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**OPERATING MANUAL
FOR THE IICA/IDB AGREEMENT**

CENTRO DE PROGRAMAS Y PROYECTOS DE INVERSION (CEPPI)

**OPERATING MANUAL
FOR THE IICA/IDB AGREEMENT**

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INTRODUCTION

Since 1981, the Inter-American Institute for Cooperation on Agriculture (IICA), through the Center for Programs and Investment Projects (CEPPI), has been executing agreements with the Inter-American Development Bank (IDB). The objective of these agreements has been to support the member countries in their efforts to prepare investment projects, sectoral programs and basic studies of the agricultural sector.

Over these eleven years, we have executed three agreements, under which 30 activities have been carried out in 17 member countries. These activities have ranged from the preparation of investment projects and complete sectoral programs, to complementary activities. Total investment in the programs and projects prepared, most of which are currently under way, is estimated at US\$1.352 billion.

These achievements have been made possible through the combined efforts of the units at IICA and especially the work of the IICA Offices in the countries where activities have been carried out.

We have prepared this Operating Manual for the IICA/IDB Agreement in order to set out the procedures established in the agreement, and to give the IICA Offices a clear and practical guide to orient them when carrying out related activities in the country where they represent the Institute.

Fernando Dall'Acqua
Director of CEPPI

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OPERATING MANUAL FOR THE IICA/IDB AGREEMENT

I. GENERAL CONSIDERATIONS

The IICA/IDB Agreement

- 1.1 This Agreement between The Inter-American Institute for Cooperation on Agriculture (IICA) and Inter-American Development Bank (IDB) extends over a three-year period. It is the fourth agreement of this type signed with the Bank since 1981. Over these eleven years, 30 activities have been performed in 17 member countries, ranging from the preparation of complete investment and sectoral programs to complementary activities. The aggregate value of these projects, most of which are currently being executed, is approximately US\$1.35 billion.
- 1.2 The objective of this technical cooperation program is to support member countries of both institutions to prepare sectoral programs and specific investment projects in the agricultural sector, as well as to conduct studies on conditions in this sector.
- 1.3 The resources of the Agreement can be used to prepare:
 - complete feasibility studies for investment projects;
 - complementary activities to support preparation of feasibility studies for investment projects;
 - complete sectoral program studies;
 - studies on specific components of sectoral programs; and
 - baseline studies regarding technical, economic, institutional and financial aspects, to support identification of investment projects, in accordance with country priorities.

How does the Agreement operate?

- 1.4 CEPPI is responsible for executing the IICA/IDB Agreement at IICA and, therefore, acts on behalf of the Institute.
- 1.5 The IICA/IDB Agreement operates through a series of actions coordinated among the recipient country, IDB and IICA. Each of the participants has responsibilities of varying degree, depending upon the stage in which the project, program or study preparation process is found.
- 1.6 According to Bank classification, recipient countries can be placed in categories A, B, C or D. Funds from IICA/IDB Agreements for countries in categories A and B (of greater relative development) are of contingent reimbursement, which means that the Bank charges the cost of the study to the eventual loan contract for project execution. On the other hand, for countries in categories C and D (of lesser relative development and constrained markets) these funds are not reimbursable.

Procedures for preparing programs and/or projects¹

- 1.7 The process begins with project identification. In most cases, this takes place during IDB Programming Missions to the recipient country, during which both negotiate and reach agreement

¹

Hereafter, the term "project" will be used for both sectoral programs and investment projects.

on the projects that will enter the Bank's pipeline. The IICA Office in the recipient country can assist the leading sectoral agency (usually the Ministry of Agriculture) in identifying and promoting such projects for inclusion in the pipeline.

