



MEMORANDUM OF UNDERSTANDING

CONCERNING THE ESTABLISHMENT OF A STRATEGIC PARTNERSHIP

BETWEEN

THE EUROPEAN UNION

AND

THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Considering the European Union (EU) policies on “Building an Effective Partnership with the United Nations in the Fields of Development and Humanitarian Affairs”¹ and on “The European Union and the United Nations: the Choice of Multilateralism”²,

Considering the EU policy frameworks to assist developing countries in addressing food security challenges³ and on Humanitarian Food Assistance⁴,

Considering the EU policy framework on Increasing the impact of European Union Development Policy: an Agenda for Change⁵,

Considering the Agreement establishing the International Fund for Agricultural Development (IFAD) and its strategic framework, IFAD is committed to increase the level of financial resources available for investment in sustainable small scale agriculture and building resilience in developing countries,

Recalling the Statement of Intent on Programmatic cooperation on Food Security and Nutrition, dated 27 June 2011, signed by the European Commissioner for Development and the European Commissioner for Humanitarian Aid and Crisis Response and the heads of the UN's Food and Agriculture Organisation (FAO), IFAD and the World Food Programme (WFP), with the aim of building a strategic and programmatic cooperation and to strengthen collaboration between the EU and these Rome based Agencies,

Recognising the importance of the Comprehensive African Agricultural Development Programme (CAADP) as a policy vehicle for reducing food insecurity and rural poverty,

Further recalling the 2012 G8 commitments,

Bearing in mind that food crises and increased vulnerability of poor rural families, the 2009 Aquila Food Security initiative commitments and subsequent G-8 and G-20 events, demonstrate the need for increased levels of investment in agriculture.

The EU and IFAD (hereinafter the Sides) hereby establish a strategic partnership (‘the Partnership’) in order to jointly make a more decisive impact towards the shared goal of reducing poverty and achieving the Millennium Development Goals and other internationally agreed development targets, by capitalizing on their respective comparative advantages, and increasing complementarities and synergies.

They further intend to explore the EU membership in IFAD.

A. GOAL AND OBJECTIVES

1. The Partnership aims to ensure that assistance in the field of agriculture as well as food and nutrition security contributes to the achievement of the common goal of reducing poverty of rural populations in developing countries.

¹ COM (2001) 231 of 02.05.2001

² COM (2003) 526 of 10.05.2003

³ COM(2010) 127 of 31.03.2010

⁴ COM (2010) 126 of 31.03.2010

⁵ COM(2011) 637 of 13.10.2011

2. In particular, the objectives of the Partnership are:
 - to foster closer collaboration at global, regional and country levels between the EU and IFAD on policy and assistance matters pertaining to rural poverty reduction, small-scale agricultural development, food and nutrition security and adaptation to climate change in particular;
 - to pursue a strategic approach that results in greater synergies, based on the proven capacities and core competences of both organizations;
3. The Sides intend to achieve the objectives of the Partnership through:
 - Enhanced policy and strategic dialogue, improved cooperation on assistance and knowledge sharing between IFAD and the European Commission (the Commission).
 - Enhanced cooperation between the Commission and IFAD at headquarters and between IFAD and EU Delegations at country level by sharing information on country support or strategies based on national policies, priorities and strategies, in order to improve coherence, coordination and complementarity.
 - Seeking synergies in areas of common interest, through scaling up the implementation of successful programmes.
 - Financial cooperation, including through innovative mechanisms, where there is added value, relevant impact, common interest and adequate capacities of IFAD, concerning common priorities, and with due regard to both Sides relevant legal bases and programming documents.

B. STRATEGIC AREAS AND FOCUS FOR COOPERATION

In accordance with the respective mandate of both Sides, strategic areas and focus for the partnership include mainly:

1. Developing country investment strategies and scaling up of innovative assistance that supports the broad range of aspects that promote profitable, sustainable and resilient small-scale agriculture, with particular emphasis on smallholders, farmers and sustainable fisheries.

This could include: improving environmental sustainability, resilience and adaptation to climate change focusing on land, water, fisheries and forests; developing technologies for sustainable agricultural intensification; promoting innovative rural financing mechanisms that provide a broad range of inclusive services; improving agricultural productivity through demand driven research promoting private sector partnerships to increase viable and profitable opportunities for small holders in agricultural value chains and empowering rural women and men and local farmer's organisations and cooperatives through capacity building and the promotion of an enabling environment for agricultural trade. It could also include exploring how existing governance structures can support progress and development in this field and suggesting ways to address governance in country investment and assistance strategies.

2. In line with G8 and G20 commitments, a key area of cooperation will be the implementation of the Voluntary Guidelines on the Responsible Governance of

Tenure of Land, Fisheries and Forests and the Principles for Responsible Agricultural Investment.

