



Special Advisory Commission on Management Issues (SACMI)

**Report of the 2020 Regular Meeting
of the SACMI**

San Jose, Costa Rica
6 May 2020

Introduction

The Special Advisory Commission on Management Issues (SACMI) was convened on 6 May 2020 at 8:35 a.m. (Costa Rica time) via videoconference, pursuant to Resolution No. 580 of the Executive Committee. Representatives from the following countries participated: Argentina, Bolivia, Brazil, Canada, Mexico, Nicaragua, Saint Lucia and the United States of America. Annex 1 includes a list of participants.

The Technical Secretary explained the objectives and duties of the SACMI. He mentioned that, at its Thirty-Ninth Regular Meeting in 2019, the Executive Committee had requested, via Resolution No. 654, that the 2020 SACMI meeting be held in person. However, the meeting was being held virtually in light of the restrictions implemented to curb the spread of the Covid-19 pandemic.

He indicated that the Technical Secretariat had received a request from the delegation of the United States of America to modify the provisional agenda of this meeting of the Commission. The amended agenda, which was submitted for consideration by the SACMI members, included the following items: a) the situation in light of the Covid-19 pandemic, b) administrative matters and collection of quota contributions, and c) the proposed procedure for conducting the meeting of the Executive Committee. The proposal was accepted by all members.

Institutional emergency resulting from the Covid-19 pandemic

The Director General of the Inter-American Institute for Cooperation on Agriculture (IICA) referred to the need to inform the SACMI members about the situation IICA was facing due to the Covid-19 pandemic, as well as to listen to their suggestions, as the primary advisors for the Institute's strategic and administrative management.

He mentioned that IICA was founded in 1942, in the midst of the crisis caused by World War II and in an effort to guarantee food supply and agricultural development in the Americas. Over the course of almost 80 years of history, the Institute has faced critical situations like the current emergency, continuously demonstrating its resilience and capacity to respond to the needs of its Member States.

He reported on IICA's strategy for overcoming the Covid-19 emergency and its impact on health, society, the economy and agriculture, in particular. He considered that the crisis brought on by the pandemic was affecting the world order, global trade and the food security of millions of people.

He emphasized the fact that the current crisis is generating greater appreciation for agriculture as a strategic sector for overcoming the emergency, as well as for the work of farmers and other stakeholders involved in the agrifood system of the Americas. He added that agriculture is one of the sectors that will play a key role in the medium-term recovery of the economy, both at the regional and global levels.

He reported that demands for technical cooperation had increased, which had enabled IICA to demonstrate its capacity to respond in a timely manner, as well as its proactive approach in collaborating with countries at the national, regional and hemispheric levels. He described IICA as

a strategic facilitator or “bridge” of innovative solutions – an organization that **listens, proposes and takes action**.

He noted that IICA **had listened** to the ministers and secretaries of agriculture by means of virtual subregional meetings held during the emergency, including:

- a) two meetings with the Southern Agricultural Council (CAS), in which Peru had also participated;
- b) two meetings with Central America, Mexico and the Dominican Republic;
- c) a meeting with the Andean Region, with the participation of Mexico and Chile; and
- d) a meeting with the 14 ministers of the Caribbean Community (CARICOM).

He added that he had also held bilateral discussions with eleven ministers of agriculture of the hemisphere.

He highlighted the organization of the first-ever joint meeting with the Food and Agriculture Organization of the United Nations (FAO) on 22 April. The hemispheric virtual meeting provided an opportunity to discuss topics such as intra- and interregional trade, family farming, ways to supply markets, transportation of products, and the health of workers in the agriculture sector.

He indicated that, in his capacity as Director General, he was participating in the Joint Summit Working Group (JSWG), convened by the Organization of American States (OAS), as well as in an interagency group convened by FAO. He also reported that he had held a virtual meeting with representatives of 14 international agrifood companies, as well as virtual meetings with stakeholders involved in the poultry and dairy chains throughout the hemisphere.

He announced that, in May, he would be holding a hemispheric meeting with rural women, as well as meetings with production sectors and professional associations of agronomists, veterinarians and agricultural economists. He explained that the objective of all these meetings, which would be held virtually, would be to generate shared agendas aligned with the mandates of the ministers of agriculture.

He described the strategic actions that IICA was **proposing** to respond to the emergency. Among other things, he cited the creation of the high-level Advisory Council for Food Security in the Americas, comprised of experts, former ministers and renowned professors within the sector, who provide recommendations for addressing short- and medium-term issues.

