutions signed on 11 April 1978 should be renewed as it contained a number of redundancies and constrained the furthering of collaboration between the two institutions.
2. Previously, the two institutions collaborated under the 1978 cooperation agreement, in which IFAD entrusted the administration of loans/grants and the supervision of all the projects and programmes it financed to international institutions. As a cooperating institution, ADB has provided services under this agreement as project administrator to IFAD. This relationship has been ongoing and, at present, five IFAD-funded projects are under administration by ADB.¹ These arrangements will continue until the completion date of these projects; they will not be affected by the termination of the 1978 cooperation agreement and the entry into force of the new memorandum of understanding (MoU). The Executive Board is requested to approve the proposed MoU provided that any substantive changes to the terms presented herein are then presented to the Board at a future session.
3. The proposed MoU reflects changes emanating from the 2006 decision of the Governing Council to amend the Agreement Establishing IFAD to permit IFAD to directly administer and supervise the projects and programmes that it finances, and thus updates the collaboration between the two institutions. It also expands and strengthens collaboration beyond project funding and implementation, to foster broader corporate collaboration and learning.

¹ Bangladesh: Participatory Small-scale Water Resources Sector Project; Cambodia: Tonle Sap Poverty Reduction and Smallholder Development Project; Laos: Northern Region Sustainable Livelihoods through Livestock Development Project; Laos: Sustainable Natural Resource Management and Productivity Enhancement Project; and Philippines: Integrated Natural Resources and Environmental Management Project.

II. Purpose

4. The MoU is aimed at strengthening the effectiveness, impact, efficiency and sustainability of the development operations of each of the parties to the MoU. Through the collaboration envisaged under the MoU, ADB and IFAD consider it desirable and feasible to further their cooperation in all areas of common interest.
5. To achieve these objectives the two institutions intend to enhance collaboration in the following broad areas:
 - (i) Information sharing on lessons learned about the challenges of implementing and monitoring the corporate policies, strategies, programmes and projects, operational procedures and practices of both parties;
 - (ii) Facilitating food security, rural and agricultural development in member countries common to both parties through scaling-up of successful pilots;
 - (iii) Collaborating on research, knowledge and policy dialogue on priority development topics and on achieving international development goals, with an emphasis on the relationship between these topics and goals and their impact on poverty reduction in member countries of both parties;
 - (iv) Staff exchanges and secondments, subject to the mutual agreement of both parties;
 - (v) Identifying of projects and programmes that qualify for financing by both parties in common areas of interest, including agriculture, rural development and food security and in accordance with the respective policies of each party;
 - (vi) Coordinating the regional and country operations of the two parties and harmonizing their project design and implementation processes.

III. Strategic context

6. While IFAD's collaboration with ADB has focused on the implementation of IFAD's projects in the Asia and the Pacific region, the two institutions have agreed that their mutual complementarities offer far-reaching potential for greater collaboration and also greater reduction of rural poverty in the Asia and the Pacific region. Agricultural and rural development, central to IFAD's mandate, will complement ADB's mandated strategy to uplift the poor in the Asia and the Pacific region from poverty under ADB's five strategic drivers of change: (i) private sector development and private sector operations; (ii) good governance and capacity development; (iii) gender equity; (iv) knowledge solutions; and (v) partnerships. With the goal of realizing this potential, a joint ADB-IFAD retreat was held in Manila in December 2012, during which a three-year collaborative Action Plan was agreed. In addition, tangible opportunities for operational collaboration were identified, such as through the Coastal Climate-Resilient Infrastructure Project cofinanced by ADB, IFAD and Kreditanstalt für Wiederaufbau (KfW) in Bangladesh.
7. Joining forces under the ADB-IFAD MoU constitutes a major step for the two organizations to jointly address hunger and build food security throughout the Asia and the Pacific region. With the Asia and the Pacific region still home to two thirds of the world's hungry, the MoU foresees a partnership between IFAD and ADB that will foster scaling up of catalytic pilot

programmes developed by the two institutions. The MoU will enable the two institutions to combine their complementary skills and perspectives in rural development to promote innovative financing mechanisms, build public-private partnerships and develop inclusive business models that bring benefits for local small farmers.

8. Both organizations aim to contribute to the commitments made by the G8, G20 and G77 to enhance and achieve food security globally and, in particular, in the Asia and the Pacific region. They also intend to increase aid effectiveness in alignment with the objectives of the Global Partnership for Effective Development Cooperation agreed at the Fourth High-level Forum on Aid Effectiveness in 2011. Finally, ADB and IFAD aim to enhance cooperation at headquarters and country level through knowledge management and development of staff.

