



Executive Committee

Twenty-eighth Regular Meeting
22-24 July 2008

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Report of the Regular Meeting of the Special Advisory Commission on Management Issues (SACMI)

San Jose, Costa Rica
April 23, 2008

1. **Opening of the Meeting**

The 2008 Regular Meeting of the Special Advisory Commission on Management Issues (SACMI) was called to order at 10:00 a.m. on April 23, 2008 in the United States Room at IICA Headquarters.

2. **Proceedings**

2.1 **Compliance with the recommendations of the 2007 meeting of the SACMI: Summary**

The progress report on the implementation of the recommendations of the 2007 meeting of the Special Advisory Commission on Management Issues was placed on the Commission's on-line system by the Secretariat in due course. The members of the Commission have therefore been kept abreast of this issue.

The report shows: (i) the high degree of compliance with the recommendations, since both the Executive Committee, at its Twenty-seventh Regular Meeting held in San Jose, Costa Rica, from May 15-17, 2007, and the Inter-American Board of Agriculture (IABA), at its Fourteenth Regular Meeting, held in Antigua, Guatemala, from July 26-27, 2007, accepted virtually all of the Commission's recommendations; (ii) the utmost effort made by the General Directorate of the Institute to duly record these recommendations in the working documents presented for the consideration of the Governing Bodies of the Institute at the two aforementioned meetings.

A revised version of that report has been uploaded on the on-line system and placed in the folders for the participants. It reflects some minor changes in wording and updated information on the forum of young leaders, which took place at IICA Headquarters from March 24-31, 2008.

2.2 **2007 Annual Report and status of the 2006-2010 MTP**

Presentation

The summary of the presentation of the 2007 Annual Report is attached hereto as Appendix 1.

Summary of the discussion

The Deputy Director General of IICA summarized the 2007 Annual Report, which describes the principal cooperation actions on which IICA focused, as well as the results obtained. He then noted other joint technical initiatives spearheaded by the Institute with various international organizations.

The members of the Advisory Commission expressed appreciation for the efforts the Institute has been making in various priority areas, and called particular attention to the

emphasis being placed on topics such as pest control, organic agriculture and agro-tourism.

2.3 Financial situation of IICA and Progress with the Collection of Quotas owed to the Institute

Presentation

Mrs. Karen Kleinheinz, Director of Finance of the Institute, gave a presentation on the collection of quotas owed to IICA as of April 20, 2008. A summary of that presentation has been published as Appendix 2 to this report.

Summary of the discussion

Following the presentation by the Director of Finance, the members of the Advisory Commission acknowledged, and commended Member States on, the efforts they have been making to bring their payments of quotas to IICA up to date.

The Director General thanked the governments for their support in strengthening the Institute's financial situation. He acknowledged that the timely payment of quotas was a clear indication of the level of satisfaction of Member States with the work of the Institute and he expressed his full commitment to continue to endeavor to collect quotas, adhere to the policy of financial prudence and ensure the appropriate and transparent use of resources, which had been ratified for the fourth consecutive year in the report of the external auditors.

Recommendation

- To recommend that the Director General continue efforts to collect quota arrearages and thereby ensure the funding required for execution of the Program Budget of the Institute approved by the IABA.

2.4 2008-2009 Special Program Budget

Presentation

The Director of Administration and Finance, Mr. Francisco Barea, presented the proposed 2008-2009 Special Program Budget to be financed with resources from the collection of quotas owed to the Institute. That presentation has been published as Appendix 3 to this report.

Summary of the discussion

The Directors responsible for topics that are financed with resources from this budget provided the members of the SACMI with additional information on the use of the funds in response to concerns and questions they had raised. The Director of Administration

and Finance explained the method used for identifying the priorities and drawing up the proposal for the allocation of funds. He also showed the connection between the special budget and the 2008-2009 Regular Budget approved by the IABA at its Fourteenth Regular Meeting in Guatemala. He made specific mention of the fact that the special budget is intended to supplement and reinforce the Regular Budget.

The Director General explained how the Institute had been reconciling the mandates of the Governing Bodies with the actual availability of funds. He further explained the important role that additional resources play in promoting high-priority initiatives, which must gradually be incorporated into the regular budget.