3. Increasing aid effectiveness by reinforcing dialogue with the governments of developing countries and by ensuring and enhancing coordination between donors and United Nations agencies.
4. The geographical focus of the Partnership includes those countries where both Sides are active.
5. Enhancing the partners cooperation at headquarters and country level through staff exchanges.

C. ENVISAGED ARRANGEMENTS FOR IMPLEMENTING THE PARTNERSHIP

1. Policy dialogue between the Commission and IFAD in relation to this Partnership will be elaborated through regular bilateral meetings, where discussions will take place on policy matters of common interest to the two Sides.
2. Annual Senior level meetings will be held between the Commission and IFAD
3. The annual meeting will review progress of work in the priority areas of cooperation; discuss policy, technical and operational issues, related to furthering the objectives of the Partnership; discuss joint collaboration; and review the performance of the partnership and agree on possible corrective actions that will improve the partnership and on-going collaboration.
4. The focal points for the Partnership will be, on the one hand the Directorate in charge of Rural Development, Food Security and Nutrition, within the Directorate-General for Development and Cooperation – EuropeAid, in the European Commission, and on the other, the Associate Vice-President of the Programme Management Department and the Director Partnerships and Resource Mobilization in IFAD. The focal points shall ensure coordination of the implementation of the Partnership within their respective organizations.
5. At field level, meetings may be held between the representatives of the EU Delegations and IFAD Representatives, with information to the respective focal points. These would cover practical matters of cooperation, in particular the development and implementation of assistance in cooperation with the developing countries concerned.
6. The Commission and IFAD may invite the other Side to participate in working groups, conferences and seminars relevant to the Partnership, in conformity with their respective rules.

D. FINANCIAL FRAMEWORK

1. Financial cooperation between the two Sides will be subject to the conclusion of a specific contribution agreement and, unless otherwise agreed in exceptional circumstances, be in accordance with the Financial and Administrative Framework Agreement (FAFA) signed by the European Commission and IFAD, which entered into force on 27th September 2004.

2. The two Sides intend, within the Partnership, to aim for an enhanced, more predictable, financial cooperation in area(s) agreed under the Partnership with a particular focus on co-financing for scaling up respective assistance.
3. The areas laid down in Section B and the attachment of this Memorandum intended to constitute potential areas for enhanced financial cooperation.

E. DURATION AND SETTLEMENT OF DISPUTES

1. The Partnership will be in effect following the signature by the last Side. The content of the Partnership can be modified, within the overall arrangements laid down in Section D of this Memorandum, only by written amendment signed by the duly authorized representatives of each Side. This Memorandum may be terminated by either Side upon giving six (6) months' prior written notice to that effect to the other Side. Nothing in this MOU or in any document or arrangement relating thereto shall be construed as constituting a waiver of privileges or immunities of IFAD.
2. Any dispute between the two Sides concerning the interpretation and the execution of this MOU, or any document or arrangement relating thereto, will be settled by negotiation between them.
3. This Memorandum of Understanding expresses political intent and is not designated to create legal rights or obligations under international law.

Done in two originals in the English language, in Brussels, on 4 october 2012.

FOR THE EUROPEAN UNION

FOR IFAD



ANDRIS PIEBALGS

KANAYO F. NWANZE

Member of the European Commission

President

ATTACHMENT

Strategic areas and operational modalities for developing the partnership

1. Strategic areas

Based on the respective mandates, policies and priorities, as well as the strategic objectives and organizational results defined by the EU and the governing body of IFAD cooperation will be guided by the strategic areas defined under Section B above and elaborated below.

1.1 Sustainable intensification of smallholder agriculture

Initiatives in this area should aim to enable farmers to gain skills to increase the productivity and quality of their crops; build value chains and capacity for profitable market engagement, provide access to a wide range of financial services; and better agricultural technologies and practices as well as supporting farmers to organise in cooperatives and/or farmer's associations to strengthen their position in the value chain and their participation in markets. An important contribution towards long-term solutions to hunger and poverty is to procure food in developing countries where possible, without creating local price inflation, including leveraging local purchase to support smallholder farmers, to strengthen and deepen developing country agricultural markets.

1.2 Focus on nutrition

Nutrition must be given the required attention through both nutrition-specific and nutrition-sensitive interventions. Through a greater focus on nutrition outcomes, agriculture can address a critical, recurring, constraint: low labour capacity and productivity due, in part, to the poor health/nutrition status of the agricultural workforce. Interventions promoting increased production of fruit and vegetables (homestead gardens in particular) and animal food products will be encouraged as they carry considerable potential for addressing micronutrient deficiencies – not least because such programmes are more likely to include nutrition objectives. Cooperation should be guided by ongoing initiatives such as the SUN (Scaling Up Nutrition) Movement.

