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Investing in rural people

Memorandum of Understanding between the African Risk Capacity Agency and IFAD

Note to Executive Board representatives

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Executive Board — 130th Session
Rome, 8-11 September 2020

For: Approval

Recommendation for approval

The Executive Board is invited to approve the recommendation contained in paragraph 3.

I. Introduction

1. African Risk Capacity (ARC) is composed of two entities: the ARC Agency – a specialized agency of the African Union – and the ARC Insurance Company Limited. Its mandate is to support African governments in improving their capacity to plan, prepare and respond to extreme weather events and natural disasters.
2. The aim of the memorandum of understanding (MoU) between the ARC Agency and IFAD is for the institutions to establish a mutually beneficial framework for cooperation, with a view to facilitating collaboration in common areas of interest, notably integrated risk management, especially against recurrent natural disasters in key vulnerable sectors like agriculture; resilience-building; and post-disaster recovery.

II. Recommendation

3. 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 MoU between the ARC Agency and IFAD to establish a cooperation framework, substantially in accordance with the provisions presented in the annex to this document. The signed MoU will be submitted to the Board for information at a subsequent session.



MEMORANDUM OF UNDERSTANDING

BETWEEN

**THE INTERNATIONAL FUND FOR AGRICULTURAL
DEVELOPMENT**

AND

THE AFRICAN RISK CAPACITY AGENCY

MEMORANDUM OF UNDERSTANDING**BETWEEN****THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT****AND****THE AFRICAN RISK CAPACITY AGENCY**

THIS MEMORANDUM OF UNDERSTANDING is entered into by and between the International Fund for Agricultural Development (hereinafter referred to as the "IFAD"), of the one part, and the African Risk Capacity Agency (hereinafter referred to as "ARC Agency") of the other part. IFAD and the ARC Agency are hereinafter referred to individually as the "Party" and jointly as the "Parties".

THE PARTIES;

CONSIDERING that IFAD is a specialized agency of the United Nations and an international financial institution, established by an international agreement (i.e. the Agreement Establishing IFAD), whose primary objective is to mobilize additional resources to be made available on concessional terms for agricultural development in developing Member States. In fulfilling this objective, IFAD provides financing primarily for projects and programmes specifically designed to introduce, expand or improve food production systems and to strengthen related policies and institutions within the framework of national priorities and strategies;

FURTHER CONSIDERING that the ARC Agency was established as a Specialized Agency of the African Union (AU) to help its member countries improve their capacities to better plan, prepare and respond to extreme weather events and natural disasters, thereby protecting the food security of their vulnerable populations. The Agreement Establishing ARC has been signed by 34 African countries across the continent as on 27 March 2020. The ARC Agency has a financial affiliate - ARC Insurance Company Limited - that carries out commercial insurance functions of risk pooling and risk transfer for the benefit of ARC Agency Member Countries. The ARC Agency is supporting its member countries to integrate risk management into their policy and development objectives, especially against recurrent natural

disasters in key vulnerable sectors like agriculture and to build resilience and enhance recovery after disasters. African agriculture has perennially suffered from low levels of investment, both from the public and private sources. This has to a large extent been attributed to the high levels of risk associated with the sector. De-risking investments will therefore unlock financial resources and spur increased flow of investments in agriculture at all levels on the continent;

NOTING the evolving needs of IFAD's Member States as well as the importance of improved cooperation and coordination of efforts of development partners towards meeting those needs;

RECOGNISING the potential benefits of collaboration between IFAD and the ARC Agency; and

DETERMINED to develop collaboration in defined areas of mutual interest for the benefit of African countries which are both IFAD's Member States and ARC Agency Member Countries as further described in this Memorandum of Understanding;

HAVE REACHED THE FOLLOWING UNDERSTANDING:

ARTICLE I PURPOSE

- 1.1 The purpose of this Memorandum of Understanding (MoU) is to establish a framework for collaboration between the Parties in matters of common interest, and specify modalities for implementation, having regard to the respective mandates, objectives, functions, rules, policies and procedures of each Party.
- 1.2 The Parties will, in accordance with the provisions of this MoU, endeavour to work together and maintain a continuous working relationship for the achievement of their common objectives within the limitations of their respective mandates and resources.