IV. Implementation arrangements

9. Once yearly, a senior-level retreat will be organized between ADB and IFAD to review upstream collaboration opportunities under IFAD's country strategic opportunities programmes and ADB's country strategies and programmes; discuss implementation of the planned collaboration and initiatives in the areas of policy dialogue and knowledge management; and draw up plans for enhanced collaboration.
10. At the country and project level, the MoU will be supported by a framework cofinancing agreement in which implementation arrangements will be specified, with a menu of options including maintaining the possibility of benefiting from ADB's administrative support, where efficient and desired.
11. Finally, the new MoU provides scope for raising IFAD's visibility in the Asia and the Pacific region through greater participation in the ADB annual meetings and in other conferences organized in Asia by and together with ADB, and through joint knowledge management and staff development and exchanges to be agreed during retreats.

MEMORANDUM OF UNDERSTANDING

between

ASIAN DEVELOPMENT BANK

and the

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

MEMORANDUM OF UNDERSTANDING
BETWEEN
ASIAN DEVELOPMENT BANK
AND
THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

MEMORANDUM OF UNDERSTANDING dated this ____ day of _____ 201_ between Asian Development Bank (hereinafter referred to as “ADB”), and the International Fund for Agriculture Development (hereinafter referred to as “IFAD”) (hereinafter referred to as the “Memorandum of Understanding” or “MOU”).

ADB and IFAD will otherwise be jointly referred to as “Parties”, and severally as “Party” where the context so requires in this MOU.

THE PARTIES TO THIS MEMORANDUM OF UNDERSTANDING:

RECOGNIZING that IFAD, a specialized agency of the United Nations having its seat in Rome, Italy, is an international financial institution dedicated to finance agricultural and rural development with the objective to mobilize additional resources to be made available on concessional terms for agricultural development in developing countries;

CONSIDERING that ADB, a regional development bank with its seat in Manila, Philippines, was established to facilitate economic development in Asia and the Pacific mainly through loans, grants, policy dialogue, technical assistance and equity investments;

ACKNOWLEDGING that on 11 April 1978, ADB and IFAD (collectively referred to as the “Institutions” or individually “Institution”) signed a Cooperation Agreement (the 1978 Cooperation Agreement) to establish the basis for close cooperation between the two Institutions to promote their common objectives in countries of their common interest.

NOTING the evolving needs of member countries of both Parties, and the development lessons that could be learnt from the respective experience of each of the Parties to this MOU, and for the purposes of strengthening the effectiveness, impact, efficiency and

sustainability of the development operations of each of the Parties to this MOU, through their collaboration, ADB and IFAD consider it desirable to terminate the 1978 Cooperation Agreement, renew and further their cooperation in all areas of common interest with this MOU;

DETERMINED to provide, through their joint efforts and within the limitations of their respective mandates, policies and resources, the delivery of coordinated and consistent services to their respective member countries, in a cost-effective and efficient manner;

HAVE REACHED THE FOLLOWING UNDERSTANDING:

ARTICLE 1

PURPOSE

The purpose of this MOU is to facilitate collaboration between the Parties in matters of common interest to them, and to establish the working arrangements necessary for the implementation of this MOU.

ARTICLE 2

SCOPE

The Parties to this MOU hereby agree to combine efforts and maintain a continuous working relationship for the achievement of their common objectives of assisting their respective regional members in their development activities, and for the furtherance and implementation of this MOU. To this end, the Parties shall, in accordance with the provisions hereinafter set forth, endeavor to cooperate on matters of common concern to them and draw-up and implement work programs for the execution of joint activities within the potential areas of cooperation described below in Article 3 of this MOU.

ARTICLE 3

AREAS OF COOPERATION

The potential areas of cooperation include the following:

- 3.1 Information sharing on lessons learned about the challenges of implementing and monitoring the corporate policies, strategies, operational procedures, and practices of both Parties;

- 3.2 Facilitating food security, rural and agricultural development in the common members countries of the Parties through scaling-up of successful pilots;
- 3.3 Collaboration on research and knowledge on priority development topics and on achieving international development goals, with an emphasis on the relationship between these topics and goals to their impacts on poverty reduction in member countries of both Parties;
- 3.4 Staff exchanges and secondments, subject to the mutual agreement of both Parties;
- 3.5 Identification of projects and programs that will qualify for financing by both Parties in common areas of interest including agriculture, rural development and food security and in accordance with respective policies of each Party;
- 3.6 Coordinating the Parties' regional and country operations and harmonizing the Parties' project design and implementation processes; and
- 3.7 All other areas that may be agreed upon between the Parties from time to time.

