

MEMORANDUM OF UNDERSTANDING
BETWEEN
THE MINISTRY OF EXTERNAL RELATIONS
AND
THE BRAZILIAN COTTON INSTITUTE
FOR TECHNICAL COOPERATION IN THE COTTON SECTOR

The present Memorandum of Understanding (“MoU”) is signed by the Ministry of External Relations of the Federative Republic of Brazil (*Ministério das Relações Exteriores*—“MRE”), through the intermediation of the Brazilian Agency for Cooperation (*Agência Brasileira de Cooperação*—ABC), and the Brazilian Cotton Institute (*Instituto Brasileiro do Algodão*—“IBA”), a non-profit civil association, hereafter collectively the “Parties”.

RECOGNIZING the role of IBA in contributing to the development of the cotton sector in Brazil and other developing countries, promoting cooperation between nations by financing technical cooperation activities to promote cotton-growing;

RECOGNIZING the role of MRE, through its Brazilian Agency for Cooperation, in providing technical cooperation to developing countries, through the transfer and exchange of knowledge, skills and competencies available in Brazilian institutions and organizations;

RECOGNIZING South-South Cooperation as a mode of cooperation for development that has great potential for promoting economic growth, reducing inequalities and improving standards of living in developing countries;

CONSIDERING that the Parties recognize the important role they may play together in building and/or enhancing capacity in developing countries in the field of cotton production;

CONSIDERING the signing in April 2010 of the *Memorandum of Understanding between the Government of the United States of America and the Government of the Federative Republic of Brazil Regarding a Fund for Technical Assistance and Capacity Building with Respect to the Cotton Dispute (WT/DS267) in the World Trade Organization*, published in the **Diário Oficial da União** on May 17, 2010 (hereinafter “Brazil-USA MoU”);

HEREBY the Parties express their wish to cooperate in accordance with the following terms:

Article I

Objective

1.1 The objective of this MoU is to provide a structure for cooperation and to enable non-exclusive collaboration between the Parties to implement cooperation activities to strengthen the cotton sector in sub-Saharan Africa, in Mercosur Members and Associate Member Countries, in Haiti, or in any other developing countries as may be agreed by Brazil and the USA, within the terms of the Brazil-USA MoU.

1.2. The activities developed under this MoU shall contribute to the intensification of technical cooperation between Brazil and other developing countries. These initiatives shall include short, mid and long-term results with a view to achieving meaningful impacts for the populations benefitted.

Article II

Areas of Cooperation

2.1 The Parties agree to cooperate through international initiatives to be carried out in accordance with the guidelines of this MoU and those of the Base-Project attached hereto, which hereby becomes an integral part of this instrument, and under the terms of rules for international technical cooperation programs. These international technical cooperation initiatives shall consist of, without being restricted to, activities to develop technical capacity and to promote the exchange of knowledge, experience and technologies, excluding research, in the following areas of the cotton sector:

a) specialized technical support for: the adoption of pest and blight-resistant varieties, soil management, integrated pest management programs and biosecurity and capacity-building programs;

- b) territorial approach as a strategy for improving cotton production in developing communities;
- c) product competitiveness on its respective production chains;
- d) development of the cotton sector;
- e) technology and innovation in order to modernize cotton agriculture and the rural environment;
- f) technical cooperation for rural extension services for family agriculture;
- g) exchange of experience and best practices in technological matters;
- h) strengthening institutional technical capacities and skills;
- i) sustainable management of natural resources; and
- j) support for food security associated with the social integration of small rural communities.

Article III

Execution of Cooperation Activities

3.1 International cooperation initiatives resulting from this MoU will be carried out by means of specific projects to be signed by MRE and international entities or organizations, to which the rules and procedures defined by the international cooperation agreements signed by the Brazilian Government and the international entities or organizations shall apply, in compliance with the Base-Project attached to this Memorandum.

Article IV

Financing the Specific Projects

4.1 In order to finance the cooperation activities laid down within this instrument, IBA shall reserve 10% (ten per cent) of the total value already received and of the monies yet to be received from the Government of the United States of America deriving from the Brazil-USA MoU.

4.2 The specific projects shall be approved by the Management Board of IBA pursuant to the provisions of Chapter IX of IBA's *Standards for Drafting, Analyzing and Approving Projects and Programs*.

4.3 Within 30 (thirty) days of approval by the Management Board of IBA of each specific project mentioned in Article 3.1 above, IBA undertakes to transfer to the international entities or organizations with whom MRE, through ABC, has signed the specific projects, the necessary resources to finance such projects, abiding by the limit referred to in Article 4.1.

4.4 The financial execution of the specific projects shall follow the guidelines of this MoU and comply with the rules and procedures of the cooperating international entity or organization.

Article V

Responsibilities of the Parties

5.1. Through ABC, MRE shall:

- a) provide technical personnel to take part in the planning, coordination, support for execution and follow-up of technical cooperation projects signed as a result of this MoU;
- b) coordinate the provision of technical and logistical support necessary to execute the technical cooperation with developing countries, in compliance with its own policies, standards, rules, and procedures and/or those of the cooperating international entities or organizations; and
- c) as agreed by the Parties, coordinate the implementation of the respective activities, jointly with the international entity or organization responsible for the budget management of the specific projects;
- d) receive annual physical-financial execution reports from the international entity or organization responsible for the budget management of the specific projects to subsequently provide them to IBA and the Federal Government's control agencies, as the case may be.

5.2 IBA shall:

- a) enable access to or provide the necessary information for the execution of this MoU and for the technical cooperation projects resulting thereof, including technical, management and financial aspects;
- b) ensure the necessary financial inputs for the implementation of the projects approved under the terms of Article IV above;
- c) monitor activities performed under the international cooperation projects laid down in this MoU.

Article VI

Consultation and Exchange of Information

6.1 The Parties shall regularly (i) keep each other informed and hold mutual consultations on matters of common interest, and (ii) identify lessons learned in development activities that are, in their opinion, useful for generating mutual cooperation.

6.2 The Parties shall periodically verify the progress of activities performed under the aegis of this MoU.

Article VII

Visibility

7.1. The Parties recognize that the cooperation instruments shall be made public and therefore agree to recognize the role and contribution of each organization in all public information documents regarding this cooperation and to use the name of each organization with its logotype on cooperation documents, in accordance with the policies of each organization and subject to prior written agreement by each Party.

Article VIII

Settlement of Disputes

8.1 The Parties shall gear their best efforts amicably and in good faith to solve any dispute or suit arising from this MoU.

8.2 The Judiciary Section of the Federal Justice Department of the Federal District is hereby chosen to be the competent forum for solving any legal dispute that may arise between the Parties to this MoU.

Article IX

Entry into Force and Termination

9.1 This Memorandum shall enter into force on date of signature and remain in force for 5 (five) years, renewed automatically for equal periods unless, after the original term is completed, one of the Parties informs the other Party in writing of its desire to terminate this Memorandum with at least 6 (six) months prior notice.

9.2. This Memorandum shall remain in force up to 6 (six) months after receipt of notification, so as to enable the conclusion of ongoing operations and commitments taken on or arising before notification.

9.3 This Memorandum may be modified by mutual agreement, expressed in writing by duly authorized representatives of the Parties, excluded, however, the possibility of modifying its object.

Done in Brasilia on December 15, 2011, in two originals.

FOR THE MINISTRY OF EXTERNAL
RELATIONS

FOR THE BRAZILIAN COTTON
INSTITUTE