- 1.8 The Bank can suggest to the country that a project selected from the pipeline be prepared with resources from the IICA/IDB Agreement. Alternatively, the IICA Office in the country can make the same proposal to the leading sectoral agency and to the country liaison agency with IDB (usually the Ministry of Treasury or Planning).
- 1.9 For the project to be prepared with resources from the IICA/IDB Agreement, the following is required:
 - a. The Minister of Agriculture, in a letter addressed to the Minister in charge of the country liaison agency with IDB, justifies and expresses interest in having the project prepared with resources of the IICA/IDB Agreement (see sample letter in Annex 1);
 - b. The Minister of the liaison agency with the IDB sends a letter to the IDB representative in the country, confirming the request from the Minister of Agriculture and attaching existing project documentation (see sample letter in Annex 2).
- 1.10 The Bank receives these documents, and analyzes and forwards them to IICA, together with its opinion on the project and supporting information available in the Bank, for CEPPI to consider regarding its participation in project preparation. At this point, IICA begins its official participation in the procedures of the IICA/IDB Agreement.
- 1.11 CEPPI proceeds to define and conceptualize the project, for which it may request additional information from the IICA Office in the recipient country. Should CEPPI decide to support the project, the process continues.
- 1.12 Once IDB and CEPPI agree on the design and conceptualization of the project, a joint IDB/IICA **Appraisal Mission** to the recipient country is organized.
- 1.13 The objective of the **Appraisal Mission** is to verify *in situ* the "why" and "what for" of the Project. As a result of the Mission's findings, a decision may be taken to prepare or to cancel the project.
- 1.14 The head of the **Appraisal Mission** is an IDB official. Other Mission members include: staff from Bank headquarters, the Sectoral Specialist from the IDB Representation in the country, the CEPPI General Project Coordinator, and any IICA specialists whose field of expertise may be directly related to the project's main subject matter. IICA specialists may be from the IICA Office in the recipient country or from some other unit.

The IICA Representative in the recipient country participates actively throughout the Mission.
- 1.15 The principal output of the Mission is the **Final Report of the Appraisal Mission**. This report indicates, in addition to the "why" and "what for" of the project, the "how to" aspect of preparing it. Its principal components are:
 - a. A brief conceptualization of the project.
 - b. A timetable for project preparation.
 - c. Identification of the specialists and/or consultants needed to prepare the project.
 - d. A schedule for participation of specialists and/or consultants in project preparation.
 - e. Organizational aspects between IICA and the recipient country for project preparation.

f. The budget required for preparation of the project.

- 1.16 If possible, the Mission will draft all the terms of reference for local and international consultants.
- 1.17 If the **Final Report** is approved by all three parties, a **Letter of Understanding** or an **Agreement** is prepared, negotiated and signed by IICA and the recipient country, in consultation with the Bank. The **IICA/Country Agreement** is used when the recipient country has been classified as A or B by the Bank. The **IICA/Country Letter of Understanding** is used when the recipient country is in category C or D. A sample of an **IICA/Country Letter of Understanding** is presented in Annex 3. The content of an **Agreement** is similar to that of the **Letter of Understanding**, but must stipulate that funds are subject to contingent reimbursement.
- 1.18 Based on of the provisions of the **Final Report of the Appraisal Mission** and the **IICA/Country Letter of Understanding** and/or **Agreement**, CEPPI installs a **Project Preparation Mission** in the recipient country.
- 1.19 The **Project Preparation Mission** is composed of:
- The Feasibility Study Coordinator.
 - National and international consultants.
 - IICA specialists assigned to the study.
 - The national counterpart technical team, and its corresponding Coordinator.

Note: CEPPI assigns a member of its staff to serve as General Project Coordinator for each project.

- 1.20 Approximately two months after project preparation begins, and on a date agreed to by the three parties, the Bank and CEPPI send a **Mid-Term Review Mission** to the recipient country, with the purpose of verifying progress made in preparing the project and solving any existing problems or difficulties. Any changes must be approved by consensus between the country, the Bank and CEPPI.
- 1.21 The **Project Preparation Mission** concludes its work in the recipient country when it completes the drafts of the final version of the project document. This document is sent to CEPPI by the IICA Office in the country. The IICA Representative informs the local institution responsible for the project and the IDB Representation that this stage has been completed.
- 1.22 CEPPI reviews the draft of the final version of the project document and sends it to IDB Headquarters for approval or comment, within the limits of a mutually agreed timetable.
- 1.23 Once approved by the Bank, CEPPI, through the IICA Office in the country, delivers the final version of the project to the country.

II. ROLE OF IICA OFFICES

Role prior to the Appraisal Mission

- 2.1 To assist the leading agricultural sector agency and the country agency liaising with IDB in identifying and conceptualizing projects that can be incorporated into the Bank's pipeline.

- 2.2 To support the leading agricultural sector agency and the country agency liaising with IDB in preparing and submitting the request to prepare the project with resources from the IICA/IDB Agreement. (See sample letters in Annexes 1 and 2).
- 2.3 To keep CEPPI informed about the status of this process.

Role during the Appraisal Mission

- 2.4 To support the Mission's program of activities in logistic and technical aspects (transportation, hotel reservations, follow-up on the agenda, participation in relevant meetings and discussions about the project, transmission of relevant information, and assistance in preparing the Mission's final report).
- 2.5 To participate in the initial (briefing) and final (debriefing) meetings of the Mission at the IDB Representation.