Recommendations

- To recommend that the Director General submit for the consideration of the Executive Committee, at its Twenty-eighth Regular Meeting, the proposed 2008-2009 Special Program Budget with the favorable recommendation of the SACMI regarding its approval.
- To present the proposed budget along with additional information on the allocation of funds from the 2008-2009 Regular Program Budget to the items considered in the special budget.

3. **Closing Session**

The 2008 Regular Meeting of the Special Advisory Commission on Management Issues (SACMI) was adjourned at 16:30 hours on April 23, 2008.

APPENDIX 1

2007 Annual Report and Status of the 2006-2010 MTP

The 2007 Annual Report of IICA was made available to the members of the Special Advisory Commission on Management Issues on the on-line system for the Commission and in individual folders for Commission members.

In his presentation, Mr. Christopher Hansen, Deputy Director General of IICA, outlined some of the main activities conducted by the Institute in 2007 as part of the Institute's efforts to support Member States with the repositioning of agriculture. He also described the main technical cooperation activities under the priority topics.

With regard to the latter, he underscored the work accomplished by the Institute in the following areas: (i) promotion of trade and agribusiness; (ii) promotion of agricultural health and food safety; (iii) natural resources and the environment; (iv) rural development based on a territorial approach; (v) promotion of innovation and technology in agriculture; (vi) biotechnology and biosafety; (vii) agro-energy and bio-fuels; and (viii) knowledge management.

He noted the principal activities undertaken under each specific subject heading, illustrating with examples some of those activities carried out in the individual countries. He continued by acknowledging the support provided by Member States thanks to which the results achieved had been made possible. He further went on to say that the Institute's activities had responded to the demands established with the participation of agricultural sector authorities in the Institute's agendas at the national, regional and hemispheric levels.

He concluded by reporting to the members of the SACMI that IICA's 2007 annual report had been submitted to the Permanent Council of the OAS on March 26, 2008.

The delegates from the United States, Mexico, Brazil and St. Kitts and Nevis congratulated Mr. Hansen and recommended the following:

- (i) That IICA continue to focus on the priority areas in which it had comparative advantages (United States);
- (ii) That the Institute strengthen cooperation provided to the countries for the control of screwworm and foot and mouth disease, which seriously affect livestock, and of the Mediterranean fruit fly which poses a major obstacle for the expansion of fruit production and trade (Mexico);
- (iii) That IICA reinforce its activities in support of organic agriculture, especially in harmonizing production schemes, legal frameworks, institutional upgrading and certification (Brazil and Mexico);
- (iv) That the Institute considers the importance of the area of agro-tourism, especially for the Caribbean countries (St. Kitts and Nevis).

The Director General agreed with these recommendations and noted limited human resource capacity to address priority topics such as organic agriculture. He also noted the efforts the Institute had been making to complement its capabilities and resources with other institutions such as the FAO in order to provide a better response to the demands of Member States.