He listed other relevant actions, including the establishment of an advisory committee on communication for agriculture and food security; the launch of a food security monitor, which provides relevant information for decision making; the development of a food vulnerability index by country; and the creation of a blog in which experts discuss important topics for the sector.

He mentioned that IICA was **taking action**, by responding to the demands of the ministers and secretaries of agriculture. He cited the creation of an app aimed at fostering intraregional trade in Central America, Mexico and the Dominican Republic, called the Regional Agrifood Supply

System for Food Security (SAAR), which provides information on food supply and demand, for exclusive use by ministers of agriculture.

He announced that, in response to the need to implement prevention measures within the agriculture sector during Covid-19, the Institute had developed a technological application with support from the European Union (EU). It had also made available a short virtual course prepared by its Agricultural Health, Safety and Food Quality Program, for use by various sector stakeholders.

He described the progress achieved as part of several initiatives, such as the virtual rural extension strategy for the Caribbean, through the use of cell-phones, and the proposal for an e-commerce project together with the International Fund for Agricultural Development (IFAD). The Director General also announced that IICA was expanding its virtual course offerings, launching a virtual conference room and strengthening its social media campaigns, which include a tribute to food producers with support from popular musicians in the hemisphere.

Next, he referred to the second item on the agenda, informing the participants that the Program Budget amount that the Inter-American Board of Agriculture (IABA) had approved for the current year was USD 41.5 million, which included USD 29.8 million from Member State quotas, projected income of USD 9.4 million through indirect cost recovery (ICR) in externally funded projects, and USD 2.5 million in miscellaneous income.

He explained that, due to the Covid-19 crisis, the Institute was predicting significant decreases in the collection of quota contributions this year, estimated at USD 20 million; a reduction in the execution of external resources, which would reduce ICR income to USD 5.1 million; and a drop in miscellaneous income, which was expected to total USD 1.5 million. Based on these estimates, the amended budget would equal USD 27.1 million, representing a 35% decrease in comparison to the original budget.

He recalled that resource rationalization measures had been implemented in the previous two years, generating savings of USD 3.7 million. He reported that additional measures were being implemented to respond to the emergency situation, such as a zero bureaucracy policy, the establishment of an emergency protocol for the approval of initiatives funded with external resources, and the relaxation of procedures to support countries. He explained that these measures were geared towards reducing fixed and variable costs as much as possible, as well as channeling all available resources towards a single fund to be managed exclusively by the Director General. He added that these actions were complemented by austerity measures, such as the suspension of the salary adjustment for International Professional Personnel.

Lastly, he highlighted the unity and solidarity shown by the Institute's member countries, as well as their capacity to develop joint actions, foster the strengthening of technical cooperation and generate international public goods. Paradoxically, however, the projected decrease in resources would hinder the provision of timely and high-quality technical cooperation services; therefore, he called upon the Member States to honor their quota payments and to entrust the Institute with the execution of externally funded projects.

Analysis and comments regarding the institutional emergency resulting from Covid-19

The Representative of Argentina thanked IICA's technical and administrative staff for their work amidst this unprecedented situation. He emphasized the importance of the role that the Institute had been called on to play at the national and regional levels, by lending valuable technical assistance and strengthening intraregional collaboration, not only during the current phase of the emergency but in the aftermath of the health crisis.

The Representative of Bolivia expressed gratitude for the support extended to her country to reactivate agriculture at this critical time and expressed her willingness to continue working with the Institute after the crisis, as it had proven itself to be an organization that is genuinely concerned about the welfare of countries.

The Representative of Brazil concurred with the remarks made by the Director General, while recognizing IICA's leading role in the fight against the pandemic. He reiterated his commitment to the Institute and his support for the internal austerity and rationalization measures. He also advised of his country's efforts to bring its outstanding quota payments up to date. However, he highlighted the problem of the unfavorable exchange rate of the Brazilian currency in comparison to the U.S. dollar, which had made payment of the contribution more burdensome. He indicated that it would be necessary to consider measures to be taken in the aftermath of the pandemic and mentioned the need to eliminate barriers to free and fair trade in the Americas.

The Representative of Mexico thanked the Director General for his active participation in regional meetings with ministers of Agriculture and for coordination efforts between agriculture sector organizations. She congratulated the Institute for having responded so quickly to the requests of Central America, Mexico and the Dominican Republic, by developing an app designed to foster intra-regional trade (SAAR), which had proven to be a most effective tool.