Role prior to the Project Preparation Mission

- 2.6 To sign with the recipient country, at the request of CEPPI and on behalf of the Director General of IICA, the **Letter of Understanding or Agreement** for project preparation. Once the corresponding document has been signed, to send copies to the IDB Representation, CEPPI and IICA's Office of the Assistant Deputy Director General for Operations.
- 2.7 To select a maximum of six and a minimum of three candidates to serve as local consultants, for each area of specialization, and submit the corresponding list of candidates to the IDB Representation for approval, using the consultant selection form.
- 2.8 To negotiate and hire local consulting services, using the sample contract of the IICA/IDB Agreement.
- 2.9 To send copies of the contracts signed with local consultants to the IDB Representation and CEPPI.

Role during the Project Preparation Mission

- 2.10 To ensure compliance with commitments established in the IICA/Country Letter of Understanding or Agreement, especially those assumed by the country.
- 2.11 To keep track of the project preparation process, setting up informational meetings with the Feasibility Study Coordinator to assess progress and troubleshoot possible problems. To keep the CEPPI General Project Coordinator informed.
- 2.12 To manage the project resources to be spent in the country. CEPPI will provide the corresponding instructions.

Role during the Mid-Term Review Mission

- 2.13 To assist CEPPI in setting the date for the **Mid-Term Review Mission**, by consulting with the Feasibility Study Coordinator, the IDB Sectoral Specialist and the technical team Coordinator of the national counterpart agency. CEPPI will inform IDB Headquarters of the date selected.

- 2.14 To support the program of activities of the Mission in logistic and technical aspects (i.e.: transportation, hotel reservations, follow-up on the agenda, participation in meetings and discussions relevant to the project, transmission of relevant information, and assistance in preparing the Mission's Aide Memoire).
- 2.15 To participate in initial (briefing) and final (debriefing) meetings of the Mission, at the IDB Representation.
- 2.16 To participate in preparing the Aide Memoire of the Mid-term Review Mission.

Role in the final phase of project preparation

- 2.17 To send to CEPPI, along with Office's own comments, the draft of the final version of the project document. To report on this activity and on the completion of the corresponding phase to the local institution in charge of the project and the IDB Representation.

Note: At this stage of the process, no copy of the draft of the project document should be submitted to the country.

- 2.18 Once local consultants have completed their work, to countersign their performance evaluations prepared by the Feasibility Study Coordinator, sending copies of these to the IDB Representation and to CEPPI.
- 2.19 In consultation with the General Project Coordinator, to evaluate the performance of the Feasibility Study Coordinator, sending the evaluation to CEPPI for ratification and subsequent presentation to IDB.
- 2.20 Local consultants will receive their final payments after consultation with CEPPI once their corresponding performance evaluations are deemed satisfactory.

Note: All communications to IDB Headquarters must be channelled through CEPPI.

III. ROLE OF THE GENERAL PROJECT COORDINATOR

- 3.1 CEPPI designates one of the members of the Project Preparation Unit (IICA/IDB-PPU) to serve as General Project Coordinator.

Role prior to the Appraisal Mission

- 3.2 To review project documents sent from IDB Headquarters, to define and conceptualize the project. If necessary, to request additional information from the IICA Office in the recipient country. To prepare the corresponding response to the Bank, with the opinion on participation in the project.
- 3.3 To prepare the program of activities for the Appraisal Mission, in consultation with IDB and the IICA Office in the recipient country.
- 3.4 If possible, to elaborate a first draft of the Report of the Appraisal Mission.
- 3.5 To keep IDB and the IICA Office in the recipient country informed of the process.

Role during the Appraisal Mission

- 3.6 To participate as a member of the **Appraisal Mission**.
- 3.7 To prepare, with the members of the Mission, the **Final Report of the Appraisal Mission**.
- 3.8 To prepare, with the members of the Mission, the terms of reference for local and international consultancies.
- 3.9 To prepare, in collaboration with Mission members, and in consultation with the IICA Representative, a draft of the **IICA/Country Letter of Understanding or Agreement**.
- 3.10 If possible, in collaboration with Mission members, to begin drawing up the list of candidates for local and international consultancies.