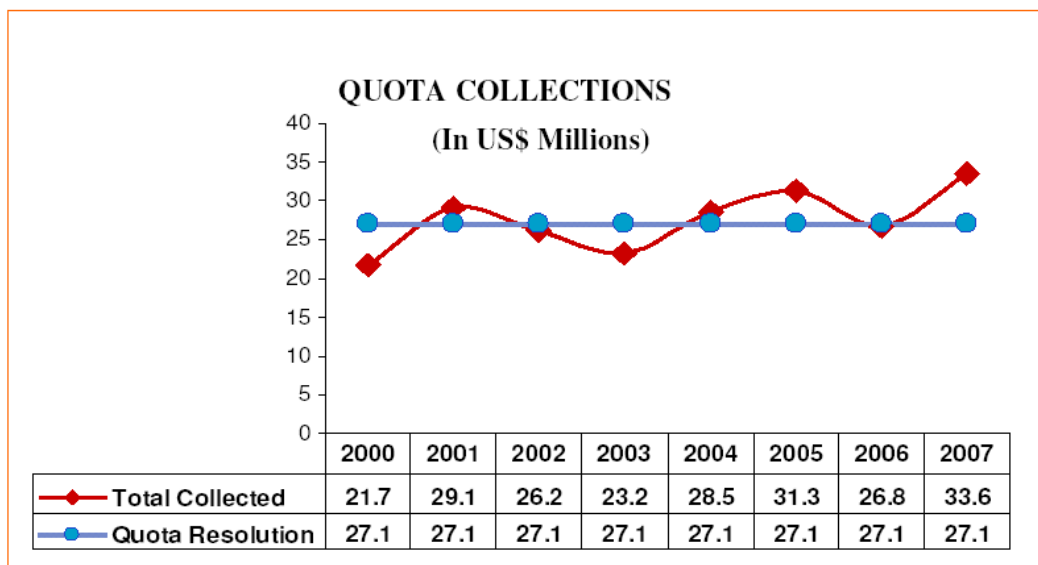
APPENDIX 2

Financial Situation of IICA and Progress with the Collection of Quotas Owed to the Institute

Mrs. Karen Kleinheinz, Director of Finance of IICA, gave a presentation on the collection of quotas owed to IICA as of April 20, 2008. During her presentation, she referred to the resolutions adopted by both the Executive Committee and the Inter-American Board of Agriculture (IABA) to encourage Member States to keep their payments current and honor their financial obligations to the Institute.

She showed that in the period 2002-2003, the Institute collected an annual average US\$25 million, i.e. US\$2.1 million less than the amount approved by the IABA (\$27.1 million). This, she said, was due to delays in Member State payments of quotas.

Since 2003, this negative situation started to reverse, largely as a result of special measures adopted by the Executive Committee and the IABA, efforts on the part of officials in the Member States and the efforts of the General Directorate. Thus, in 2007, for the fourth consecutive year, the Institute had received the following payments of Member State quotas, approved by the IABA:



Thanks to this positive situation, it had been possible to reduce the accumulated balance of outstanding quotas from US\$17.5 million in 2003 to US\$5.9 million as of December 31, 2007. The positive results obtained from the collection of quota arrearages had enabled the Institute to proceed apace with the normal execution of its regular program budget and thereby meet the priority cooperation demands of its Member States in the 2004-2007 period, even though the IICA budget had remained frozen since 1995.

She further noted that thanks to the IABA's approval of special budgets, US\$3.3 million had been executed. With these resources, the Institute had been able to carry out activities and make investments that it had postponed in previous years because of lack of funds. Such was the case with improvements in the information and management systems and maintenance of the Institute's infrastructure. Actions in the top-priority technical areas had also been reinforced to meet specific mandates from the Institute's Governing Bodies.

In short, to date, of the six Member States that had signed payment plans to meet their outstanding financial commitments to IICA, one was in up to date status, four were in regular status, and one was in "in arrears" status. To achieve these results, what had been extremely effective were the follow-up efforts on the part of the General Directorate, through the Director General, the Directorate of Administration and Finance, and the Representatives of IICA in Member States, in addition to support from the respective national officials.

Mrs. Kleinheinz noted that the Institute had made the transition from being in a financial situation, which limited the execution of its working agendas at the national, regional and hemispheric levels, to one where it could fulfill its obligations, as set out in those agendas. She reminded the SACMI members that the quota budget had been frozen since 1995 and signaled the importance of continuing with the measures approved by the IABA and the EC to encourage Member States to keep up to date with their quota payments.

She also underscored the role of the stringent financial austerity policy that the current administration had fully adhered to as a means of ensuring that the General Directorate complied with the mandates of the Institute's Governing Bodies, responding appropriately to emerging topics and, especially, meeting the cooperation demands of its Member States to provide more effective cooperation to the countries of the Americas.

APPENDIX 3

Proposed Special Budget for the 2008-2009 biennium

Background

The IABA resolved the following in its Resolution No. 434, adopted at its Fourteenth Regular Meeting: “1. To approve an overall allocation of US\$1,000,000 as the special budget to be financed with resources received by IICA for quota arrearages. 2. To authorize the Executive Committee to approve, at its Twenty-eighth Regular Meeting to be held in 2008, the distribution of the 2008-2009 Special Budget in the amount of US\$1,000,000, in accordance with the analysis and recommendations of the Special Advisory Commission on Management Issues regarding the proposal submitted to it for consideration by the Director General.”

