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Enabling poor rural people
to overcome poverty

Inter-institutional cooperation framework agreement between IFAD and Banco de Desarrollo Económico y Social de Venezuela

Executive Board — Ninety-second Session
Rome, 11-13 December 2007

For: **Information**

Note to Executive Board Directors

This document is submitted for the information of the Executive Board.

To make the best use of time available at Executive Board sessions, Directors are invited to contact the following focal point with any technical questions about this document before the session:

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Inter-institutional cooperation framework agreement between IFAD and Banco de Desarrollo Económico y Social de Venezuela

1. At its eighty-ninth session, held in December 2006, the Executive Board authorized the President of IFAD to negotiate and sign an inter-institutional cooperation framework agreement between IFAD and Banco de Desarrollo Económico y Social de Venezuela (BANDES). The Board requested that the text of the agreement, as negotiated and signed, be submitted for information at a subsequent Board session.
2. The agreement was signed on 7 September 2007. Pursuant to the Board's request, a conformed copy is attached for information.

**[English translation]
CONFORMED COPY**

Inter-institutional cooperation framework agreement

between

**Banco de Desarrollo Económico y Social de Venezuela
(BANDES)**

and

**the International Fund for Agricultural Development
(IFAD)**

Dated 7 September 2007

Inter-institutional cooperation framework agreement between Banco de Desarrollo Económico y Social de Venezuela and the International Fund for Agricultural Development

Banco de Desarrollo Económico y Social de Venezuela (BANDES), an autonomous institution under the authority of the Ministry of Finance of the Bolivarian Republic of Venezuela, created by decree 1,274 having the force of law in respect of the Conversion of Fondo de Inversiones de Venezuela to Banco de Desarrollo Económico y Social de Venezuela, dated 10 April 2001, published in the Official Gazette of the Bolivarian Republic No. 37,228 dated 27 June 2001, RIF No. G-20004752-6, represented herein by **Rafael Isea Romero**, a Venezuelan national of legal age of this domicile, bearing identity card No. V-9,641,667, acting in his capacity as President of BANDES, pursuant to the appointment set forth in decree 5,117 dated 15 January 2007, published in Official Gazette No. 38,604 of the same date, hereinafter and for the purposes hereof called **BANDES**, of the first part; and

The **International Fund for Agricultural Development**, a specialized agency of the United Nations established in 1977 as an international financial institution, represented herein by its President **Lennart Båge**, bearing identification No. 180511/75704, hereinafter and for the purposes hereof called **IFAD**, of the second part;

WHEREAS

IFAD has been operating in Latin America and the Caribbean, under a mandate to finance operations to reduce rural poverty and promote rural development, for more than 25 years;

The Bolivarian Republic of Venezuela is a permanent founding Member of IFAD;

IFAD endeavours to leverage the impact of its activities in Latin America and the Caribbean by calling upon cofinanciers committed to the same objectives;

BANDES has a mandate and the capacity to operate nationally and abroad for the purpose of promoting development and quality of life improvements for the population;

BANDES is interested in expanding its operations for the benefit of the poorest rural populations in the Latin American and Caribbean region;

IFAD has been working with the Bolivarian Republic of Venezuela for more than 15 years and has collaborated with and supported the Foundation for Training and Innovation for Rural Development (CIARA), an institution under the authority of the Ministry for Communal Economy, in implementing programmes, projects and activities to combat rural poverty and promote rural development;

BANDES values IFAD's experience and optimal position for formulating projects to combat rural poverty and promote rural development in the region;

The struggle against rural poverty in Latin America and the Caribbean calls for redoubled efforts, given the magnitude of this scourge in the region;

It is in the interest of BANDES and IFAD to make use of past experience in the Bolivarian Republic of Venezuela through implementation of IFAD-funded operations in the country, and disseminate it to other countries in the region;

BANDES, to further its purpose of assisting fellow countries, has created the Autonomous Fund for International Cooperation (FACI) to contribute to eradicating poverty and developing the world's neediest countries;

This inter-institutional cooperation framework agreement is hereby agreed, and shall be governed by the following clauses:

CLAUSE ONE
PURPOSE

To work together on the promotion, identification, formulation and financing of programmes, projects and activities designed to combat rural poverty and promote rural development in the region.

CLAUSE TWO
PRINCIPLES

The joint activities will be carried out on the basis of the following principles:

1. Mutual benefit based on an overall balance of advantages.
2. Reciprocal opportunities to undertake joint activities.
3. Fair and equitable treatment in all matters covered by this agreement.
4. Timely exchange of any information with a potential effect on BANDES and IFAD activities.
5. Application of best practices in administration and supervision in accordance with the rules and regulations of each institution.

CLAUSE THREE
FINANCIAL ARRANGEMENTS

In pursuance of the purpose of this agreement, BANDES will allocate the amount of up to fifteen million United States dollars (US\$15,000,000) per annum from the Autonomous Fund for International Cooperation (FACI), to be used in cofinancing projects carried out by IFAD in Latin America and the Caribbean. The projects will be cofinanced together with IFAD. In such projects, IFAD and FACI will each apply their own financial terms and conditions in effect in each instance; they will also collaborate closely on mobilizing financial resources from third organizations, whether national, regional or international, as applicable. In addition, with the agreement of the borrowing countries, the necessary instruments will be signed with IFAD and FACI to channel financing for operations cofinanced hereunder.

CLAUSE FOUR
ACTIVITIES

Within this framework agreement, the parties agree to perform the following activities:

1. Identify and support the design and formulation of strategies to combat rural poverty at the regional, subregional and country level in areas of strategic interest; as well as programmes, projects and activities to combat rural poverty and promote rural development.
2. Formulate, approve and carry out a work plan, as well as joint financing thereof, within the framework of the strategy set forth.
3. Finance programmes, projects and activities in accordance with the annual work plan.
4. Monitor implementation of the programmes, projects and activities approved.
5. IFAD and BANDES will agree on the implementation of other activities that may arise as a result of the dynamics of the institutions themselves and/or the needs of the countries of Latin America and the Caribbean, provided they fall within the purpose set forth in clause one.

CLAUSE FIVE

MECHANISMS FOR COORDINATION AND ACTION

With a view to putting in place mechanisms to permit the effective and efficient implementation of this framework agreement, the following provisions are agreed:

1. The units responsible for the implementation and performance hereof will be the Latin America and the Caribbean Division, for IFAD, and the Office of the Vice-President for International Cooperation and Financing, for BANDES. Said units will be in charge of operationalizing the activities in an annual work plan, which will be reviewed and adjusted every six (6) months, based on the objectives, guidelines and activities outlined herein.
2. Operating expenses, as well as the travel expenses, per diems and fees of both officers, will be covered by their respective institutions. The cost of organizing working meetings, seminars, workshops, conferences, technical dialogues and other such occasions will be approved in advance following the internal procedures established by each of the parties.
3. Activities will be carried out under this framework agreement in accordance with each institution's regulations, rules, goals and procedures, stipulating generally and for each activity the purpose, terms of reference, implementation schedule, and human and financial resources required for implementation according to the source. Each programme and project will need to be approved by the appropriate bodies of each institution.
4. The organization and implementation of the activities agreed upon hereunder will be programmed flexibly in accordance with a schedule and work plan to be agreed upon by IFAD and BANDES.
5. A budget will be prepared to perform each activity, as well as an agreement on the respective responsibilities to be assumed by IFAD, BANDES, and any other sponsors or cooperation agencies.
6. In carrying out specific activities included in the annual work plan, own resources (in cash or in kind) will be used where available, as well as resources from other sponsoring institutions. In the case of activities included in the annual work plan for which no specific funds have been allocated, IFAD and BANDES will request technical and financial cooperation from international organizations, governments and cooperation agencies.
7. During the life of each programme or project, IFAD and BANDES may reschedule activities of a similar nature and others considered high-priority by the countries of Latin America and the Caribbean, provided both institutions have expressed agreement in writing.
8. Upon completion of each calendar of activities, IFAD and BANDES will hold a meeting in Rome or Caracas to evaluate the work plan results and impact obtained, in terms of both technical issues and knowledge, which will be included in an annual report and activity programming for the following year together with the respective responsibilities of each institution.

CLAUSE SIX ADMINISTRATION AND SUPERVISION

IFAD and BANDES will agree on effective management mechanisms for both physical and financial implementation, as well as for project monitoring and supervision, making use of the strengths and comparative advantages of each party.

CLAUSE SEVEN HUMAN RESOURCES

Keeping in mind the value attached by the parties to developing their respective human resources, they may:

1. Organize visits by their respective staff, in accordance with previously determined objectives and the specific technical and operating requirements of the parties.
2. Organize, in the short term, visits by the staff of both parties, based on specific training needs and an interest in improving mutual familiarity and operating effectiveness of the parties.

CLAUSE EIGHT RELATIONS BETWEEN THE PARTIES

Neither of the parties will present itself at any time or for any reason as an agent or legal representative of the other party; nor will either of the parties be entitled to create, assume or make any express or implicit statement of any kind without authorization by the other party, except as otherwise agreed in writing by the parties; nor will any express or implicit statement herein be construed as constituting a relationship between the parties or for any other purpose. No provision of this agreement or any other related document may be construed as a waiver of the privileges and immunities applicable to IFAD and its staff; nor may any officer or staff member of BANDES legitimately incur expenses or obligations on IFAD's behalf or vice versa; nor will BANDES staff enjoy the same privileges and immunities enjoyed by IFAD staff.

CLAUSE NINE EFFECTIVE DATE, AMENDMENT AND TERMINATION

This agreement shall enter into effect upon signing by both parties, as of the last date indicated on the last page hereof.

Duration will be five (5) years from the effective date, renewable by agreement of the parties for the same or a different period, unless the parties agree to terminate it as provided for in the following paragraph.

The parties may cancel this framework agreement at any time by written agreement to the other party at least six (6) months in advance of the cancellation date, without giving rise to any claims or damages between the parties.

Termination or cancellation hereof will not affect the fulfilment and finalization of commitments and obligations incurred between the institutions then under way, which will continue in effect until the activities initiated have been fully performed and the responsibilities assumed fully met.

The terms of this framework agreement may be amended in part or in whole by common agreement in writing with the prior approval of the appropriate decision-making bodies of the parties. The instruments containing such amendments will be included as annexes hereto and will be considered an integral part hereof.

CLAUSE TEN RECIPROCITY

Any activity relating to the programmes and projects implemented jointly by the parties will be managed in such a way that their respective contributions are equitably recognized and reflected, both in relations with national, regional and international organizations and in publications, informational material and messages delivered to the communications media.

All materials reproduced as a consequence of this agreement will bear visibly and of equal size the logos of both IFAD and BANDES.

CLAUSE ELEVEN
APPLICATION AREA AND INTERPRETATION

This agreement will be performed in (a) the Bolivarian Republic of Venezuela; and (b) the developing countries of Latin America and the Caribbean where IFAD and BANDES carry out operations, whenever the parties agree that their respective objectives and requirements coincide.

This agreement, and any matters that may arise between the parties with respect to its interpretation, performance or validity, will be governed by the clauses hereof and, in any matter not covered herein, by the general principles of international law, and will be resolved by mutual agreement between the parties.

CLAUSE TWELVE
FINAL PROVISIONS

All communications deriving from this agreement will be deemed valid exclusively when they are made in writing and forwarded to the following addresses with an official receipt as proof that they have been received:

IFAD: Via del Serafico, 107 – 00142. Roma, Italia. Tel.: +39 06 54591.
Fax: +39 06 5043463

BANDES: Avenida Sur 1 con Avenida Universidad, Esquinas Traposos a Colón. Torre BANDES, piso 7. Caracas, República Bolivariana de Venezuela. Tel.: (0212) 5058688.
Fax: (0212) 5058766.

IN WITNESS WHEREOF, IFAD and BANDES hereby sign this agreement in two (2) counterparts of identical tenor and effect, at _____ and at Caracas respectively, on the dates indicated hereinbelow.

IFAD:
[signed]
Place: [illegible]
Date: 07-09-11

BANDES:
[signed]
Place: Caracas, Venezuela
Date: 03-09-07

[Each page bears the following stamp: Office of the General Counsel, Banco de Desarrollo Económico y Social de Venezuela, Bolivarian Republic of Venezuela]