The Representative of Nicaragua explained that the priority of his country was to guarantee food production and supply to enable agrifood chains to remain active, markets to continue receiving supplies and to prevent price speculation. He underscored IICA's effort to strengthen intraregional trade and to provide countries with the opportunity to purchase and sell products from and to neighboring countries. He urged regional organizations to join efforts to promote innovation and technology as it relates to agricultural health, food safety and regional trade. Finally, he informed the meeting that Nicaragua would endeavor to remain up to date in the payment of its quota.

The Representative of Canada congratulated the Institute for its work amidst the pandemic, endorsing the opinion of the Director General regarding the relevance of international cooperation during this crisis. He stressed that IICA should play a key role and encouraged it to continue in this direction. He requested further details on the e-commerce project, an initiative that his country supports. He also expressed support for the idea of organizing meetings with ministers and the private sector to provide technical responses to address the crisis.

The Representative of Saint Lucia thanked the Institute for its work and for the support provided to her country and region, expressing her hope that this would continue. She highlighted IICA's

social media activities, particularly its efforts to communicate progress in its technical cooperation agenda.

The Representative of the United States stressed the importance of agriculture to the hemisphere, expressing his country's endorsement of the Institute's initiatives to bolster the capacities of Member States. He therefore welcomed the Director General's efforts, not only in the context of the current crisis, but also in looking ahead to the future. He urged IICA to provide short-term support to enable agricultural workers to continue to produce food, as well as long-term assistance to boost agricultural production and satisfy the growing food demand. In so doing, he indicated the importance of transparency in sharing scientific knowledge.

The Director General thanked the participants for their expressions of support for the Institute's actions to fulfil the mandate of the Member States. He also recognized the work of the entire IICA staff to weather the current crisis in a proactive and innovative manner. Dr. Otero remarked that IICA is here to serve farmers and to strengthen the capacities of the sector, using science-based tools. He advised that a second hemispheric meeting of ministers was being organized, which would be held before the end of May, focusing on issues such as trade, agricultural health, family farming and rural territories.

Analysis and comments regarding administrative issues and quota collection

The Representative of Argentina indicated that his country was making every effort to pay its quota in short order. He underscored the fact that the Institute's actions were completely in accord with the priorities of his Government, while asking the organization to provide proposals regarding sanitary protocols to boost agricultural production, bearing in mind the health of agricultural workers. He urged the other Member States to continue to support the Institute's actions and to engage in regional dialogue. He also highlighted IICA's tributes in recognition of the heroes of agriculture.

The Representative of Bolivia lauded the efforts of the Director General to adjust the Institute's budget, in keeping with the realities of the current situation, and without undermining the technical cooperation that it delivers. He informed the meeting that his Government was giving priority to the payment of its quota. He thanked IICA for its support in seeking effective and innovative solutions to the adverse situations that the agriculture sector was facing.

The Representative of Brazil endorsed the measures that IICA had introduced to rationalize expenditure and to channel resources into technical cooperation actions. He acknowledged the technical support given by the Institute to his country, which in his view, provided the strongest argument for making an effort to pay the outstanding quota.

Expressing her concern, the Representative of Mexico indicated that IICA should prepare itself in the event that the reduction in quota collections was even greater than expected. She recommended that the savings obtained in 2020 be presented in greater detail at the next meeting of the Executive Committee, urging the Institute to continue to identify cost saving measures.

The Representative of Nicaragua applauded the resource rationalization measures that IICA has implemented, underscoring the importance of the Institute maintaining an adequate flow of income to enable it to continue its functions and mandates.

The Representative of Canada stressed the fact that IICA could not continue to operate efficiently without receiving all the quotas of its Member States, expressing the hope that the rationalization measures would not excessively affect the technical capacity of the Institute. He urged IICA to continue working with the countries to ensure that it receives the necessary resources to finance its budget.

The Representative of Saint Lucia thanked the Institute for its sound administrative management and advised that her Government would pay its quota by the end of May.

The Representative of the United States of America commended the efforts of the Member States to pay their quotas to IICA. She recalled that the IABA resolution to approve the 2020-2021 Program Budget had authorized the Director General to make adjustments to the budget, provided that this would not significantly affect the Institute's ability to address its priorities and to deliver technical cooperation. She made note of the actions undertaken to adjust the institutional budget, as well as the creation of a special fund specifically to address the Covid-19 emergency. The Representative requested further details regarding future adjustments to be made to the budget, while suggesting that IICA explore the option of sharing office space with other Inter-American organizations. She congratulated the Director General for his proactive approach and creativity in managing the Institute's resources.

