

## II

### *Treaties and international agreements*

*filed and recorded*

*from 1 January 1982 to 25 February 1982*

*No. 901*

---

### *Traités et accords internationaux*

*classés et inscrits au répertoire*

*du 1<sup>er</sup> janvier 1982 au 25 février 1982*

*N° 901*

**No. 901**

---

**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT and  
INTERNATIONAL DEVELOPMENT ASSOCIATION  
and  
FOOD AND AGRICULTURE ORGANIZATION  
OF THE UNITED NATIONS**

**Memorandum of Understanding with respect to working  
arrangements between the Organizations. Signed at  
Washington on 30 March 1964 and at Rome on 2 April  
1964**

**Amendment to the above-mentioned Memorandum of  
Understanding. Signed at Washington on 8 September  
1965 and at Rome on 7 January 1966**

*Authentic texts: English.*

*Filed and recorded at the request of the International Bank for  
Reconstruction and Development on 22 February 1982.*

## MEMORANDUM OF UNDERSTANDING<sup>1</sup> WITH RESPECT TO WORKING ARRANGEMENTS BETWEEN THE FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION

---

FAO and the Bank\* have for many years been cooperating on an *ad hoc* basis on matters of common concern. Now that the Bank intends to put more emphasis than hitherto on schemes for improvement of agricultural production, which are of equal concern to FAO, this cooperation will have to be intensified. It accordingly appears desirable both to FAO and the Bank that working arrangements be agreed upon setting forth the principles to govern such cooperation.

These working arrangements, as agreed upon by the Director-General of FAO and the President of the Bank subject to the approvals specified in paragraph 7 hereof, are as follows:

### 1. *The Cooperative Program*

FAO and the Bank will cooperate together in the following fields:

- (a) Assisting countries of common membership in the identification and preparation of agricultural projects of types which fall within the framework of the economic development objectives and general policies of the Bank and FAO and which the Bank is willing to consider for financing (including projects for agricultural education falling within FAO's field of responsibility).
- (b) Appraising projects of the foregoing types.
- (c) Providing end-use supervision of the execution and operation of Bank-financed projects.
- (d) Arranging for technical assistance required for the implementation of Bank-financed projects.

Assistance to member governments in agricultural planning is recognized as an important foundation for investment programs in the long term. Insofar as this type of activity is carried out by FAO as part of its Regular or other programs, it is the sole responsibility of FAO. However, in cases agreed with the Bank where FAO carries out this type of activity at the request of the Bank or in cooperation with the Bank, the activity will be part of the cooperative program.

### 2. *Allocation of Functions within the Cooperative Program*

#### (a) Assistance to Governments in Identification and Preparation of Projects

(i) *At FAO initiative.* FAO will bring to the notice of the Bank projects which appear suitable for Bank financing arising from FAO's activities, whether under its Regular or other programs. The Bank will advise FAO whether such

\* All references in this memorandum to the Bank shall be taken to include both the Bank and the International Development Association.

<sup>1</sup> Came into force on 2 April 1964 by signature.

projects are *prima facie* suitable for consideration for financing, and if so, what further action, if any, needs to be taken in order to prepare such projects for appraisal. Moreover, where, in the course of its own activities, FAO wishes the assistance of the Bank in determining whether a project is likely to qualify for Bank or other external financing, or what further steps are necessary to prepare it for appraisal, the Bank will provide such assistance, assuming staff resources permit, either by way of review of the project at Bank headquarters or by participating in the field work.

(ii) *At Bank initiative.* The general survey missions organized by the Bank may include among their functions the identification of promising projects in various sectors. The Bank will normally look to FAO to provide, as part of the cooperative program, staff members or consultants to serve as advisers to such missions. These advisers will participate in defining priority fields and major projects for investment in agriculture in the framework of over-all development objectives. Missions of this type will be briefed by both the Bank and FAO and both organizations will review and comment upon the draft reports of such missions.

In addition to these general survey missions, the Bank periodically sends smaller missions to a member country to review the country's economic situation and to assess the possibilities for Bank financing. Such economic missions usually make a preliminary selection among projects submitted by the government, and may sometimes suggest that the government work up a specific project for Bank consideration. The Bank will advise FAO of all such missions on which it is proposed to include an agricultural member, and will normally arrange for such missions to consult with FAO with regard to agricultural investment priorities and possible projects. In agreed cases, FAO will provide, as part of the cooperative program, a staff member or consultant to serve as agricultural adviser to such a mission.

Where, in the opinion of the Bank, a project not yet ready for appraisal is sufficiently promising to warrant further preparation, and the government in question has requested assistance in such preparation, FAO will normally provide such assistance as part of the cooperative program.

(iii) *General.* In all work connected with the identification and preparation of projects falling under the cooperative program, FAO and the Bank will maintain continuing consultation in order that they may agree on a work program and on the priorities to be assigned to different projects, and in order to minimize the possibilities of substantive disagreement. The support of headquarters facilities will at all times be given to Bank and FAO staff and consultants engaged in work under the cooperative program.

(b) Appraisal of Projects

The Bank will be responsible for the appraisal of projects, upon the basis of which its financing decisions are made. However, at the request of the Bank, FAO will provide, as part of the cooperative program, staff members or consultants to serve as agricultural advisers on Bank appraisal missions.

(c) End-use Supervision of Bank-financed Projects

The Bank will be responsible for disbursement of funds and the end-use supervision of the construction and maintenance of physical facilities, and to this

end will be responsible for such review as may be appropriate of the specifications, bids, and awards of contracts, and for whatever inspections of the project are necessary in this connection. FAO will, in cases agreed with the Bank, assume responsibility as part of the cooperative program, to ascertain, both through field inspections and through review of periodic reports, and to advise the Bank whether the agricultural objectives of the project are being achieved, and in particular whether the obligations undertaken by the borrower in this regard are being fulfilled. The results of FAO's end-use work on the agricultural aspects of Bank-financed projects will be made available to the Bank and, in the event that representations to the borrower should be necessary on agricultural matters, FAO and the Bank will consult together on how they might best be made.

(d) Technical Assistance in Project Implementation

In cases agreed with the Bank, FAO will provide or arrange for and will exercise appropriate supervision over technical assistance required for the direct implementation of a Bank-financed project.

3. *Personnel*

It is agreed that the cooperative program requires a team of specialized personnel of high caliber within the FAO secretariat which can devote itself continuously to this work (hereafter referred to for purposes of this Memorandum as "FAO team"). The Director-General of FAO will therefore make provision for such a team to be established as an identifiable group within the FAO secretariat. FAO and the Bank will agree from time to time on the appropriate size of the FAO team and on the types and classifications of positions to be included within the team, and the Director-General of FAO will consult with the Bank on the appointment of professional staff to the team.

The FAO team, although it will be devoted full time to work in connection with the cooperative program, will be an integral part of the FAO secretariat and will operate under the exclusive authority of the Director-General of FAO. Both FAO and the Bank agree that it is desirable that the hard core of the team should to the greatest possible extent be composed of existing FAO staff members. However, it is recognized that for a variety of reasons new staff and *ad hoc* consultants will be necessary, both in the initial phases of cooperation and as the program expands, although generally maximum care will be taken to secure continuity in employment. It is also recognized that it will be necessary and desirable from time to time to use FAO staff members outside the team for purposes of the cooperative program.

In cases where FAO intends to appoint an outside consultant to serve as agricultural adviser to a Bank mission, or to provide technical assistance in the implementation of a Bank-financed project, it will consult with the Bank as to the person to be appointed.

4. *Financial Arrangements*

(a) Subject to the qualifications set forth below, the direct costs of FAO in connection with agreed work under the program, including salaries, allowances and other benefits and travel costs of the FAO team, of outside consultants and of other FAO staff members assigned to such work, will be shared equally by FAO and the Bank up to a ceiling figure to be fixed from time to time by agreement between the two organizations.

(b) The travel and subsistence expenses of FAO staff members and consultants while serving as members of Bank appraisal, general survey or other missions, will be borne or provided for by the Bank.

(c) FAO will pay for invisible overhead costs, including space, and for identifiable indirect costs (except as provided in sub-paragraphs (d) and (e)) involved in its participation in the cooperative program.

(d) The Bank will bear the cost of document reproduction and translation undertaken by FAO in agreement with the Bank.

(e) The cost of technical assistance directly required for the implementation of Bank-financed projects, including an amount for FAO's estimated administrative costs in arranging for such technical assistance in cases agreed with the Bank, will be paid for out of the proceeds of the financing or will be otherwise met by the Bank. The amount for estimated administrative costs will be 12 percent of the direct cost of such technical assistance except where technical assistance is provided under contract between FAO and some outside entity, in which event the amount will be fixed by agreement between FAO and the Bank.

(f) It is recognized that the calendar years 1964 and 1965, which comprise FAO's present budgetary biennium, are a transitional period during which FAO's contribution is limited by its existing budget. For those years, the agreed ceiling figure for purposes of sub-paragraph (a) above, to be shared equally by the two organizations, will be \$400,000 for the biennium. FAO's costs in excess of this amount will be met by the Bank, provided that FAO will not incur or commit itself to incur costs in excess of \$800,000 (the presently estimated cost of the cooperative program) during the biennium without the prior approval of the Bank.

(g) Continuation of the program beyond December 31, 1965, will be subject to mutual agreement in the light of experience and to the decision of FAO's 1965 Conference. It is intended, however, that if the program is continued, the ceiling figure to be agreed upon for purposes of sub-paragraph (a) above for periods after December 31, 1965, will be an amount reflecting the principle of cost-sharing set forth in said sub-paragraph (a).

(h) The Bank and FAO will agree on the procedures for payment of funds from the Bank to FAO, and for accounting to the Bank by FAO, in connection with the cooperative program, including, if possible, provision for a working fund out of which the expenses of the program can be met.

## 5. *Relations with Other Agencies*

Where the Bank looks to any outside agency for assistance in connection with agricultural projects, that agency will normally be FAO. However, there may be cases where, because of the type of project involved or because of special circumstances, it would be appropriate and desirable for the Bank to look to some other agency, public or private, to perform some or all of the functions which FAO would ordinarily perform under these Working Arrangements. It is agreed that in all such cases the Bank will consult FAO on the action it proposes to take. It is also agreed that the Bank will not subject FAO's advice on agricultural matters within its competence and covered by the cooperative program to review by any outside agency.

## 6. *Modification and Termination*

These Working Arrangements may be modified or supplemented at any time by mutual agreement between the two organizations. Each organization may, after reasonable notice, terminate the arrangements, provided that, if they are terminated by the Bank, the Bank will reimburse FAO for the financial consequences of cancelling personnel commitments entered into for purposes of the cooperative program.

## 7. *Effectuation of the Arrangements*

The Working Arrangements will become operative on an interim basis when this Memorandum of Understanding is signed by the Director-General of FAO and the President of the Bank, but the continuation thereof will be subject to the approval of the Boards of Governors in the case of the Bank and IDA and of the Council in the case of FAO. It is contemplated that the necessary approvals will authorize payment by the Bank to FAO retroactively to 1 March 1964 of expenses incurred for purposes of the cooperative program which would have been eligible for payment if these Working Arrangements had been effective on that date.

30 March 1964

[Signed — *Signé*]<sup>1</sup>

President, International Bank for Reconstruction and Development  
and International Development Association

April 2, 1964

[Signed — *Signé*]<sup>2</sup>

Director-General, Food and Agriculture Organization  
of the United Nations

---

<sup>1</sup> Signed by George D. Woods — Signé par George D. Woods.

<sup>2</sup> Signed by B. R. Sen — Signé par B. R. Sen.

AMENDMENT<sup>1</sup> OF THE MEMORANDUM OF UNDERSTANDING  
WITH RESPECT TO WORKING ARRANGEMENTS BETWEEN  
THE FOOD AND AGRICULTURE ORGANIZATION OF THE  
UNITED NATIONS AND THE INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT AND THE INTER-  
NATIONAL DEVELOPMENT ASSOCIATION<sup>2</sup>

---

1. Subparagraph (a) of paragraph 4 of the Memorandum of Understanding between FAO and the Bank/IDA is amended to read as follows:

“(a) Subject to the qualifications set forth below, the direct costs of FAO in connection with agreed work under the program, including salaries, allowances and other benefits and travel costs of the FAO team, of outside consultants and of other FAO staff members assigned to such work, will, until December 31, 1965, be shared equally by FAO and the Bank up to a ceiling figure to be fixed from time to time by agreement between the two organizations.”

2. Subparagraph (g) of paragraph 4 of the Memorandum of Understanding is amended to read as follows:

“(g) Continuation of the program beyond December 31, 1965, will be subject to mutual agreement in the light of experience and to the decision of FAO's 1965 Conference. If the program is continued, the direct costs of FAO for agreed work under the program as defined in subparagraph (a) shall be shared in the proportion of 25 percent by FAO and 75 percent by the Bank, subject to the qualifications set forth in subparagraphs (b), (c), (d) and (e).”

*Dated: September 8, 1965*

*[Signed]*

GEORGE D. WOODS

President, International Bank for Reconstruction and Development,  
International Development Association

*Dated: January 7, 1966*

*[Signed]*

B. R. SEN

Director-General, Food and Agriculture Organization  
of the United Nations

---

<sup>1</sup> Came into force on 7 January 1966 by signature.

<sup>2</sup> See p. 330 of this volume.