Role prior to the Project Preparation Mission

- 3.11 To coordinate approval of the **Final Report of the Appraisal Mission** by IDB and the recipient country.
- 3.12 To coordinate approval of the **Letter of Understanding or Agreement**, by the country and IICA, in consultation with IDB.
- 3.13 To coordinate with the IDB approval of the terms of reference for national and international consultancies not completed during the **Appraisal Mission**. If necessary and warranted by the situation, to coordinate preparation of the terms of reference of the local consultants with the local institution responsible for the project, through the corresponding IICA Office.
- 3.14 To coordinate with the IICA Office the preparation and subsequent signature of the **IICA/Country Letter of Understanding or Agreement**.
- 3.15 To prepare the project's **operating budget** and monitor it until it is approved. To program the use of CATIs, and inform the corresponding IICA Office.
- 3.16 With the IICA Office in the recipient country, to coordinate the selection of local candidates for the consultant positions and submit short lists for approval by the IDB Representation. Also, to coordinate with the IICA Office negotiations related to the hiring of local consultants.
- 3.17 To select and submit to IDB Headquarters for approval the list of candidates for international consultancies. Upon approval, to proceed to hire the consultants.

Role during the Project Preparation Mission

- 3.18 To install the **Project Preparation Mission**.
- 3.19 To give the IICA Representative and Office Administrator the corresponding guidelines for managing the funds of the IICA/IDB Agreement.
- 3.20 To supervise project preparation.

- 3.21 To supervise the project's budget execution.
- 3.22 To prepare and keep an updated record of consultant contracts.
- 3.23 To program the **Mid-Term Review Mission** with the IICA Office and the IDB (Headquarters and Representation).

Role during the Mid-Term Review Mission

- 3.24 With the IICA Office and the Feasibility Study Coordinator, to organize presentation of the project and the corresponding technical discussion with Mission members.
- 3.25 To reach agreement with Mission members on possible adjustments to the project and to the terms of the Mission's Aide Memoire.
- 3.26 To guide the IICA Office concerning implementation of Mission agreements and monitor execution of the project's budget.

Role in the final phase of project preparation

- 3.27 To review performance appraisals of local consultants, conducted by the Feasibility Study Coordinator and the IICA Representative.
- 3.28 In consultation with the IICA Representative and the Feasibility Study Coordinator, to conduct performance evaluations of international consultants.
- 3.29 To review, edit (if necessary) and submit to IDB, for review and approval, the draft of the final version of the project's feasibility study.
- 3.30 During preparation of the project's final version, to analyze and, if necessary, incorporate into the study comments made by IDB.
- 3.31 To coordinate with the IICA Office in the country the presentation and official delivery of the final version of the project to the country. To send project copies to IDB.

IV. INSTRUCTIONS FOR THE IICA OFFICE ADMINISTRATOR

- 4.1 Since the use of funds from the IICA/IDB Agreement involves a series of procedures required by the Bank, and since failure to comply could prevent approval of expenditures in the corresponding disbursement requests, it is necessary to inform the Office Administrator of such procedures.
- 4.2 The project budget, approved in the **Report of the Appraisal Mission**, and which is part of the **IICA/Country Letter of Understanding or Agreement**, is the basic instrument for controlling expenditures by budget item and for determining the corresponding balances.
- 4.3 Expenditures can be made once CEPPI indicates the corresponding account number.
- 4.4 Payments in local currency, to be made in the recipient country, will be:

- a. Honoraria for local consultants.
- b. Local travel, international travel and local per diem.
- c. Materials.
- d. Computer services.
- e. Rental of equipment (equipment cannot be purchased)
- f. Publications
- g. Communications

4.5 IDB does not recognize the following expenditures:

- a. Purchase of equipment
- b. Fuel
- c. Repairs
- d. Parts
- e. Maintenance
- f. Support personnel (see point 4.7).

4.6 Any payment in US dollars can only be made with an explicit authorization from CEPPI.

4.7 With respect to the hiring of secretaries, and for the corresponding expenditures to be paid with resources from the IICA/IDB Agreement, it must be indicated in the respective contracts that the work to be performed consists of "word processing services for editing and publishing the project document."

4.8 The final payment and/or the last portion of honoraria paid to local and international consultants (when so indicated in the case of the latter) will be made once the performance appraisal of the consultant is deemed satisfactory.

4.9 The Office Administrator will estimate and request with due anticipation from the Director of Finance the funds needed to operate and support project preparation, avoiding exceeding the amounts established in the project budget. The Administrator will report to CEPPI on this matter.

