

# STRATEGY 6: Strengthening of the funding models for cooperation

## Financial architecture and expansion of the portfolio

<p>Overview</p>	<p>The management of the Inter-American Institute for Cooperation on Agriculture (IICA) is guided by the rules, practices and policies adopted by the international community at the hemispheric and global levels with respect to international public goods, institutional competencies and financial sustainability models.</p> <p>There are three main funding sources for technical cooperation: the commitments undertaken by Member States in the form of compulsory quota contributions; voluntary contributions by Member States and other stakeholders to fund specific projects; and voluntary resources from the international cooperation system, which includes a wide range of national public, private or multilateral donors. Over the past decade, the hemispheric resources that IICA has received have been less evenly distributed, not only because just two countries account for more than 75% of these resources, but also because the level of the remaining 25% has dwindled over time, without ever exceeding USD 35 million per year.</p> <p>At present, the Institute is facing a great deal of uncertainty regarding the financial sustainability of its technical cooperation agenda to address the needs of the agriculture and rural sectors in the Member States during these critical times.</p>
<p>What does the strategy seek to achieve?</p>	<p>The goal is to establish a <b>sustainability strategy aimed at transforming funding</b> into an effective tool for meeting the institutional mission while ensuring that the recipients of technical cooperation consider these services to be relevant, valuable and effective and are therefore willing to provide funding in exchange. This, in turn, will allow for expanding the Institute's portfolio of services, attracting new resources and achieving long-term institutional growth.</p> <p>This strategy also seeks to enhance the capabilities of stakeholders responsible for managing technical cooperation projects and external relations, specifically their ability to engage in <b>negotiations related to the project portfolio and to identify innovative funding options.</b></p>
<p>What are the expected results?</p>	<p>IICA will substantially and strategically increase the attraction of financial resources to expand the scope, coverage and extent of the support it provides to the Member States in their agricultural and rural development efforts. To this end, the Institute will rely on a funding strategy that covers matters related to pre-investment, co-funding, cooperation, multilateralism and value chains, and will design a financial model for cooperation that allows for structuring portfolios of projects that have been identified, negotiated, funded and executed in accordance with the new funding criteria.</p> <p>The Institute's technical and diplomatic teams will have greater commercial capabilities to identify, negotiate and carry out technical cooperation actions and projects. More specifically, IICA will possess a comprehensive, unified, systematic and technically structured strategy to improve the receptiveness of counterparts to cooperation proposals, which will describe aspects related to communication, information and technical support.</p>
<p>What are the possible courses of action?</p>	<ul style="list-style-type: none"> <li>• Redefine the model for spending and investing the Institute's resources, in accordance with its pre-investment and co-funding tactics and the rules and regulations of the Inter-American Board of Agriculture.</li> <li>• Review the criteria for allocating and monitoring budget items, in order to ensure that the accounting process allows for assessing the monetary value of all of IICA's contributions under a specific cost center, as well as carrying out its administrative and technical cooperation activities.</li> <li>• Strengthen the protocols for calculating the real cost of the activities carried out by the Institute within the framework of cooperation projects, as well as establish new mechanisms for recovering the cost of institutional management, in keeping with the funding criteria defined by the new model.</li> <li>• Make the mechanisms for negotiating and managing the cooperation services provided by IICA and its partners in collaborative projects more flexible and decentralized, which would allow for introducing financial innovations such as collaborative economies, based on the understanding that a project involves several stakeholders or value chain links.</li> <li>• Set up a financial fund to promote the technical cooperation delivered by the Institute, facilitating the implementation of long-term strategies and the co-funding of technical services that make it possible to develop international public knowledge goods, in accordance with the Institute's field of competence and areas of specialization. This will involve at least the following:             <ul style="list-style-type: none"> <li>▪ Evaluating alternative funding models based on the international context, available funds and IICA's past experiences.</li> <li>▪ Clarifying the legal aspects of the creation of the mechanism.</li> <li>▪ Designing a strategy for negotiating the establishment of the fund with the Member States and potential donor entities</li> <li>▪ Formalizing the rules and regulations governing the operation of the fund.</li> </ul> </li> <li>• Conduct an assessment of the practices, techniques, tools, skills and strategies for offering and negotiating the cooperation projects that are currently underway, in order to determine precisely which opportunities should be covered by a strategy to strengthen the Institute's commercial capacity.</li> <li>• Establish protocols and guidelines for managing the commercial components of technical cooperation at all levels, as well as the linkages in the Institute's areas of work.</li> </ul>

	<ul style="list-style-type: none"> <li>• Develop a model to strengthen and improve commercial and negotiation techniques among key personnel involved in resource management.</li> </ul>
What are the expected outputs of these actions?	<ul style="list-style-type: none"> <li>• Budget and investment models associated with the business model.</li> <li>• Rules and protocols for operating IICA's funding system for technical cooperation.</li> <li>• Innovation Fund for Resilience created and in operation.</li> <li>• Assessment of the Institute's commercial capacity.</li> <li>• Protocols for negotiating projects.</li> <li>• Trade training program (providing a quote, negotiating and selling).</li> </ul>
What is the timeline?	December 2020
Who should be a part of this working group?	Braulio Heinze will serve as the coordinator of this team, which will be made up of the Directorate of Corporate Services, the Office of the Chief of Staff, the Directorate of Technical Cooperation, the Directorate of External and Institutional Relations, and the Project Management Unit.