



Forty-fourth Regular Meeting of the Executive Committee

Proposal of the Hemispheric Fund for Agricultural Resilience and Sustainability in the Americas

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Hemispheric Fund for Agricultural Resilience and Sustainability in the Americas

-Proposal¹-

Effectiveness of investments to improve agricultural resilience and sustainability in the Americas

Given the volatility, uncertainty and complexity of the agricultural environment in the Americas, the Inter-American Institute for Cooperation on Agriculture (IICA) and its Member States have recognized the importance of devising new mechanisms to build the resilience and sustainability of the hemisphere's agrifood systems. In recent years, evidence has shown that these systems face continuous challenges, ranging from natural disasters to economic and social shocks, all of which pose a threat to global food and nutrition security.

As such, the Inter-American Board of Agriculture (IABA), via Resolution IICA/JIA/Res. 545 (XXII-O/23), resolved to: "wholeheartedly endorse the building of a Hemispheric Partnership for Food Security and Sustainable Development and to instruct the Director General of the Institute to expand and intensify any actions needed for its consolidation, in consultation and coordination with the Member States, and including the widest possible cross-section of stakeholders in the agrifood sector".

A far-reaching agenda was established for this hemispheric initiative, underscoring not only the importance of agricultural resilience and sustainability, but also promoting solidarity with the more vulnerable countries, to guarantee that collective efforts would be inclusive and equitable.

This resolution validated the ongoing process of integration and cooperation on specific issues² and called for the "[creation of] a Hemispheric Fund for Agricultural Resilience and Sustainability in the Americas, which [would] seek to facilitate the participation of smaller countries with less economic clout in collective actions".

The purpose of this new IICA financial instrument, is to mobilize, manage and execute new financial resources, to improve the institutional, technical and administrative capacities needed to execute programs and projects to build the resilience and adaptive capacity of the agricultural systems of the Americas, while serving as a bridge to assist in urgently addressing high-impact events, such as health and environmental emergencies.

It is worth noting that IICA possesses the necessary experience to mobilize resources and implement these types of instruments, as was the case with the Simón Bolívar Fund totaling USD 20 million. The Institute currently executes more than USD 210 million in external resources each year, with more than 150 partners, which reflects the commitment of the Member States and observer countries to the technical cooperation actions undertaken in the countries. This has gradually built a financial base to carry out operations of increasing impact.

¹ Version 24/6/2024.

² 1) Bioeconomy, 2) science, technology and innovation, 3) agrifood digitalization, 4) international and regional trade, 5) climate action and financing, 6) One Health, 7) family farming and rural development, and 8) equity and equality.

Scope of the Fund

Conceived as a **multilateral cooperation** mechanism to bolster technical, administrative, financial and strategic capacities, the Fund is designed to increase autonomy in the implementation of public policies and the effectiveness of investments in agrifood systems, both at the national and multinational levels. Its scope is defined by the following aspects:

- **Technical.** The Fund will provide an essential tool to highlight critical issues for agriculture³ that require practical attention, through cooperation projects to strengthen the sector's resilience and ensure its sustainability. By operating within the framework of the Hemispheric Partnership, the strategic priorities of the countries and the interests of contributors, this collective action will guarantee the relevance and effectiveness of the Fund in achieving the agricultural development objectives of the Americas and the Sustainable Development Goals.
- **Administrative.** Operating in accordance with the administrative procedures of IICA, the Fund will include protocols and mechanisms for mobilizing and managing investments, as well as for the analysis, planning, programming and efficient management of cooperation projects. These projects will be selected based on their technical relevance and their alignment with public policies and with the interests of donors, which will ensure that these initiatives are consistent with the needs and priorities of the Member States and of the region.
- **Financial.** The Fund will play a strategic role in mobilizing new international cooperation resources and is designed to maximize the mobilization of external financing, thereby significantly increasing the resources available to deliver cooperation to member countries.
- **Strategic.** In the international technical cooperation scene, the fund will be a critical tool in ensuring that Member States are able to play a more prominent role, be it their public or private sectors. By increasing the visibility of cooperation in public administration and public-private partnerships, as a solution to problems in agriculture in the Americas, the Fund will not only build the capacities of member countries but will also increase their influence and negotiating capacity in global and regional forums, promoting the identification of common interests and addressing shared challenges at the national or supranational level.

Given the above, the Fund will be an efficient mechanism to address the complexities of agricultural development and food security on a timely basis, in a world of constant change, ensuring that technical cooperation can produce tangible and long-lasting results.

Strategic objectives

- To improve the resilience of agrifood systems by increasing their capacity for adaptation, recovery and transformation, in response to climate, economic and social adversities that endanger the food security of the region.
- To support agricultural innovations that minimize environmental impact, while maximizing productivity, protecting natural resources and fostering their sustainable use to benefit future generations.

³ For example, water, soils and pest and disease management.

- To optimize the planning, execution and evaluation of programs, projects and other public policy actions to ensure socioeconomic stability, the optimal use of resources and the effective achievement of the desired results.

The Fund will also make a special effort to support countries with less economic clout, by strengthening the resilience and sustainability of their agriculture sectors, through technical and financial assistance. This will help to reduce disparities within the region and to promote equity, inclusiveness and fairness in processes to respond to national and regional emergencies within the hemisphere.

Programmatic approach

The programmatic approach of the Hemispheric Fund for Agricultural Resilience and Sustainability in the Americas is grounded in the priorities defined in the Hemispheric Partnership for Food Security and Sustainable Development in the Americas, which will ensure the cohesiveness and relevance of its actions to the agriculture sector of the region.

Firstly, it is aligned with priorities that stress the importance of resilience, sustainability and food security. These three areas are essential to ensuring that agrifood systems have the capacity to resist and adapt to current and emerging challenges, that agricultural practices are sustainable and that all communities have access to an adequate supply of nutritious food.

Secondly, the Fund will support both multinational initiatives and national actions, aligning the provided support with the agricultural and rural development strategies of a country or subregion. This will guarantee the relevance and effectiveness of actions, thus maximizing the impact of the Fund in strengthening national or multinational agricultural capacities for resilience and sustainability.

Finally, the preferences of donors and cooperating partners will also be essential. It is critical that programs and projects not only satisfy the expectations of the beneficiary countries, but also reflect the interests and meet the requirements of international donors. Addressing the priorities of contributors in compliance with applicable regulations and transparency towards investors will assist in maintaining and expanding the financial support base of the Fund, to ensure its long-term sustainability. This integrated approach will allow it to serve as an effective catalyst for development and for the implementation of innovative agricultural solutions that are also closely linked to local, regional and global realities and needs.

Funding sources

The Fund will rely on several funding sources to ensure a solid and diversified base for its activities. These sources may include voluntary contributions from the Member States, Associates, and Permanent Observers, other international organizations, global, regional and national funds, investments, donations⁴ and the counterpart contribution from the Institute.

The voluntary contributions of Member States, Associates and Permanent Observers account for a substantial part of the resources managed by the Institute to implement specific projects and will also provide a starting point to expand the cooperation agenda within the framework of these same actions, through a collective approach.

⁴ All of them being lawful sources, operating in accordance with institutional policies regarding due diligence and the prevention of money laundering and financial terrorism.

The Institute will also seek to make use of international financing mechanisms. During the 2018-2021 period, international cooperation channeled USD 3.8 billion into initiatives on agriculture, rural development, sustainable development and food security. This figure demonstrates that capital is available and could potentially be used to sustain the Fund, which is an opportunity that IICA must seize, relying on its solid position in the hemisphere and the world.

Moreover, the Fund will pursue strategic partnerships with global and regional funds, to access more financial resources and to expand its capacity to identify solutions and implement programs in multiple regions and sectors. These partnerships will be essential for fulfilling shared objectives and strengthening cooperation in agricultural development and sustainability within the framework of the Hemispheric Partnership.

Private donations will be another source of financing for the Fund. Through social responsibility initiatives, various organizations and companies support different development projects in the region. These partnerships will not only represent an additional source of funding to address specific interests but will also assist in strengthening ties between the private sector and public institutions.

The counterpart contribution of the Institute to the Fund from its strategic reserves will provide seed capital to attract and multiply other investments. This commitment is crucial to kick-start short-term capitalization, initiate the attraction of external financing, and generate new cooperation projects that can leverage additional resources. The financial support of contributors and investments will ensure the self-sufficiency of the Fund to continue operating and adding value to emerging and priority solutions in agrifood systems.

The financial management of these resources, through intelligent and strategic investments, will seek to optimize the use of its financial assets and ensure a steady flow of profits and capital to undertake activities of a broader technical and geographical scope.

Operational strategy

The operational strategy of the Fund will be to ensure that resources are applied effectively and strategically to benefit agricultural development and food security initiatives in the Americas, guided by the following principles:

- **Applicants.** The governments of the member countries will be the main applicants for financing. This will guarantee that the proposed projects are properly integrated into existing and emerging national strategies for agricultural development, complementing ongoing activities, under the supervision and with the technical support of the Institute. It will also ensure alignment with multi-country initiatives identified in coordination with the countries involved.
- **Focus.** The projects to be financed will be specifically geared towards improving resilience, sustainability, innovation and the quality of agricultural programs and policies, to increase the effectiveness and impact of public initiatives or the solutions to address common international challenges. This, along with the technical support of the Institute, will add value and guarantee high-quality investment of new external resources.
- **Selection.** Projects will be selected according to their technical value and based on an assessment using rigorous selection criteria with respect to resilience, innovation, sustainability, territorial impact, the capacity for co-financing and additionality, thus ensuring that the projects to be financed meet the strategic objectives of the Fund and contribute significantly to sustainable and resilient agricultural development.

- Technical cooperation. The technical teams of IICA will oversee the execution of projects presented to the Fund for consideration. This structure will ensure that projects will be implemented by individuals with extensive technical expertise and in accordance with international best practices and standards. All actions of the Fund will be subject to the Institute’s planning, monitoring and evaluation processes.
- Co-financing. The Fund will offer co-financing resources beyond the total value of the investment in national projects or subregional projects in which resources are administered to benefit various countries, in line with the interests of donors. This cofinancing policy will provide an incentive for investment and encourage the commitment of the governments applying for funding or the contributors, which will guarantee the promotion of projects aimed at strengthening agrifood system resilience and sustainability in the Americas.

Financial Structure of the Fund

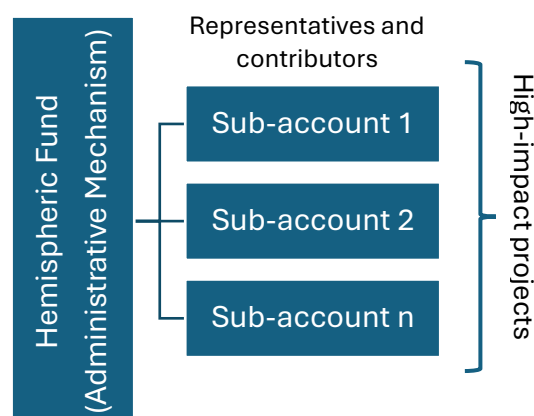
Considering that the Fund combines different types of financial resources, its structure will ensure a broad and stable financial base of:

- Endowment or heritage funds, whose returns will provide a continuous source of funding for long-term projects;
- Concessional donor funds, which allow for a rapid and effective response for specific needs, without the pressure of having to generate financial returns (for example, in response to emergencies and natural disasters); and
- Voluntary contributions for specific purposes that donors provide for projects, issues or regions to ensure that the use of their resources is aligned with their strategic priorities and philanthropic objectives, as well as with national or regional priorities.

To allow for efficient and transparent management, the Fund will operate through exclusively managed sub-accounts based on the funding source, the topic, the geographic region, the financing modality, or the agreed-upon investment policies. This financial structure will facilitate the allocation of resources aligned with the priorities of the Fund and the countries, as well as with the specific objectives of contributing members and agreed cooperation projects (sub-funds). Resources received in each sub-account will be formalized through specific contracts signed between IICA and the contributing organizations.

Governance and administration

The operation of the Fund falls under the responsibility of the Director General, who, with the advice of financial experts, will be responsible for managing the accounts in accordance with the IICA Financial Regulations and other rules approved by the corresponding Governing Bodies regarding the establishment, operation, supervision and audit of funds managed by the Institute. This will ensure a professional, transparent, and specialized management that leverages the Institute's experience and networks to effectively implement and monitor multinational projects and investments.



The sub-accounts of the Fund will be supervised by an administration mechanism defined on a case-by-case basis, which may be comprised of representatives of the Director General, the Member States, and the respective partners, donors or contributors. Additionally, the administrative mechanism will be strengthened through the participation of *ad hoc* expert panels, who will evaluate the initiatives to be implemented. These bodies will ensure that all projects meet the highest technical standards and generate the desired impacts.

The Director General will present an annual report on the status of the Fund, as well as on the monitoring of all sub-accounts, to the Special Advisory Commission on Management Issues (SACMI) and the Executive Committee, as well as to the Inter-American Board of Agriculture (IABA) at its regular meeting.

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