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Proposal for a Memorandum of Understanding with the International Social Security Association

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For: Approval

Recommendation for approval

In accordance with article 8, section 2 of the Agreement Establishing IFAD, the Executive Board is requested to authorize the President to negotiate and finalize a memorandum of understanding and establish a partnership with the International Social Security Association, substantially in accordance with the draft memorandum of understanding presented in annex II to this document. The text of the memorandum of understanding, as negotiated and signed, will be submitted to the Executive Board for information at a subsequent session.

Proposal for a Memorandum of Understanding with the International Social Security Association

1. The Executive Board is invited to note that IFAD wishes to enter into a strategic partnership with the International Social Security Association (ISSA). To this end, the President seeks the approval of the Executive Board to negotiate and finalize a memorandum of understanding (MoU) substantially in accordance with the draft presented in annex II.
2. In line with the IFAD Partnership Strategy¹ and commitments made during the Consultation on the Eleventh Replenishment of IFAD's Resources, IFAD has identified ISSA as a relevant partner with which to pursue inclusive rural transformation by setting standards and facilitating the administration of in-country social security schemes.
3. This strategic partnership will leverage the complementarities between the two entities and enable closer programmatic and strategic cooperation within the boundaries of their respective legal frameworks, operational guidelines and procedures in supporting the extension and promotion of social security in IFAD-funded interventions.
4. ISSA's areas of focus that are relevant to IFAD are detailed in annex I. The MoU sets five objectives:
 - to increase the awareness of IFAD units and offices for the importance of social protection in rural areas, and systematically incorporate social protection elements into relevant IFAD-funded projects and programmes;
 - to promote the outreach of ISSA member organizations to rural areas;
 - to conduct joint research and analysis on the nexus between social protection in rural areas, and rural productivity and livelihoods. This could result in a series of joint publications under the title "rural social protection";
 - to mobilize the expertise of ISSA member organizations to provide technical assistance and advice in social protection in support of IFAD-funded projects and programmes; this may involve ISSA members from the host country as well as from a third country, including through South-South cooperation; and
 - To organize joint global events on social protection in rural areas.
5. The MoU contains the following articles: (i) purpose; (ii) areas of cooperation; (iii) modes of cooperation; and (iv) final provisions.

¹ EB 2012/106/R.4

I. International Social Security Association

Profile

1. The International Social Security Association (ISSA) is an international organization founded in 1927 under the auspices of the International Labour Organization. Its purpose is to promote cooperation among social security institutions and assist its global membership (155 member organizations) with technical and administrative improvements thus strengthening the role of social security outcomes on the basis of social justice throughout the world.
2. ISSA aims to extend social security coverage beyond the 50 per cent of the global population who have access to some form of social security (only 20 per cent enjoy adequate coverage) including by addressing policy issues such as the demographic ageing of populations, evolving family structures, the impacts of economic globalization, the growth of informal labour markets, and epidemiological and environmental developments.
3. ISSA defines "social security" as any programme of social protection established by legislation or any other mandatory arrangement that provides individuals with a degree of income security when faced with the contingencies of old age, survivorship, incapacity, disability, unemployment or rearing children. It may also offer access to curative or preventive medical care.
4. In 2013 the ISSA launched its Centre for Excellence in Social Security Administration, which consists of an innovative package of services to facilitate and support administrative improvements by member organizations. The Centre provides services and support to social security administrations committed to good governance, high performance and service quality. It builds on a series of internationally recognized professional guidelines for core areas of social security administration.
5. In 2012 the ISSA formalized an agreement with the International Labour Organization aimed at reinforcing collaboration in support of the extension and promotion of social security. The agreement recognizes the key contribution of social security institutions to the extension of coverage. The agreement marked a new chapter in the long-standing strategic partnership between the organizations and reinforced efforts to extend social security worldwide.

II. Background

6. Prompted by the findings that social protection could enhance rural transformation and improve its inclusiveness (IFAD undertook research on social protection and inclusive rural transformation in January 2017), ISSA and IFAD signed a letter of intent (LoI) on 4 August 2017.
7. The LoI provided the framework to assess IFAD and ISSA's comparative advantages, areas of expertise and influence, and the synergies in their respective business models. The goal was to identify opportunities to promote social security in IFAD-supported programmes. Social security has the potential to promote population welfare through measures guaranteeing access to food and/or health services, especially for vulnerable segments such as children, the elderly, people with disabilities, the sick and the unemployed. The LoI provides the starting point for a future partnership agreement (MoU).
8. Within this framework, an ISSA-IFAD joint assessment was carried out in Senegal (December 2017) and Indonesia (February 2018). The mission assessed: (a) health insurance coverage; (b) income security; (c) work accident prevention and compensation and (d) pensions.
9. The main conclusion of the two missions was that IFAD's loans would not be the vehicle for funding social security but could be strategic in raising awareness of the

importance of social security, in particular with the engagement of farmers' organizations.