ARTICLE 4

CONSULTATION

- 4.1. The Parties shall keep each other informed and, whenever necessary, consult each other on areas of mutual interest, notably those set out above at Article 3, and all other areas which in their opinion, are likely to lead to collaboration.
- 4.2. The Parties shall maintain close dialogue to ensure a coherent approach and to identify areas of competence and complementarity, and shall meet whenever appropriate, notably to:
 - (i) Identify programs or projects for cooperation;
 - (ii) Draft action plans and related documentation for the implementation of such programs or projects; and
 - (iii) Conduct reviews, including joint work, of programs and projects of mutual interest.
- 4.3. The Parties shall organize annual retreats (video-conference or physical), beginning with the fourth quarter of 2013, to (i) agree on a pipeline of collaboration work and next steps; (ii) map project cycle processes to ensure efficient synchronization of the cycles and time-savings through sharing of documentation in pursuit of collaboration; and (iii) share lessons learned.

ARTICLE 5

EXCHANGE OF INFORMATION

The Parties hereto shall exchange relevant information and data on areas of common interest, and collaborate on the collection, analysis and diffusion of such information and data, subject to any arrangements that may be deemed mutually necessary or applicable in accordance with their respective disclosure of information policies.

ARTICLE 6

REPRESENTATION

A Party to this MOU shall be free to invite the other Party to attend seminars, symposia, workshops or conferences of mutual interest, convened or otherwise supported by such Party.

ARTICLE 7

MISCELLANEOUS

7.1. The Parties may enter into such supplementary arrangements or agreements within the scope of this MOU as may be appropriate.

7.2. Any relevant matter for which no provision is made in this MOU shall be determined in a manner mutually acceptable to the Parties and in this regard, each Party shall give full consideration to any proposal advanced by the other Party.

ARTICLE 8

EFFECTIVENESS, DURATION, AMENDMENT, TERMINATION AND OTHER MATTERS

8.1 This MOU shall enter into force on the date of its signature by both Parties and will remain in effect subject to Article 8.2 below.

8.2 This MOU may be terminated by either Party's service of written notice of termination (hereafter the "Termination Notice") six months in advance to the other Party. Such

termination shall take effect as of the date specified in the Termination Notice, provided that all essential provisions contained in this MOU remain in effect to the extent necessary to permit an orderly settlement of all arrangements made with respect to on-going cooperation activities. The termination of this MOU shall not affect contractual obligations that have been separately entered into by either or both Parties under this MOU.

- 8.3 This MOU may be amended only by mutual written agreement of both Parties hereto.
- 8.4 The Parties may make this MOU publicly available in accordance with their respective disclosure of information policies.
- 8.5 The respective representatives designated in Article 9, or in case of a change of a representative, the representative(s) designated in accordance with Article 9 (the "Representatives") will be promptly notified of all concerns that may affect the potential of the two Parties to collaborate effectively. The Representatives shall take appropriate action to reach an amicable resolution. If the Representatives are unable to resolve the concern to the satisfaction of both Parties, the Parties shall take whatever action they consider appropriate to reach an amicable resolution.
- 8.6 This MOU shall enter into force after each Institution has satisfied its necessary legal and/or administrative requirements and upon termination of the 1978 Cooperation Agreement. With reference to the termination requirements set forth in Section 8.02 of the 1978 Cooperation Agreement, both Parties agree that the entry into force of this MOU shall *ipso facto* terminate without any further written notice, the 1978 Cooperation Agreement. Notwithstanding any provisions of this MOU, both Parties agree that provisions of the 1978 Cooperation Agreement shall apply to all ongoing projects implemented under the 1978 Cooperation Agreement.
- 8.7 Promptly following the effectiveness of the MOU, the Parties shall agree on a Framework Cofinancing Agreement to further structure and guide the collaboration agenda, together with a strategic pipeline of projects and knowledge products.

ARTICLE 9

CHANNEL OF COMMUNICATION AND NOTICES

- 9.1 Either Party may, by written notice to the other Party, designate additional or alternative representatives or focal points in derogation from this Article.

FOR ADB

Asian Development Bank
6 ADB Avenue, Mandaluyong City
1550 Metro Manila
The Philippines
Telephone: +63 2 632 4444
Fax: +63 2 636 2182

Attn: Director General, Strategy and
Policy Department

FOR IFAD

The International Fund for Agricultural
Development

Via Paolo di Dono, 44
Rome, Italy
00142

Attn:

- 9.2 Any notice, request or other communication under this MOU shall be deemed given in writing where delivered by hand, mail, electronic mail or fax, as the case may be, by either Party to the other at the address specified in Article 9, or any other such address as either Party may notify to the other Party in the course of the duration of this MOU.

IN WITNESS WHEREOF, the Parties, each acting through its duly authorized representative, have signed this MOU on the date first above written. This MOU is executed in two counterparts, each of which will be an original.

FOR AND ON BEHALF OF
THE ASIAN DEVELOPMENT BANK

By: []

Title: []

Date:

FOR AND ON BEHALF OF
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

By: []

Title: []

Date: