

**Memorandum of Understanding
For Cooperation**

Between

ISLAMIC DEVELOPMENT BANK

and

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

and

**INTERNATIONAL
DEVELOPMENT ASSOCIATION**

Dated 29 SEP 2002 , 2002

MEMORANDUM OF UNDERSTANDING (MOU) DATED / /1423H,
CORRESPONDING TO / /2002, BETWEEN ISLAMIC DEVELOPMENT BANK
(hereinafter "IsDB") AND INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT AND INTERNATIONAL DEVELOPMENT
ASSOCIATION (collectively hereinafter "World Bank").

Considering that,

- i. The IsDB and the World Bank, directly or through their Group Members and Affiliates, have been collaborating over many years on matters of mutual concern in countries of common membership in order to contribute to the economic development and social progress of these countries.
- ii. The IsDB and the World Bank intend to incorporate and restate into this MOU the existing arrangements and mechanisms for collaboration and valuable lessons of experience garnered over the years and to reflect the emerging need for a strong and enhanced partnership between the two institutions with a view to increase effectiveness of their respective programs of assistance in the countries of common membership with the primary objective of reducing poverty in these countries.
- iii. The IsDB and the World Bank wish to strengthen their partnership in a strategic and dynamic manner, and to maintain a close and continuing relationship through elaboration of a framework in the present MOU, all in the interests of the countries of common membership.

Now, therefore, the IsDB and the World Bank have agreed on the following, all for the benefit of the countries of common membership:

1. Scope of the Memorandum of Understanding

- 1.1 The IsDB and the World Bank hereby agree to maintain a close relationship and to build on existing arrangements and mechanisms in order to achieve their respective goals and their common purposes. In this connection, both parties recognize their separate and complementary roles in supporting development in their countries of common membership and hereby each agrees to:
 - (a) establish framework for a strategic and dynamic partnership and enhance cooperation in fostering development within their countries of common membership, having regard to their respective objectives, functions, policies and procedures.
 - (b) take measures, within their respective institutions, to ensure full collaboration and cooperation under the framework of this MOU, the details of which to be developed through an exchange of letters;

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2. Areas of Cooperation

Consistent with the objectives set forth in the Preamble and in Article 1 of this MOU, the IsDB and the World Bank hereby agree to cooperate and/or maintain cooperation in the following areas:

- (i) Reciprocal representation;
- (ii) Consultations at various levels;
- (iii) Country-specific cooperation, including the financing of selected projects;
- (iv) Cooperation with respect to selected themes and sectors;
- (v) Institutional strengthening and capacity building.

3. Reciprocal Representation

- 3.1 Representatives of the IsDB and the World Bank may be invited to attend meetings of the respective Board of Governors as Observers.
- 3.2 Each Party to this MOU may invite staff of the other Party to attend relevant meetings within its institution dealing with matters relating to the operations and programs in the countries of common membership including matters related to their respective purposes as set forth in their respective Articles of Agreement.
- 3.3 Sufficient advance notice of such meetings and their agenda will be furnished by each party to the other to allow it to make arrangements for adequate representation.

4. Consultations at various levels

- 4.1. Each party to this MOU agrees to consult and exchange views with the other party on all matters of mutual interest and to assess the implementation of the strategic partnership. Therefore, appropriate arrangements will be made to keep the other party regularly informed about programs and activities in countries of common membership. To this effect, both parties will intensify their senior staff consultations, at such times and places as deemed necessary to achieve objectives of this MOU.
- 4.2 The consultations will be alternatively organized by one party immediately following the one organized by the other party.
- 4.3 Each party will bear the administrative and logistical costs incurred for the purposes of the consultation held under its auspices.

5. Country-Specific Cooperation

- 5.1 Parties to this MOU will, when possible, consult in the process of country strategy formulation, within the framework of common country strategies as defined, where relevant, in the Poverty Reduction Strategy Paper (PRSP) and the Comprehensive Development Framework (CDF). To this effect, both

parties agree that the strengthening and deepening of their partnership has to be flexible and based primarily on preference of countries of common membership, and comparative advantage and division of labor.

- 5.2 The IsDB and the World Bank hereby agree to cooperate, as appropriate, in financing of projects and programs in countries of common membership so as to leverage additional resources and increase resource flows to the countries of common membership and also to improve efficiency of projects and programs financed by them. Specific modalities for cooperation will be defined at the appropriate operational levels.
- 5.3 Subject to such limitations as may be necessary for the safeguarding of confidential material and information, and considering the importance and the need for adequate information pertaining to development issues in the countries of common membership, the IsDB and the World Bank will share access to their respective databases to the extent feasible and appropriate. At the operational level, the IsDB and the World Bank will communicate to each other, on a regular basis, information related to development projects and programs at all phases of the project cycle of each institution and in a manner which would facilitate the undertaking of joint missions and joint project-related activities. In particular, each party to this MOU will make appropriate arrangements for the identification, appraisal, negotiation, timing of approval and effectiveness and administration of co-financed projects.
- 5.4 Consistent with the objectives of this MOU, the IsDB and the World Bank (i) may periodically review the status of the projects and programs financed by each in countries of common membership and (ii) will conduct joint appraisal missions in the countries of common membership for co-financed projects.
- 5.5 The IsDB and the World Bank may, as appropriate, agree to implement the provisions of paragraph 5.4 above, utilizing a pilot group of projects and programs.
- 5.6 The IsDB and the World Bank will strengthen their cooperation in the preparation of strategies and analytical work in countries of common membership, where such cooperation has been deemed by the two institutions as being a priority in the interested country or countries. Such cooperation will focus primarily, with consent of the concerned country, on the preparation of country strategy papers, public investment reviews, sectorial analysis, country portfolio reviews, and research activities relating to countries of common membership based on considerations of comparative advantage and division of labor between the two institutions. The IsDB and the World Bank will make appropriate arrangements whereby planning and inception reports for such activities will be communicated to each institution, consistent with their respective policies and procedures.
- 5.7 To enhance coordination of their collaboration with respect to the work programs envisaged under paragraph 5.5 above, the Parties agree, where practicable, to carry out joint missions in selected countries.

6. Cooperation with Respect to Selected Themes and Sectors

- 6.1 The IsDB and the World Bank agree to intensify their cooperation and to collaborate more effectively in selected areas including harmonization of operational and financial policies, economic cooperation and regional integration, the Heavily Indebted Poor Countries (HIPC) initiative, poverty alleviation, and war to peace transition.
- 6.2 The IsDB and the World Bank agree that during the initial two years envisaged in this MOU, their cooperation at the sectorial level will focus on six (6) sectors selected through the application of generic key facilitation factors and principles agreed upon in advance. The selected sectors will be infrastructure, science and technology, agriculture and rural development, privatization and business valuation, microfinance, and the social sector (particularly education and health).

7. Cooperation and Collaboration on Institutional Strengthening and Capacity Building

- 7.1 The IsDB and the World Bank agree to cooperate in developing and implementing comprehensive training programs for officials of countries of common membership and to collaborate in economic, financial, management, and other matters related thereto.
- 7.2 The IsDB and the World Bank will collaborate, through capacity building programs, in developing, strengthening and supporting Governments in the countries of common membership, which are directly connected with their respective activities in those countries.
- 7.3 The IsDB and the World Bank will establish close collaboration between their respective staff and through an exchange program to ensure the achievement of the objectives of this MOU, while at the same time promoting the development of the staff. To that end, and to encourage and facilitate cross fertilization of ideas and the sharing and enhancement of professional expertise and experiences, the IsDB and the World Bank will institute a program of staff exchanges and training for development purposes. Staff will be selected on the basis of criteria agreed upon between the IsDB and the World Bank.
- 7.4 The IsDB and the World Bank will agree, inter alia, on other principles to be applicable in respect of such staff exchanges, including, without limitation, the duration of assignments and the terms and conditions that will be applicable to such staff exchanges.
- 7.5 The IsDB and the World Bank will inform each other of training programs of particular relevance to their staff, and each will, taking into account space and other considerations, afford each other opportunities to participate in such training programs. The full cost of participation in such training programs will be borne by the sending institution and on the basis of arrangements and agreements made in connection therewith.

7.6 The IsDB and the World Bank agree to determine the IsDB's needs and requirements in terms of Live Database (LDB) systems tools with a view to facilitating the IsDB's access to, and management of, such tools.

8. Liaison

8.1 To ensure the smooth conduct of the enhanced partnership, the IsDB and the World Bank hereby agree that they will each establish within their respective institution such administrative machinery as may be necessary to make the liaison and cooperation envisaged under this MOU fully effective.

8.2 For the purpose of coordination of this MOU, each party to this MOU has designated a Focal Point at the Vice-Presidency level: the Vice-President (Operations) from the IsDB and the Vice-President for the Middle East and North Africa Region from the World Bank.

9. Miscellaneous to the extent feasible and appropriate

9.1 The present MOU is concluded for a two year period, to be renewed through an exchange of letters

9.2 The IsDB and the World Bank may enter into such supplemental arrangements envisaged or within the scope of this MOU as may be appropriate in the light of their operating experience.

9.3 This MOU may be subject to revision by agreement between IsDB and the World Bank.

9.4 This MOU may be terminated by either Party on six months' written notice to the other Party.

9.5 Costs and expenses relating to or arising from an activity undertaken pursuant to this MOU shall be borne by one or both parties in accordance with an agreement previously reached by the parties in regard to the activity concerned.

9.6 Any relevant matter, for which no provision is made herein, shall be determined in a manner mutually acceptable to the parties.

9.7 Any dispute over the interpretation or application of any provision of this MOU will be settled through negotiation or by such other means as the Parties will mutually agree.

9.8 The IsDB and the World Bank will, within two years of the entry into force of the present MOU, review the results achieved under this MOU and consult each other with a view to deciding on future course of action.

9.9 All notices and communications related to this MOU shall be directed to the following addresses:

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The Islamic Development Bank:

Islamic Development Bank
P.O. Box 5925, Jeddah 21432
Kingdom of Saudi Arabia
Tel: 00 966 2 6361400
Fax: 00 966 2 6366871
E-mail : idbarchives@isdb.org.sa

The World Bank:

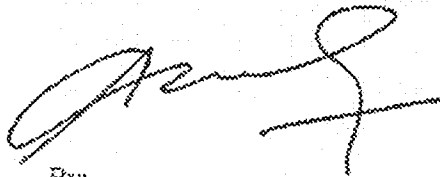
The World Bank
1818 H. St., N.W.
Washington, D.C. 20433, U.S.A
Tel:
Fax:
E-mail :

9.10 This MOU will enter into force after ratification by the authority concerned in each institution.

In Witness Whereof, the parties hereto have signed this MOU in the date mentioned in the preamble to this MOU.

For and on behalf of

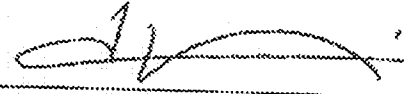
the Islamic Development Bank.



By: _____
Title: Vice-President
(Operations)

For and on behalf of

International Bank for Reconstruction
and Development,
International Development Association



By: _____
Title: Vice-President
Middle East & North Africa Region

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