

MEMORANDUM OF UNDERSTANDING ON WORKING ARRANGEMENTS
BETWEEN THE FOOD AND AGRICULTURE ORGANIZATION OF THE
UNITED NATIONS AND THE ASIAN DEVELOPMENT BANK

I. GENERAL

1.1 The Food and Agriculture Organization of the United Nations (hereinafter referred to as "FAO") and the Asian Development Bank (hereinafter referred to as "the Bank") have cooperated in accordance with a Memorandum of Agreement which entered into force on 4 April 1968. FAO and the Bank now consider that it would be opportune and desirable to agree on arrangements for cooperation which would supersede those contained in the 1968 Memorandum of Agreement.

1.2 For the above purpose, working arrangements for cooperation and consultation have been discussed between FAO and the Bank and this Memorandum records the understandings reached. It is considered that the arrangements so made will be conducive to fruitful cooperation in the future for the benefit of developing countries of common membership in FAO and the Bank.

II. AREAS OF POSSIBLE COOPERATION

2.1 The Bank and FAO will cooperate on matters of mutual concern in countries of common membership, more specifically in the following areas:

(1) Investment Activities

(a) Fact-finding activities for the formulation of agricultural and rural development (ARD) projects for possible financing by the Bank under its technical assistance program;

(b) Preparation of ARD projects for possible Bank financing;

(c) Appraisal of ARD projects being considered by the Bank for financing; and

(d) Review of progress and end-use supervision of ARD projects financed by the Bank.

(2) Investment-Related or Support Activities

- (a) Analysis of the performance and development potential of the agricultural sector of countries of common membership and assessment of related national development policies and programs with a view to identifying investment and technical assistance projects of potential interest to the Bank.
- (b) Training of nationals of countries of common membership in the methods and techniques of investment project preparation and project implementation.
- (c) Assistance by FAO in the implementation of Bank advisory and operational technical assistance under Bank-financed projects particularly for research, training and fellowships.
- (d) Exchange of relevant information and documentation, particularly in respect of studies, surveys, commodity data and projects planned or carried out by either FAO or the Bank.

III. METHODS OF COOPERATION

3.1 The Bank and FAO will keep each other informed of, and consult with each other on, activities of mutual interest. At such consultations, which should take place at least once a year, or more frequently if necessary, specific projects and activities regarding which cooperation is mutually desirable and advantageous will be discussed and incorporated in an agreed Program of Work to be undertaken within the limits set by the respective budgets of the Bank and FAO.

3.2 Investment activities referred to in para. 2.1(1) above will mainly cover fact-finding and project preparation missions. In cases where FAO is expected to undertake the preparation of a project for possible Bank financing in accordance with para. 2.1(1)(b) above, FAO will participate, as far as possible, in the Bank fact-finding missions described in para 2.1(1)(a) above which would prepare the terms of reference for such project preparation including mission composition and estimated costs.

3.3 At the end of the field work for project preparation, a comprehensive summary of the project (scope, estimated costs, indicative economic internal rate of return and proposed implementation arrangements) will be prepared by FAO and discussed in a tripartite meeting comprising FAO, the Bank and officials of the government concerned. A record of discussions at such meeting will be maintained by the Bank. In the event that major changes to the project are to be made by FAO, the Bank will be consulted prior to their incorporation in any project feasibility report to be prepared by FAO.

3.4 When FAO assists in any of the activities referred to in para. 2.1(1)(c) and (d) and para. 2.1(2) above, appropriate procedures for cooperation will be agreed between FAO and the Bank.

3.5 Except for its own staff, FAO will provide personal histories for all other personnel participating in the activities referred to in para. 2.1 above.

IV. FINANCIAL ARRANGEMENTS

4.1 The cost of activities covered by the working arrangements recorded in this Memorandum will be borne by FAO and the Bank in the manner specified below in para. 4.2 and para. 4.3.

4.2 In the case of investment activities of mutual interest referred to in para. 2.1(1) above, the costs of such activities including salaries, daily subsistence allowances and travel expenditures will be borne by the Bank and FAO in the following manner:

- (a) for activities connected with fact-finding referred to in para. 2.1(1)(a) above, the Bank and FAO will each bear their respective costs, the objective being to share costs equally to the extent practicable;
- (b) for activities connected with project preparation referred to in para. 2.1(1)(b) above, FAO's costs (including document preparation and reproduction) will be shared in the proportion of 70 per cent by the Bank and 30 per cent by FAO; and

(c) for activities connected with assistance to countries related to appraisal, review, end-use supervision of ARD projects and other similar missions referred to in para. 2.1(1)(c) and (d) above, FAO's costs will be borne entirely by the Bank.

4.3 The financial arrangements for investment-related or support activities referred to in para. 2.1(2) above will be subject to mutual agreement in each specific case.

V. POINTS OF CONTACT

5.1 To facilitate joint activities between the Bank and FAO, the Bank and FAO will each designate a point of contact for liaison and coordination.

VI. DURATION AND AMENDMENT

6.1 The working arrangements outlined in this Memorandum will take effect upon signature by the parties and will remain in force unless terminated by mutual consent, or by either FAO or the Bank giving six months' written notice of termination to the other. The provisions of this Memorandum will, however, remain in force beyond the date of such termination, to the extent necessary to permit an orderly winding up of activities and settlement of accounts between the parties.

6.2 Notwithstanding para. 6.1, any cooperative activities in progress on the date on which this Memorandum takes effect will be governed by the former Memorandum of Agreement which came into effect on 4 April 1968.

6.3 The working arrangements recorded in this Memorandum may be amended by mutual consent.

FOOD AND AGRICULTURE ORGANIZATION
OF THE UNITED NATIONS

ASIAN DEVELOPMENT BANK

By _____
Director General

By _____
President

6 NOV 1981

22 September 1981