ARTICLE II SCOPE AND MECHANISMS OF COOPERATION

- 2.1 In accordance with their respective mandates, policies and rules, the Parties will seek opportunities to cooperate in developing and

implementing projects, programmes and technical assistance activities in the following areas:

- (i) Capacity building of common member states through support to climate resilience in the agriculture sector by embedding investments in risk management into government planning;
- (ii) Deployment or exchange of staff - including secondment, loans, exchange - under the appropriate arrangements, and subject to each Party's objectives, functions, rules, policies and procedures in order to enable the integration of best practices in climate and risk resilience into the preparation of programs and projects. The deployment or exchange initiatives will be formalized in specific and separate instruments;
- (iii) Developing risk transfer instruments in agriculture projects, and innovative instruments and mechanisms to support the participation of African countries which are both IFAD's Member States and ARC Agency Member States, in the ARC Disaster Risk Pool;
- (iv) Any other areas of cooperation that may be agreed upon by the Parties from time to time.

2.2 The Parties will cooperate through a range of mechanisms which may include:

- (i) participation in joint missions for identification, appraisal, supporting implementation, and monitoring and evaluation, and carrying out of relevant studies of joint activities, projects and/or programmes in the agreed areas of cooperation;
- (ii) making logistical and/or technical contributions to such joint activities, projects and programmes, as appropriate;
- (iii) participation in identification of complementary sources of finance and other necessary resources, and mobilization of funds and resources for implementation of such activities, projects and programmes;
- (iv) assistance in planning, organization and implementation of projects and programmes through provision of technical expertise and other support, as appropriate;

- (v) supervision of projects and programmes and post-evaluation of completed projects and programmes;
- (vi) providing orientation and training, as well as cooperating in the organization and conduct of courses, research, seminars, workshop and symposia;
- (vii) exchange of experience and relevant documents, data and other non-confidential information; and
- (viii) any other mechanisms that may be agreed upon by the Parties from time to time.

ARTICLE III MODALITIES FOR IMPLEMENTATION

- 3.1 The Parties will identify areas of comparative advantage, competency and complementarity and ensure a coherent approach in the achievement of their shared goals and objectives in matters of common interest, in accordance with their respective mandates, policies and rules.
- 3.2 Detailed arrangements for specific collaborative activities which may include financial commitments by each Party will be set out in specific and separate instruments.
- 3.3 The Parties may meet whenever appropriate to:
 - (i) discuss specific projects, programmes or activities and the means and responsibilities for implementing and managing such activities;
 - (ii) review the status and progress of activities being carried out pursuant to this MoU;
 - (iii) identify, formulate and plan implementation of new or future programmes, projects or activities;
 - (iv) exchange views on implementation of this MoU; and
 - (v) discuss any matters arising out of their cooperation under this MoU.

ARTICLE IV CONSULTATION AND EXCHANGE OF INFORMATION

- 4.1 The Parties will endeavour to keep each other informed of their respective programs of work in areas of common interest, where necessary, collaborate in the collection, analysis, disclosure and distribution of information, and/or consult each other and exchange relevant information on matters of common interest which, in their opinion, are likely to lead to mutual collaboration.
- 4.2 Collaboration, consultation and exchange of information and documents under this MoU will be without prejudice to arrangements, which may be made by each Party to safeguard confidential information, in accordance with their respective policies and procedures relating to disclosure of information.

ARTICLE V REPRESENTATION

The Parties will, where appropriate, invite each other to meetings, seminars, symposia, workshops or conferences convened or otherwise supported by either Party or its auspices, with or without external participation, at which policy matters related to the aims of this MoU will be discussed.