4.10 The Office Administrator will prepare and submit to CEPPI a monthly budget execution report.

ANNEX 1

Mr. Miguel Rodríguez
Minister of CORDIPLAN
Caracas, Venezuela

Dear Mr. Minister:

As you know, the basic objectives of the agricultural sector include activities to enhance research capabilities and disseminate technology, with a view to promoting agricultural development and sectoral modernization, in accordance with government macroeconomic policies. To this end, we are promoting PRODETEC, Phase II.

Because we have limited amounts of funds for preinvestment purposes and need technical cooperation for preparing the corresponding feasibility study, I respectfully request your collaboration to use resources from the IICA/IDB Agreement, signed by the Inter-American Development Bank (IDB) and the Inter-American Institute for Cooperation on Agriculture (IICA), which are available for supporting member countries in the preparation of this type of study.

Once the feasibility study has been prepared, it will serve to support the request for funding from the Bank for the execution of the Program.

Cordially,

Jonathan Coles Ward
Minister of Agriculture and Livestock

ANNEX 2

Mr. Fernando A. Cossio
IDB Representative in Venezuela
Caracas, Venezuela

Dear Mr. Cossio:

Among the efforts the government supports in the agricultural sector is the formulation of the PRODETEC Investment Project Phase II Investment Program, as indicated in the attached letter, which I received from the Minister of Agriculture and Livestock.

We are aware that preinvestment funds are available through the IICA/IDB Agreement, signed by the Inter-American Development Bank (IDB) and the Inter-American Institute for Cooperation on Agriculture (IICA), to support the countries in preparing feasibility studies for investment projects.

In this regard, I respectfully request your good offices in supporting preparation of the feasibility study for the PRODETEC Program with funds from that agreement.

Looking forward to a positive response to this request, I am

Sincerely yours,

Miguel Rodriguez
Minister of CORDIPLAN

ANNEX 3

LETTER OF UNDERSTANDING BETWEEN THE MINISTRY OF AGRICULTURE AND LIVESTOCK (MAL) AND THE INTER-AMERICAN INSTITUTE FOR COOPERATION ON AGRICULTURE (IICA), FOR THE PREPARATION OF THE AGRICULTURAL SERVICES DEVELOPMENT PROJECT, PHASE ONE

The Ministry of Agriculture and Livestock, hereinafter referred to as MAL, represented in this Act by Minister of Agriculture and Livestock, and the Inter-American Institute for Cooperation on Agriculture, hereinafter referred to as IICA, represented by its Director General who expressly delegates the authority to sign this document on his behalf to, IICA Representative in....., subscribe the present LETTER OF UNDERSTANDING subject to the following clauses:

CLAUSE ONE - DEFINITIONS

For the purposes of the present LETTER OF UNDERSTANDING, the following terms are defined:

1. MAL/IICA Letter of Understanding: The legal instrument signed by MAL and IICA.
2. IICA/IDB Agreement: Refers to Technical Cooperation Agreement ATN/SF-....., legal instrument signed on....., by the Inter-American Development Bank (IDB) and IICA, for the purpose of supporting member countries in the preparation of specific investment projects and sectoral program studies for the agricultural sector, as well as to conduct studies on conditions in this sector.
3. Project: Feasibility Study of the Agricultural Services Development Project, Phase One.
4. MAL: Ministry of Agriculture and Livestock.
5. IICA: Inter-American Institute for Cooperation on Agriculture.
6. IDB or Bank: Inter-American Development Bank
7. CEPPI: Center for Programs and Investment Projects.
8. UPP: Project Preparation Unit of CEPPI.

CLAUSE TWO - OBJECTIVE

The objective is to prepare the Agricultural Services Development Project, Phase One.

CLAUSE THREE - TERMS OF REFERENCE

For preparation of the Project, the following annexes will be considered terms of reference:

1. Timetable for preparing Project;
2. Allocation of experts and their periods of service with the Project.
3. Timetable for participation of experts in Project preparation.
4. Organization for Project preparation.
5. Estimated budget for Project preparation.

