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## **Proposal for a memorandum of understanding between the Agricultural Development Fund in the Kingdom of Saudi Arabia and IFAD for cooperation in the development of the agricultural sector**

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### **FOR: APPROVAL**

**Action:** The Executive Board is invited to authorize the President to negotiate and finalize a memorandum of understanding with the Agricultural Development Fund in the Kingdom of Saudi Arabia, substantially in accordance with the provisions presented in the attachment to this document.

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### **Technical questions:**

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# **Proposal for a memorandum of understanding between the Agricultural Development Fund in the Kingdom of Saudi Arabia and IFAD for cooperation in the development of the agricultural sector**

## **A. Background**

1. The Executive Board is invited to consider the proposal to enter into a memorandum of understanding (MoU) with the Agricultural Development Fund (ADF) in the Kingdom of Saudi Arabia. The Executive Board's approval is being sought for the President to negotiate and finalize an MoU that is substantially in accordance with the provisions presented in the attachment to this document.
2. On 18 December 2019, IFAD and the ADF signed a declaration of intent to establish a mutually beneficial framework for cooperation aimed at facilitating collaboration in common areas of interest, particularly agricultural and rural development in Saudi Arabia, investment in projects in IFAD Member States, and collaboration on training and experience and knowledge exchange.
3. Discussions between IFAD and the ADF have stressed the need for more strategic cooperation between the two organizations in order to enhance collaboration in areas of mutual interest and in countries in which both organizations are active. The MoU is being proposed to address this need.

## **B. Rational**

4. The aim of the MoU is for IFAD and the ADF to cooperate in a number of areas that fit both organizations' mandates and strategies. These include: (i) collaboration in supporting agricultural projects and rural development in both Saudi Arabia and IFAD Member States; (ii) reimbursable technical assistance (RTA) covering advisory (technical and analytical) support relevant to IFAD's mandate, in line with IFAD policies and guidelines; (iii) sharing of necessary information, data and reports; (iv) exchange visits between experts and delegations, and participation in the organization of seminars, conferences, events and workshops; and (v) any other area agreed upon by the parties.
5. The MoU is non-legally binding. It refers to the respective regulations that are applicable to the parties and does not subject IFAD to any national law. There is a mutual understanding that, in the event of a discrepancy in interpretation, the version in the language of negotiation – namely English – shall prevail, even though the Arabic and the English versions of the agreement are deemed equally authoritative.
6. The Bureau of Experts at the Council of Ministers of the Kingdom of Saudi Arabia has reviewed the draft agreement and recommended that it be approved by the Council of Ministers.
7. The Agricultural Development Fund in Saudi Arabia is a government credit institution established to support and finance agricultural activities across the Kingdom. Its main goal is to develop the agricultural sector and improve production efficiency by providing interest-free loans and credit facilities to farmers and agricultural businesses. The ADF also offers technical and financial guidance aimed at promoting sustainable agriculture, food security and rural development. The ADF operates under the supervision of the National Development Fund but maintains legal and financial

independence. Its board is chaired by the Minister for Environment, Water and Agriculture.

8. In cooperation with other governmental bodies, the ADF launched the Saudi Responsible Agricultural Investment Initiative. The purpose of the initiative is to ensure a stable supply of affordable goods, build mutually beneficial partnerships with host countries and support private sector participation in agricultural investments abroad.
9. The ADF strategy 2021–2025 is designed to enhance food security and promote sustainable agricultural development in Saudi Arabia, closely aligning with Vision 2030. The key pillars of the strategy are: enhancing food security; promoting sustainable rural development; providing targeted sectoral support focused on key agricultural sectors such as poultry, greenhouses, aquaculture and sustainable rural development; and supporting agricultural investments abroad to diversify and stabilize food supply sources.

### **C. Recommendation**

10. 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 an MoU between the ADF and IFAD in order to establish a cooperation framework that is substantially in accordance with the provisions presented in the attachment to this document. The signed MoU will be submitted to the Board for information at a subsequent session.