The Director General indicated that the scenario that had been presented was in keeping with the reality, but that despite the projected reductions, IICA would continue its technical cooperation actions, ensuring that resource reallocation would not affect the priorities established in the Medium-term Plan (MTP). He reiterated the fact that important measures had been introduced to streamline resource use, although there was a limit to how much more could be done before endangering the technical cooperation provided. He also remarked that solutions must be sought to expand rather than reduce the scope of the Institute. Moreover, he felt that sharing offices with other organizations would require sound judgement on the part of the institutions involved. He ended with the assurance that IICA is hoping for the best, while preparing for the worst, in the hope that it would emerge stronger from this crisis.

The Director of Corporate Services underscored the fact that from the very outset of this Administration, austerity measures had been undertaken, enabling it to generate savings of USD 400,000, by reducing the vehicular fleet, and of USD 2 million, from the restructuring of offices – a process that was still ongoing. He reaffirmed his commitment to a decentralization plan to create a “zero bureaucracy” Institute.

The Financial Manager presented the report on the collection of Member State quotas, corresponding to the end of 2019 and the current year, which had been updated on 5 May 2019. She indicated that as at the end of 2019, 20 countries were up to date, 11 were under regular status (owing no more than two years of quotas) and 3 were in arrears (owing more than two years of quotas). She explained that the situation had changed due to the crisis, and as a result, projections

indicated that as at 1 July of the current year, there would only be 4 countries up to date, with 24 under regular status and 6 in arrears, representing a total of USD 11.9 million collected.

Analysis and comments regarding the 2020 Executive Committee Meeting

The Representative of the United States of America recalled that Executive Committee resolution No. 657 had resolved that the Fortieth Regular Meeting of that governing body be held during the latter half of 2020. He indicated that on receiving the proposal to hold the meeting virtually in mid-June, there was a doubt as to whether or not this was an Extraordinary meeting. He requested clarification on the matter.

The Technical Secretary responded to the query, by mentioning that at the Twentieth Regular Meeting of the IABA, the Minister of the Dominican Republic had extended his country's invitation to host the Executive Committee meeting during the first week of July, an offer which the Board had accepted. However, due to the Covid-19 pandemic, the country had withdrawn the offer, meaning that the meeting would have had to be held at Headquarters, which was facing a similar situation. Thus, in order to fulfil the regulations stipulating that a Regular Meeting must be held once per year, a formal request had been sent to member countries of the Executive Committee to determine their willingness to conduct the meeting virtually. He advised that as at the start of the SACMI meeting, an explicit affirmative response had been received from eight countries (two-thirds of the Committee). Thus, arrangements had already begun to organize a virtual meeting for 18 June.

The Representative of Mexico remarked that she felt that hosting the next Executive Committee Meeting virtually was a positive move that would generate savings for IICA, stressing that the organization had sufficient experience in the use of these platforms to enable it to successfully organize this type of meeting.

The Legal Advisor to the governing bodies responded to the legal concerns raised by the United States delegation, with respect to holding the Fortieth Regular Meeting of the Executive Committee on 18 June, and explained that: a) a careful analysis had been done to determine if the meeting could be held virtually and the conclusion was that there was no contra-indication in the rules preventing this from happening; and that b) resolution IICA/CE/Res. 657 (XXXIX-O/19) of 17 July 2019 established that the Fortieth Regular Meeting of the Executive Committee would be held at the Headquarters of the Institute during the latter half of 2020. He indicated that the procedure stipulates that an explanation would have to be submitted to the Governing Bodies of IICA, justifying the selection of the date, due to the current situation, and added that similar situations had arisen in the past.

The Representative of the United States of America thanked the Legal Advisor for the clarification, stressing that the United States was in fact open to the idea of the Fortieth Regular Meeting of the Executive Committee being held on 18 June via the virtual platform, given the reasons outlined by the Legal Advisor, and that the delegation would be willing to meet as many times as necessary.

Close of the session

The Director General thanked the Member States for their support and commitment to transforming the Institute. He reiterated that he would do everything in his power to ensure that IICA rises to the challenges of the current circumstances, by providing the technical cooperation of excellence called for in this situation.

At 11:02 a.m. in Costa Rica, on 6 May 2020, having completed the analysis and discussion of the items proposed, the Director General thanked the members of the SACMI for their participation and declared the meeting closed.

Annex No. 1
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