III. Relevance of IFAD-ISSA collaboration

10. The concept of social security is enshrined in article 22 of the Universal Declaration of Human Rights. States are normally deemed responsible for ensuring a minimum standard of material welfare to all citizens. This should be provided on a basis wide enough to cover the main contingencies of life that individuals of small means, such as the vast majority of those targeted by IFAD-financed operations, are unable to meet by themselves .
11. Social security may also refer to government programmes intended to promote population welfare through measures guaranteeing access to food and/or health services especially for the vulnerable segments such as children, the elderly, the sick and the unemployed.
12. There is a close link between social security (especially work injury and health systems) and private economic activities carried out by smallholder producers in developing countries. Investment in health care, education and properly designed cash transfers can have positive economic and social effects in countries at any stage of development.
13. Social protection and safety nets for rural areas are key risk management tools that enhance farm household resilience and food security, investment and access to credit, and more generally, financial autonomy.
14. The proposed collaboration between IFAD and ISSA will create awareness of the importance of promoting social security in IFAD-funded interventions. The collaboration will build on the complementarities between the two entities and the potential for closer programmatic and strategic cooperation within the boundaries of their respective legal frameworks, operational guidelines and procedures (e.g. IFAD's Social, Environmental and Climate Assessment Procedures).
15. ISSA could play an important role at the international level by applying standards and facilitating the administration of social security schemes in several countries given its expertise in this area, while IFAD could facilitate dialogue between social security underwriters, project agencies and smallholder groups or cooperatives within its projects.

Draft Memorandum of Understanding between the International Fund for Agricultural Development (IFAD) and the International Social Security Association (ISSA)

This Memorandum of Understanding is entered into by the International Fund for Agricultural Development (hereinafter referred to as "IFAD") and the International Social Security Association (hereinafter referred to as "ISSA") to strengthen cooperation between IFAD and ISSA with the aim of closing the social protection coverage gap in rural areas.

Preamble

Whereas, IFAD is a specialized agency of the United Nations and an international financial institution which mobilizes and administers resources for agricultural development in developing Member States. In fulfilling this objective the Fund shall provide financing primarily for projects and programmes specifically designed to introduce, expand or improve inclusive food production systems and to strengthen related policies and institutions within the framework of national priorities and strategies;

Whereas, ISSA is an international organization bringing together social security agencies, government departments and organizations to promote dynamic social security and nationally appropriate social protection systems for all by supporting excellence in social security administration. ISSA pursues this objective primarily through its Centre for Excellence providing professional guidelines, capacity-building, knowledge services and relevant global, regional and technical platforms;

Whereas, IFAD and ISSA, hereinafter referred to as "Parties" seek to support inclusive and sustainable economic growth as well as improved access to services for poor people in rural areas of developing countries through a wide range of partners, models and delivery channels;

Whereas the parties wish to jointly support the enhancement of productivity and social protection in rural areas as a means to foster inclusive rural transformation, as a contribution to the achievement of the United Nations Sustainable Development Goals (SDGs), in particular targets 1.3 (social protection), 2.3 (agricultural productivity) and 3.8 (universal health coverage);

Whereas, the Parties recognize that modern, dynamic and inclusive social security systems can be a powerful tool to fight poverty and to foster inclusive and sustainable rural transformation, including through the participation of the private sector; and

Whereas, based on two scoping missions to Indonesia and Senegal, the Parties agreed to promote the extension of social security through IFAD-funded interventions, noting the complementarities between them and the prospects for closer programmatic and strategic cooperation within the boundaries of their respective legal frameworks, operational guidelines and procedures.

The Parties have reached the following understanding:

Article I Purpose

1.1 The Purpose of the Memorandum is to provide a framework for cooperation and facilitate collaboration between the Parties, on a non-exclusive basis, in areas of common interest. In particular, the partnership will seek to link social protection for the promotion of rural livelihoods in the common countries of operation of ISSA and IFAD.

Article II Areas of Cooperation

2.1 Under this Memorandum the Parties will seek, within the framework of their mandates and governance structures, opportunities for collaboration in the following areas:

- i. increase the awareness of IFAD about the importance of social protection in rural areas
- ii. increase the awareness of ISSA and its member organizations as to IFAD's mandate, business model, approaches and operations
- iii. facilitate the analysis on the nexus between social protection in rural areas, and rural productivity and income
- iv. endeavour to promote the services of ISSA's Centre for Excellence and expertise of member organizations for the provision of technical assistance and advice in social protection in support of IFAD-funded projects and programmes, with a particular focus on member-to-member cooperation in the context of South-South collaboration
- v. endeavour to promote social security coverage by ISSA member organizations in rural areas with the aim to reducing occupational accidents and diseases and to promote health by implementing prevention measures in agriculture and food processing
- vi. Any other topic related to the mandates and interests of the Parties

Article III Modes of Cooperation

The parties agree to endeavour, within the framework of their mandates and governance structures, to focus their partnership and cooperation on the following priority areas:

3.1 National strategies: Within their respective mandates, the Parties will support IFAD Member States in implementing strategies for rural development that incorporate aspects of social protection, and ISSA member institutions in developing and implementing administrative structures for extending social protection to rural areas and the rural poor.