1.3 Adaptation to and mitigation of climate change for food security

There is enormous potential to scale up sustainable agricultural investments that deliver resilience to the consequences of climate change, food security, low carbon benefits to the rural poor, and reducing unsustainable use of natural resources through programmatic approaches, projects and investments led by national governments. IFAD's Climate Change Strategy and Environment and Natural Resource Management Policy set out a plan for scaling up country programmes. IFAD has established a multi-donor grant financing instrument-Agriculture Smallholder Adaptation Programme (ASAP)- to respond to increasing demands from member countries for climate adaptation activities. This includes areas such as sustainable land and water management, conservation agriculture, agro-forestry

and index-based weather insurance through its rigorous community-based, participatory approaches.

1.4 Increased public-private sector partnerships and new financing instruments

Addressing the food and nutrition security situation in many countries cannot and will not depend upon the public sector only. It is recognized that private-sector partnerships create opportunities. IFAD's strategic framework clearly states that investing in small farmer agricultural development is investing in making small farmers, especially women, more profitable as a business. Therefore, it is necessary to promote new instruments (e.g. equity funds, micro-credits, seed capital or access to rural finance and credits) or join successful initiatives that provide the opportunity to engage the private sector to invest in rural businesses of small farmers.

1.5 Promote demand driven agricultural research

There is a continued need to improve the responsiveness of National Agricultural Research Systems (NARS), and the reformed Consultative group on International Agricultural Research (CGIAR) to demands of small farmers, supporting capacity development and technology transfer, e.g. developing adequate technologies, innovations and scaling up their applications. This improvement can also benefit from strengthened partnerships between these research systems - the NARS of developing countries and the reformed CGIAR - and the Advanced Research Institutions of the European Research Area. IFAD has been investing since its existence in the CGIAR and provides a gateway through the country programmes directed at small farmers for testing and wider application of demand led research in these areas.

1.6 Secure and equitable access to land for small farmers

Over the last decade increased emphasis has been given to provide advice and share good practices that improve the policy framework for protection of land rights and secure access to land for small-scale farmers. Most recently increased efforts have been undertaken to define a governance framework that provides guidance, a set of agreed principles and good practices for sustainable large-scale investment in farm land. Existing collaboration between FAO and IFAD and other partners, including the International Land Coalition, will be strengthened in support of regional (e.g. African Union) and national initiatives, as well as for the implementation of the UN Convention to Combat Desertification (UNCCD).

1.7 Policy assistance and statistics to guide investment

Decision-making for the sustainable management of agriculture, natural resources, food security, nutrition and poverty and hunger alleviation must rely on evidence-based analysis using data generated by strong and sustainable information systems. In order to operate in a sustainable way at regional, national and sub national levels, data, information, analysis and policy recommendations must be accompanied by activities that develop capacity and improve governance mechanisms able to address territorial disparities.

IFAD through its strategic objective to increasingly scale up innovative agricultural investment programmes will need, with the support from FAO and other partners, to provide the necessary evidence to national policy-makers to promote needed policy changes that favour growing investments in small-farmer agriculture and rural development in countries.

2. Strengthened collaboration between the Rome-based agencies

Collaboration among the Rome-based agencies shall be pursued within the framework of the Statement of Intent signed between the Commission and the three Rome-based agencies on 27 June 2011 and ongoing UN work to improve collaboration and coherence.

In particular, the Rome-based Agencies and the European Union are actively supporting effective global governance through the Committee on World Food Security, the CFS, in order to help countries and regions reduce hunger and malnutrition more quickly and effectively.

3. Operationalization of the European Union- IFAD partnership

Actions for co-funding by the EU and IFAD will be developed in full cooperation with developing countries, in a demand-driven manner to maximize synergies and build upon the comparative advantages of both institutions. Wherever possible and desirable, projects and programmes will be jointly developed and implemented and the parties will aim to harmonize and align their respective actions and resources towards maximum impact at minimum costs and in support of countries' efforts.

In relation to strategic relationship between the EU and IFAD, the Commission services will involve, where relevant, the European External Action Service.

Cooperation is expected to occur on policy and strategic dialogue and in operational activities.

4. Communication and Visibility

The EU-IFAD partnership is a good opportunity to raise awareness among the beneficiary population and/or in Europe of how the EU and the IFAD work together to support investment in agriculture, food security and nutrition. In support of this, joint or individual visibility initiatives may be undertaken.

This work will be shaped by agreement between the Directors of the respective Communication services or their nominated representatives and could take the shape, where appropriate, of joint communications-related activities to share the partnership's progress and concrete achievements and to support outreach around the impact of joint initiatives in the strategic areas of collaboration.