The Proposed Special Budget for the 2008-2009 biennium

The proposal submitted by the administration provides for technical cooperation activities in the following subject headings: (i) agricultural health and food safety; (ii) agricultural insurance; (iii) horizontal technical cooperation; (iv) agro-tourism; (v) training of leaders in the agricultural sector of the Americas; and (vi) institutional upgrading in topics relating to professional development and the modernization of the Institute’s infrastructure.

The amount required for financing these actions is US\$1,000,000 (see their allocation by topic in Table No. 1). These resources would be executed in the 2008-2009 biennium, in accordance with cash availability after full financing of the regular budget for that biennium.

Table No. 1
Summary of the Resources of the General Subfund
Allocated to the 2008-2009 Special Budget
(US\$)

ITEM	AMOUNT
1. Development of Capabilities to Fully Benefit from the Agreement on Sanitary and Phytosanitary Measures (SPS)	200,000
2. Systematization and Dissemination of Experiences in the Field of Agricultural Insurance	100,000
3. Support for Horizontal Cooperation Initiatives among Member States	100,000
4. Promotion of Agri-tourism Linkages	100,000
5. Center for Leadership in Agriculture	200,000
6. Ongoing Professional Development	200,000
7. Modernization of Institutional Infrastructure	100,000
TOTAL SPECIAL BUDGET 2008-2009	1.000.000

Justification for allocation of funds

1. Development of Capabilities to Fully Benefit from the Agreement on Sanitary and Phytosanitary Measures (SPS) – (Allocated Budget US\$200,000)

Over the past five years, IICA has been assisting Member States with institutional upgrading to enable them to comply with the standards, guidelines and recommendations emanating from the relevant international organizations: “World Organization for Animal Health (OIE), CODEX Alimentarius Commission, and the International Plant Protection Convention.”

With resources from the special budget, IICA will be able to reinforce activities in areas such as support for regional and national workshops in SPS carried out by the WTO; support the creation of institutional structures to analyze international topics at the national level; coordinate the countries for attendance at the meetings of the WTO/SPS Committee; coordinate the agendas of the relevant international organizations and the WTO/SPS Committee and promote the coordination of the various institutions involved in the management of SPS at national level. The resources requested, US\$200,000, will be used especially for training and events (US\$171,000), official travel (US\$21,000) and service contracts (US\$8,000).

2. Systematization and Dissemination of experiences in the Field of Agricultural Insurance - (Allocated Budget: US\$100,000)

IICA is in compliance with Resolution 411 on “Horizontal Cooperation in the area of Agricultural Insurance and Guarantee Funds”, adopted by the Inter-American Board of Agriculture at its Thirteenth Regular Meeting, held September 1, 2005 in Guayaquil, Ecuador. In fulfillment of the Resolution, it formed an ad hoc group on agricultural insurance whose work was largely responsible for the following results: (i) formulation of the business plan for technical cooperation in agricultural insurance (March 2006); (ii) support for the organization and holding of the seminar for the Central Region, “Agricultural Insurance and Risk Management: International Trends and Experiences” (February 2007); (iii) signing of the agreement with the Inter-American Federation of Insurance Companies (FIDES) (February 2007); (iv) negotiation at an advanced stage of an agreement with the *Entidad Estatal de Seguros Agrarios de España* (ENESA);(v) design and ongoing negotiation of a proposal for financing the hemispheric observatory on agricultural insurance.

Resources would be earmarked for: (i) the holding of three international seminars; (ii) publications (iii) training in the role of the private sector, reinsurance companies and the Government; (iv) strengthening of the insurance information system; (v) establishment of an

observatory specializing in agricultural insurance; (vi) the dissemination of methodologies for development of the insurance market; and (vii) the design and implementation of innovative mechanisms for risk transfer. Also under consideration are: (viii) the preparation of a micro-insurance project; (ix) the establishment of a partnership with the IDB; and (x) the systematization and dissemination of pilot experiences and the dissemination of updated information on mechanisms and legislation related to insurance in Member States.

3. Support for Horizontal Cooperation Initiatives among Member States – (Allocated Resources: US\$100,000)

Horizontal cooperation is a modality of technical cooperation that supports and complements direct technical cooperation provided by IICA. For delivery of this type of cooperation, the Institute has the means with which to meet the demands of Member States and contribute to an exchange of experiences and specialized technical resources among countries in priority topics.