3.2 Knowledge-sharing: Exchange reports, publications, research results, data and general information on all issues that are of mutual interest.

3.3 IFAD country programmes: Include, to the extent possible, elements of social protection into future IFAD country programmes (COSOPs), as well as a rural focus into the respective medium-term plans and programmes of ISSA member organizations.

3.4 South-South and Triangular Cooperation (SSTC): Leverage SSTC as a means for sharing experiences and knowledge on social protection among developing countries; and include, to the extent possible, elements of social protection into future SSTC initiatives undertaken by IFAD, particularly with countries hosting member organizations of the ISSA.

3.5 Joint publications: Elaborate and publish joint publications, including through electronic media, on all aspects related to social protection in rural areas.

3.6 Joint events: Invite each other to meetings, conferences, seminars and other events that are of relevance to the subject of this Memorandum of Understanding; the Parties may also convene and organize joint events at the national, regional and international levels.

3.7 Human resources: Facilitate the services of the Centre for Excellence and expertise of its member organizations in support of relevant IFAD country programmes on a member-to-member base; IFAD will seek to provide technical support to ISSA member organizations wishing to extend their outreach to rural areas.

3.8 Pilot activities: Upon request by national governments and ISSA member institutions, carry out joint pilot projects on a limited scale to test and demonstrate the

mutually reinforcing relationship between social protection, work accident prevention and rural productivity.

Article IV Final Provisions

4.1 All activities under this MoU shall be subject to each of the Parties respective mandates, governance structures and procedures, the availability of funds, personnel, and other resources, and shall not be construed to obligate any funding commitments to either Party.

4.2 This MoU reflects the views and intentions of the Parties regarding cooperation on a non-exclusive basis, expressed in good faith. It does not constitute any legally binding commitment or the creation of any liability to either Party or create any right or benefit for any third party.

4.3 It is understood and agreed that nothing in this Memorandum will constitute or be construed as an offer, promise or undertaking by either Party to finance all or part of any activity or project identified in or pursuant to this MoU. In the event of opportunities being identified, specific arrangements for any such activity or project would need to be agreed upon between the Parties and written agreements concluded, as and when necessary, setting out the arrangements agreed. Each of the Parties will cover its own expenditures arising from the implementation of this MoU, unless otherwise specified in relevant separate agreements.

4.4 Nothing in this Memorandum will limit the right of either or both Parties to enter into memorandums or arrangements with other parties with respect to any activity, project or area of cooperation covered by this MoU nor does anything in this MoU prevent either or both of the Parties from doing so. In mutual consent, parties may involve a third party in certain areas of activities.

4.5 Any disputes that may arise out of this MoU shall be resolved through friendly consultation or by another mutually agreed mode of settlement.

4.6 Nothing in this Agreement shall be deemed as a waiver of or otherwise affect the privileges and immunities of IFAD under the Agreement Establishing the International Fund for Agricultural Development, the Convention on the Privileges and Immunities of the specialized agencies of the United Nations (1947), any other international treaty or convention, or under international customary law.

4.7 The Parties agree to meet at least once a year at a senior level in order to review the implementation of the MoU, as defined e.g. in a joint workplan and plan future joint activities for the year ahead.

4.8 IFAD and ISSA may disclose this MoU and related information in accordance with their respective rules and procedures regarding disclosure and access to documents and information.

4.9 Any notice, requirement, report or other communication and liaison proposed or made under this MoU could be addressed to:

International Social Security Association:

Director

Social Security Development Branch

Case postale I

4 route des Morillons

CH-1211 Geneva 22

Switzerland

International Fund for Agricultural Development:

Director

Partnership and Resource Mobilization

Via Paolo di Dono, 44,

00142 Rome

Italy

This Memorandum will become effective on the date of its signing subject to the completion by each party of the necessary requirements according to their applicable rules and will remain in effect for a period of five years, unless either Party notifies the other Party in writing of its intention to terminate this Memorandum. In such case, this Memorandum will terminate thirty (30) days after receipt of such notice by the corresponding Party;

4.10 Termination of this Agreement shall not affect any obligations previously incurred in the context of the projects executed hereunder or the specific agreements derived herefrom;

4.11 This MoU may be amended and or extended by written agreement of the Parties.

International Fund for Agricultural
Development

International Social Security Association

Dr Gilbert Houngbo

Dr Joachim Breuer

President

President