**MEMORANDUM OF UNDERSTANDING**  
**BETWEEN THE AGRICULTURAL DEVELOPMENT FUND (ADF) IN THE**  
**KINGDOM OF SAUDI ARABIA (KSA) AND THE INTERNATIONAL FUND**  
**FOR AGRICULTURAL DEVELOPMENT (IFAD) FOR COOPERATION IN**  
**THE DEVELOPMENT OF THE AGRICULTURAL SECTOR**

## **Memorandum of understanding between the Agricultural Development Fund (ADF) in the Kingdom of Saudi Arabia (KSA) and the International Fund for Agricultural Development (IFAD) for cooperation in the development of the agricultural sector**

Recognizing the importance of joint cooperation in agricultural development and of providing the agricultural sector with modern capacities and technologies, the Agricultural Development Fund (ADF) in the Kingdom of Saudi Arabia (KSA) and the International Fund for Agricultural Development (IFAD) (hereinafter the Parties) have agreed on the following:

### **Article 1**

The purpose of this Memorandum is to enhance cooperation between the Parties in rural agricultural development, in accordance with their respective applicable regulations (laws).

### **Article 2**

Cooperation under this Memorandum shall encompass the following areas:

- 1- Collaboration in supporting agricultural projects and rural development in both the Kingdom of Saudi Arabia and IFAD member states.
- 2- Reimbursable Technical Assistance (RTA) covering advisory (technical and analytical) support relevant to IFAD's mandate, in line with IFAD policies and guidelines.
- 3- Sharing of necessary information, data and reports.
- 4- Exchange of visits between experts and delegations, and participating in the organization of seminars, conferences, events and workshops.
- 5- Any other area agreed upon by the Parties.

### **Article 3**

The Parties shall establish a working group consisting of an equal number of members from each Party, to consult on the actions and measures to be taken to promote and develop the cooperation outlined in this Memorandum; the working group shall report on the progress of the implementation of this Memorandum to the competent authority of each party.

### **Article 4**

Each Party shall incur – within its available means – the financial costs of implementing the areas of cooperation set out in this Memorandum, unless otherwise agreed by the Parties.

### **Article 5**

The provisions of this Memorandum shall not affect the rights, privileges, immunities and exemptions enjoyed by IFAD under the Agreement Establishing the International Fund for Agricultural Development.

### **Article 6**

The Parties undertake that the information or documents exchanged between them shall be used solely for the purposes for which they were intended as agreed, and shall not be transferred to a third party without the written consent of the submitting party.

### **Article 7**

The Parties shall take the necessary measures to protect the intellectual property rights resulting from any activity or project under this Memorandum, in accordance with the applicable regulations (laws).

### **Article 8**

Any dispute arising between the Parties regarding the interpretation or implementation of this Memorandum shall be resolved amicably through consultations, in a manner that serves their mutual interests.

### **Article 9**

This Memorandum shall not affect any rights or obligations of either party arising from another international agreement they have previously concluded, nor shall it affect the international obligations of the Parties under international law.

### **Article 10**

- 1- This Memorandum shall become effective on the date of the last notice exchanged between the Parties – through diplomatic channels – confirming that the internal regulatory procedures required for its entry into force have been completed. In the case of IFAD, the internal legal procedures include obtaining the approval of the Executive Board.
- 2- The duration of this Memorandum is five years, automatically renewed for the same period one or more times, unless either Party notifies the other in writing – through diplomatic channels – of its intention to terminate it or not renew it, at least three months prior to the date set for its expiration.
- 3- This Memorandum may be amended by written agreement of the Parties, and the amendment shall become effective in accordance with the procedure set forth in paragraph 1 of this Article.
- 4- In the event that this Memorandum is terminated or not renewed, its provisions shall continue to apply to the projects and programmes established under its terms.
- 5- This Memorandum of Understanding supersedes the Letter of Intent signed between the Parties on 18 December 2019.

This Memorandum has been executed in the city of ( ) on ( ) / /14 AH corresponding to / /20 AD, in two original copies in the Arabic and English languages, both texts being equally authoritative.

**For  
The International Fund for Agricultural Development  
(IFAD)**

**For the Agricultural Development Fund (ADF)  
in the Kingdom of Saudi Arabia**