CLAUSE FOUR: OBLIGATIONS OF IICA

1. To establish, organize, and install a technical team of experts (international consultants, local consultants and IICA specialists), as part of the Project Preparation Mission for the Agricultural Services Development Project, whose areas of specialization and schedule of participation are detailed in Annexes 2 and 3.
2. To designate the General Project Coordinator.
3. Inform MAL and IDB of the installation of the Project Preparation Mission.
4. To carry out intermediate reviews as needed to ensure adequate progress of the Project Preparation Mission.
5. Jointly with IDB, to coordinate and conduct Mid-Term Review Missions to ensure that the work is progressing according to schedule, and to introduce necessary changes in Project preparation.
6. To Inform IDB and MAL of progress of activities. Specifically, to suggest and discuss with IDB and MAL, as early as possible, any significant technical modification which, because of its importance, may alter the nature of the Project, and affect the approved budget or timetable of activities.
7. Together with the national counterpart, to prepare the draft of the final version of the Project document.
8. To present to the IDB the draft of the final version of the Project, for revision and approval.
9. After obtaining IDB approval, to prepare and officially present the final version of the Project to the MAL, sending a copy to the IDB.

CLAUSE FIVE - OBLIGATIONS OF MAL

1. To designate and assign a full-time high-ranking official as Coordinator of the national counterpart technical team, to supervise the activities of that team and serve as liaison with the IICA technical team.
2. To designate and assign a full-time national counterpart technical team, in disciplines equivalent to the experts (consultants and specialists of IICA staff) and from other areas of specialization deemed necessary for Project preparation, as set forth in numeral 2 of Annex 4. The national counterpart

3. To provide in a timely manner all the available information, so that the Project may be carried out suitably and in accordance with the norms and regulations of the bilateral or multilateral funding agencies.
4. To provide logistic support (i.e. transportation, office space, equipment, clerical services, office supplies, etc.) to the IICA technical team, so that it may carry out its work effectively.

CLAUSE SIX - DURATION

The present LETTER OF UNDERSTANDING will have a duration of 6 (six) calendar months, starting with the official installation date of the IICA Technical Team in the Project Preparation Mission and subject to the fulfillment of Clause Five of this LETTER OF UNDERSTANDING.

The period of time to be employed in preparing the Project will be approximately four (4) months.

CLAUSE SEVEN - COSTS AND FUNDING

The total cost for preparing this Project is estimated at the equivalent of US\$.....(.....), and is presented in Annex 5.

It will be financed with the funds provided through Technical Cooperation Agreement ATN/SF-3185-RE IICA/IDB, and in accordance with its terms.

The contribution of IDB will be up to the equivalent of US\$....., the contribution of IICA will be up to the equivalent of US\$....., and the MAL will contribute up to the equivalent of US\$.....

CLAUSE EIGHT - UTILIZATION OF THE IDB CONTRIBUTION

In accordance to Section..... of the IICA/IDB Agreement, the IDB contribution disbursed through IICA will not be reimbursable.

CLAUSE NINE - SCOPE OF THE IDB COMMITMENT

In accordance to Section.....of the IICA/IDB Agreement, it is understood that the provision of resources by IDB, for financing preparation of the Agricultural Services Development Project, Phase One, object of this LETTER OF UNDERSTANDING, does not imply any commitment on the part of the Bank to totally or partially fund the projects elaborated through the Agreement, nor any other program or project that may, directly or indirectly, result from the technical cooperation provided by the Agreement.

CLAUSE TEN - NONFULFILLMENT DUE TO AN ACT OF GOD

The parties agree to comply in full with the obligations stipulated in this LETTER OF UNDERSTANDING, except in the case of properly proven acts of God. Non-compliance on the part of one of the parties of any

of the obligations agreed to in this instrument will be cause to exempt the other party from fulfillment of its responsibility, which shall be communicated in writing.

CLAUSE ELEVEN - AMENDMENT OR EARLY TERMINATION

The present LETTER OF UNDERSTANDING may be amended at any time by mutual agreement of the two parties, following consultation with IDB. In order to be valid, the amendment must be made in writing and be signed by both parties.

Either party can terminate this LETTER OF UNDERSTANDING at any time for duly justified causes and mutual agreement, by means of written notification, communicated to the other party, with thirty (30) days advance notice. In this case, a Termination Addendum to the present LETTER OF UNDERSTANDING must be signed, establishing the terms and effects of early termination.

Any amendment or the early termination of this LETTER OF UNDERSTANDING will be communicated by IICA and MAL to IDB.

IN WITNESS WHEREOF, the legally authorized representatives of the parties hereby sign the present LETTER OF UNDERSTANDING, in two copies of equal content and validity, in the city of, capital of, on theday of the month of, 199..

FOR THE INTER-AMERICAN
INSTITUTE FOR COOPERATION
ON AGRICULTURE

FOR THE MINISTRY OF AGRICULTURE
AND LIVESTOCK

IICA REPRESENTATIVE IN....

MINISTER OF AGRICULTURE
AND LIVESTOCK

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