ARTICLE VI FUNDING OF ACTIVITIES

- 6.1 This MoU does not represent any commitment with regard to any funding for a particular activity, project or programme on the part of either Party. Any such commitment will be contingent upon execution of a specific and separate agreement that may be entered into by the Parties.
- 6.2 Costs or expenses relating to, or arising from, activities undertaken pursuant to this MoU other than as set out in a specific and separate agreement, will be borne by the Party incurring such costs or expenses.

ARTICLE VII CHANNEL FOR COMMUNICATION AND NOTICES

7.1 For the purpose of this MoU, the representatives of the Parties shall be:

For IFAD: **Regional Director**
**[East and Southern Africa Division](#), Programme
Management Department**
**The International Fund for Agricultural
Development**
Via Paolo di Dono 44, 00142 Rome
ITALY
Tel: + 39 06 5459 2838

For ARC: **The Chief Operating Officer**
The ARC Agency
Building 1, 1 Eglin Road,
Sunninghill 2157
Johannesburg
SOUTH AFRICA
Tel.: +27 (0)11 517 1535

7.2 Either Party may by notice in writing to the other Party, substitute the representative designated in this Article, or designate additional representative(s) or official(s) to serve as focal points for facilitating implementation of this MoU or coordination of collaborative activities for the notifying Party.

7.3 Any notice, request or other communication under this MoU will be in writing and will be deemed to have been duly given when it has been delivered by hand, registered mail, or fax, as the case may be, by either Party to the other Party at the address specified in this Article or such other address as either Party may subsequently notify to the other Party.

ARTICLE VIII

COMMENCEMENT, AMENDMENT AND TERMINATION

8.1 This MoU will take effect upon its signature by the Parties (the date of the last such signature being the "Commencement Date") and will remain in effect for a period of three (3) years, unless the Parties agree to extend the MoU.

8.2 The Parties may, by exchange of letters, amend this MoU or any of its provisions, at any time. Any amendment will be without prejudice

to any rights or obligations accruing or incurred by either Party under this MoU, or any specific and separate agreement executed prior to the effective date of such amendment.

- 8.3 This MoU may be terminated at any time by either Party giving the other Party written notice of termination, at least six (6) months in advance of the proposed date of termination. Such termination will take effect on the date specified in the notice of termination. Notwithstanding the termination of this MoU under this article, the provisions of this MoU shall survive to the extent necessary in order to bring ongoing activities to a proper close.

ARTICLE IX SETTLEMENT OF DISPUTES

This MoU is neither a treaty nor an instrument of treaty status. In case of a dispute or controversy arising out of or relating to any collaborative activity undertaken pursuant to this MoU, the Parties will attempt to reach an amicable resolution in good faith.

ARTICLE X OTHER MATTERS

- 10.1 Any other matter for which no provision is made in this MoU will be determined in a manner mutually acceptable to the Parties, and, in this regard, either Party will give due consideration to any proposal advanced by the other Party.
- 10.2 This MoU reflects the views and intentions of the Parties to cooperate on a non-exclusive basis, expressed in good faith, but without the creation of any binding obligation or the incurrance of any liability on the part of any of them. Nothing in this MoU shall be construed as creating a joint venture, an agency relationship, or a legal partnership between the Parties.
- 10.3 Nothing contained in this MoU shall be construed as or constitute a waiver, renunciation or other modification of any privileges, immunities and exemptions accorded to either Party under the instrument establishing the Party, international conventions or any other applicable law.

IN WITNESS WHEREOF, IFAD and the ARC Agency, each acting through its authorized representative, have signed this Memorandum of Understanding on the respective dates specified below, in two original counterparts in English.

**FOR THE INTERNATIONAL FUND
FOR AGRICULTURAL
DEVELOPMENT**

**FOR THE AFRICAN RISK
CAPACITY AGENCY**

GILBERT F. HOUNGBO

President

Date:

MOHAMED BEAVOGUI

Director General

Date: