

Document: EB 2008/93/INF.2
Date: 12 March 2008
Distribution: Public
Original: English

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Enabling poor rural people
to overcome poverty

Memorandum of understanding with the African Development Bank and the African Development Fund

Executive Board — Ninety-third Session
Rome, 24-25 April 2008

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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Memorandum of understanding with the African Development Bank and the African Development Fund

1. During the thirty-first session of the Governing Council of IFAD, held on 13-14 February 2008, the President of IFAD and the President of the African Development Bank signed a memorandum of understanding. The text of this memorandum is submitted for information at the April session of the Executive Board.
2. A scanned copy of the memorandum of understanding, as signed on 13 February 2008, is attached.

MEMORANDUM OF UNDERSTANDING

BETWEEN

**THE INTERNATIONAL FUND FOR AGRICULTURAL
DEVELOPMENT**

AND

THE AFRICAN DEVELOPMENT BANK

AND

THE AFRICAN DEVELOPMENT FUND

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

MEMORANDUM OF UNDERSTANDING dated this 13 day of February 2008 between the International Fund for Agricultural Development (hereinafter referred to as "IFAD"), of the one part, and the African Development Bank and the African Development Fund (hereinafter referred to collectively as the "Bank"), of the other part.

WHEREAS IFAD is a financial institution established for the purpose of mobilizing financial resources and making them available on favourable conditions to its developing Member States with a view to pursuing sustainable agricultural development, fighting hunger, malnutrition and rural poverty in the most disadvantaged regions, and raising the standard of living of the poorest of the poor, principally by enhancing the food security of households and promoting income-generating activities, the socio-economic advancement of women and environmental conservation;

WHEREAS the Bank is a regional multilateral development bank established to promote sustainable economic development and social progress on the African continent through the financing of projects and programmes, and other activities that foster economic development and social progress of regional member countries individually and jointly;

THE PARTIES TO THIS MEMORANDUM OF UNDERSTANDING:

RECALLING that the framework for cooperation between IFAD and the Bank was authorized by the Bank's Board of Governors and IFAD's Executive Board, and embodied in a Cooperation Agreement (hereinafter referred to as the "Agreement")

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signed on 25 July 1978. The Cooperation Agreement provides the basis for close cooperation between the two organizations to promote their common objectives. In particular, the Cooperation Agreement specifies the following modalities of collaboration: (a) exclusive financing by IFAD with the Bank providing services as project administrator; (b) joint financing; and (c) arrangements for joint projects appraisal, loan negotiations, approval and administration, whenever deemed desirable. Under the aegis of the Cooperation Agreement, the Bank and IFAD have been consulting each other periodically to formulate and update their cooperative programme and generally to promote their common objectives in response to the needs expressed by the Governments of their common member countries;

RECALLING Article V paragraph 5.2 of the Cooperation Agreement stipulating that the parties may enter into such supplementary arrangements or agreements within the scope of the Cooperation Agreement as may be appropriate;

CONSIDERING that IFAD and the Bank share common goals to reduce rural poverty and hunger, enhance the capacities of the rural poor, promote rural business linkages, and support good governance in order to contribute to the economic development and social progress of the African countries;

TAKING INTO CONSIDERATION the good performance of the past and existing cooperation, and the mutual benefit for the two parties in continuing and intensifying their collaboration - through a suitable framework and appropriate working arrangements for strengthening constructive synergy, strategic cooperation and partnership - in order to pursue the Millennium Development Goals;

RECOGNIZING that the visions of the Bank and IFAD are fully compatible and that this compatibility constitutes a strong rationale for closer cooperation. The main objectives of the future partnership should be to join efforts and resources of both institutions towards enhancing aid effectiveness of their respective interventions aimed at reducing poverty in Africa - as highlighted in the Paris Declaration. The thrust of the future cooperation and partnership must build on and be supported by work plan frameworks and strategies that reflect the need for a greater joint effort to harmonize and align operational policies both in-house and in-country. The twofold

aim must be to enhance the effectiveness and efficiency of their combined development assistance and to foster greater ownership by client countries;

HAVE AGREED AS FOLLOWS:

ARTICLE I

PURPOSE

The purpose of this Memorandum of Understanding is to facilitate and intensify the relationship between the parties hereto in matters of common interests and to broaden it by establishing a strategic partnership under the Agreement.

ARTICLE II

SCOPE

The parties to this Memorandum of Understanding hereby agree to join efforts and to maintain a close and continuous working relationship for the achievement of their common objectives and for the implementation of this Memorandum of Understanding. To this end, they shall, in accordance with the provisions hereinafter set forth, act as strategic partners on all matters of common concern to them and draw up and implement work programmes for the execution of joint activities within the areas of the partnership defined in Article III of this Memorandum of Understanding. All activities carried out in the framework of this Memorandum of Understanding will be undertaken in accordance with the respective Rules, Regulations and procedures of their respective institution.

ARTICLE III

THEMES AND SECTORS IDENTIFIED FOR THE PARTNERSHIP

3.1 The following shall constitute themes identified for the partnership:

- (i) Cofinancing of development activities;
- (ii) Private sector promotion and micro-finance;
- (iii) Capacity building;
- (iv) Poverty reduction strategies;

- (v) Good governance;
- (vi) Joint intervention in post-conflict states and fragile states;
- (vii) Staff exchange programmes between IFAD and the Bank;
- (viii) Joint project cycle activities;
- (ix) Cross-cutting issues such as HIV/AIDS, energy and environment, and gender in development, etc.;
- (x) Aid coordination;
- (xi) Information exchange;
- (xii) Other sectors of partnership as may be agreed upon between the parties from time to time.

3.2 The following shall constitute sectors identified for the partnership:

(i) Agriculture and Rural Industry

- a. Crops, livestock, fisheries, forestry, land and water resource management
- b. Rural finance
- c. Community-based development
- d. Market access

(ii) Private Sector Development and Microfinance

- a. Agri-business and agro-processing
- b. Rural community empowerment (fair trading)
- c. Rural, micro and small enterprises
- d. Renewable Energy sources

(iii) Rural Infrastructure

- a. Rural infrastructure
- b. Rural road networks

(iv) Small-scale community energy facilities

- a. Knowledge Sharing
- b. Joint work on climate change
- c. Exchange of information and institutional publications

- d. Organization and participation in thematic forum
- e. Joint training

ARTICLE IV
CONSULTATION

- 4.1 The parties shall keep each other informed and, whenever necessary, consult each other on matters of mutual interest, which in their opinion, are likely to enhance their collaboration.
- 4.2 The parties shall meet at least twice a year to:
- (i) Identify programmes or projects for cooperation;
 - (ii) Agree on and prepare an action-plan for the implementation of such programmes or projects; and
 - (iii) Conduct reviews of programmes and projects being implemented under this Memorandum of Understanding.
- 4.3 The parties should endeavor to hold consultative meetings at least every six months in order to:
- (i) Elaborate and approve joint annual result based work plan framework, taking into consideration the development priorities of recipient countries; and
 - (ii) Promote regular exchange of information and knowledge among the parties.
- 4.4 The focal points – mentioned in paragraph 12.2 below, and whose main roles and responsibilities would be to facilitate the operational implementation of this Memorandum of Understanding – should ensure that these actions are regularly and formally carried out.

ARTICLE V
EXCHANGE OF INFORMATION

The parties hereto shall exchange relevant information and data on matters of common interest to them and collaborate in the collection, analysis and diffusion of such information and data, subject to such arrangements as may be necessary or applicable for safeguarding the confidential character of certain information or data.

ARTICLE VI
MEETINGS

A party to this Memorandum of Understanding may invite the other parties to attend meetings, seminar, symposia, workshops or conferences of mutual interest, convened or otherwise supported by such party.

ARTICLE VII
IMPLEMENTATION MECHANISM

To facilitate implementation of this Memorandum of Understanding, the parties hereto shall:

- (i) Undertake joint missions to African countries to identify, prepare, appraise, and supervise implementation of projects and programmes in the agreed areas of cooperation;
- (ii) Engage in dialogue with African countries with a view to assisting them in defining and implementing policies and strategies aimed at the promotion and achievement of agricultural and rural development activities set forth in Article III of the present Memorandum of Understanding;
- (iii) Organize conferences, symposia, seminars, workshops and other meetings related to the agricultural and rural development of African countries;



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- (iv) Collaborate in the training of professional and technical personnel of Governments of African countries;
- (v) Provide joint bi-annual reports on the implementation of activities under this Memorandum of Understanding; and
- (vi) Create technical networks for the coordination, monitoring and evaluation of activities under this Memorandum of Understanding.

ARTICLE VIII
COST SHARING ARRANGEMENTS

Costs or expenses relating to, or arising from, activities undertaken pursuant to this Memorandum of Understanding shall be borne by one or both parties in accordance with agreements to be reached by the parties in advance of implementation of the activities concerned.

ARTICLE IX
AMENDMENTS

The parties to this Memorandum of Understanding shall consult each other on any amendment required regarding the terms of this Memorandum of Understanding. Any such amendment shall be made in writing and shall become effective after signature by both parties.

ARTICLE X
OTHER MATTERS

Any matter for which no provision is made in the Agreement or in this Memorandum of Understanding shall be determined in a manner mutually acceptable to the parties hereto, and, in this regard, each party shall give sympathetic consideration to any proposal advanced by the other party.



ARTICLE XI

ENTRY INTO FORCE, DURATION AND TERMINATION

- 11.1 This Memorandum of Understanding shall enter into force on the date of its signature by the parties and shall remain in effect indefinitely unless terminated in accordance with paragraph 11.2 hereof or by mutual agreement.

- 11.2 This Memorandum of Understanding may be terminated by either party by giving a six months' advance notice to the other party. Such termination shall take effect as of the date specified in the termination notice, provided that the provisions herein contained shall remain in effect to the extent necessary to permit an orderly settlement of all arrangements made with respect to ongoing cooperation activities.

ARTICLE XII


CHANNEL OF COMMUNICATION AND NOTICES

- 12.1 For the purpose of facilitating the implementation of this Memorandum of Understanding, the channel of communication for the parties shall be:

(a) **For IFAD:** **Mail Address:**
International Fund for Agricultural
Development
Via del Serafico, 107
00142 Rome
Italy
Tel: +39-0654591
Fax: +39-065043463

(b) **For the Bank and the Fund:** **Mail Address:**
African Development Bank
Temporary Relocation Agency
15, Avenue de Ghana, BP 323-1002
Tunis Belvedere
Tunisia
Tel: +216-7110-2134
Fax: +216-71830-172



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12.2 For the purpose of this Memorandum of Understanding, the focal points of the parties shall be:

(a) **For IFAD:** Mr. Kevin Cleaver,
Assistant President,
Programme Management
Department

(b) **For the Bank and the Fund:** Ms. Kazumi Ikeda-Larhed,
Head,
Resource Mobilization and
Partnership Unit (ORRU)

12.3 Either party may, by notice in writing to the other party, designate additional representatives or substitute other focal points for those designated in this Article.

12.4 Any notice, request or other communication under this Memorandum of Understanding shall be in writing and shall be deemed to have been duly given or made when it has been delivered by hand, mail cable, or telefax, as the case may be, by either party to the other at the address specified in the Agreement or such other address as either party may notify to the other party.

ARTICLE XIII
EFFECT AND SETTLEMENT OF DISPUTES

This Memorandum of Understanding shall be regarded as an administrative arrangement between the parties hereto. Any dispute over the interpretation or application of any provision herein contained shall be settled through negotiations or by such other means as the parties shall mutually agree.



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IN WITNESS WHEREOF, IFAD, the Bank and the Fund, each acting through its representative duly authorized thereunto, have signed this Memorandum of Understanding on the date first above written in two original counterparts in English.

**FOR THE INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT**

Signed by: _____ (Lennart Båge)
LENNART BÅGE
PRESIDENT

**FOR THE AFRICAN DEVELOPMENT BANK
AND THE AFRICAN DEVELOPMENT FUND**

Signed by: _____ (Donald Kaberuka)
DONALD KABERUKA
PRESIDENT

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