With allocated resources, the aim is to: (i) develop an effective system of information on good practices and successful experiences by establishing a community of practice; and (ii) select successful experiences in agro-tourism, biofuels, biotechnology and biosafety, agricultural health and food safety, trade policies and sustainable rural development for purposes of documentation and dissemination in the Americas.

4. Promotion of Agri-tourism –Linkages (Allocated Resources: US\$ 100,000)

Here, IICA seeks:

To forge linkages between agriculture and tourism and thereby enhance development of the inherent capacity to diversify the economies of Latin America and the Caribbean, encourage the entrepreneurial spirit, promote investment and contribute to social development in rural communities.

The expectation is that IICA will help the countries to: (i) improve their policy framework and institutional infrastructure to further the development of agro-tourism; (ii) shore up systems for establishing a commercial linkage between agriculture and tourism; (iii) develop new products and services in the countries; (iv) document the best practices and successful experiences as well as the execution of horizontal cooperation projects and exchanges of experiences; (v) prepare project profiles; and (vi) execute training programs and develop teaching materials for upgrading capabilities in rural business operators.

5. Center for Leadership in Agriculture – (Allocated Resources US\$200,000)

Pursuant to the mandate of the 2006-2010 Medium-Term Plan, “IICA will help qualify key individuals for the task of promoting, spearheading and introducing the improvements and changes required in the strategic areas of the agricultural sector in the Americas. Programs will be created to develop leaders capable of promoting new ideas, innovations, ways of thinking, methodologies, technologies and information, in order to help community leaders, scientists, educators, policymakers, businesspeople, the heads of organizations and institutions, and others, to create new knowledge and ideas.”

The resources requested would be earmarked for: (i) the holding of regional fora on leadership; (ii) development of a series of publications on leadership; (iii) the development of a central leadership network through an appropriate technological platform; (iv) publication of the magazine entitled “Leaders in Agriculture”, with practical accounts of successful leadership; (v) the strengthening of capabilities of the IICA Leadership Center; and (vi) the establishment of an advisory group on leadership.

6. Ongoing Professional Development – (Allocated Resources: US\$ 200,000)

Short-term activities for professional development are training activities or other events lasting for less than one month, such as: (i) technical seminars and workshops; (ii) courses given by recognized key institutions; and (iii) distance training, etc.

Professional development activities for which sabbatical leave is required are the following: (i) research in libraries, universities and research institutions; (ii) visits to industrial, professional and government agencies and establishments; (iii) teaching in an educational institution or preparing curricular or teaching materials; (iv) personnel exchanges and sessions with universities or industrial, professional or government agencies and establishments; (v) graduate studies in a field of specialization.

Sabbatical leave with a stipend or without pay may be granted for a period of up to six months. When the purpose of the leave will clearly redound to the benefit of the Institute, the Institute will provide financial assistance of up to 50% of the base salary of the staff member.

In the case of short-term activities for professional development, once the respective authorities have given approval, the Institute will assume the financial cost of the training or development activity.

7. Modernization of Institutional Infrastructure – (Allocated Resources: US\$100,000)

The Institute has been endeavoring to modernize its physical facilities or those held in usufruct and update its technological platform.

In 2004-2005 and 2006-2007, the Institute invested part of the resources from the special budget on the following:

- A Financial-Accounting Information System;
- Improvements to its own physical facilities or those held in usufruct in Argentina, Bahamas, Bolivia, Colombia, Costa Rica, El Salvador, Haiti, Jamaica, Peru, Suriname, OECS and IICA Headquarters; and
- Improvements to the institutional technological platform in Argentina, Bahamas, Barbados, Belize, Bolivia, Canada, Chile, Costa Rica, Dominican Republic, Ecuador, Guyana, Haiti, Jamaica, Miami, Nicaragua, Paraguay, Uruguay and IICA Headquarters.

The investments required for the electrical installations have to do with transformers and circuit breaker panels for the independent network of sensitive electrical wall outlets used for the computer equipment in the various offices and work stations so as to avoid the electric network overheating and the equipment being damaged by problems with other conventional apparatus in the general electrical network.

With regard to investment needs for the communication system, at present, IICA has communication equipment in operation, but it has not been renewed in recent years and has outlived its useful life. In addition, IICA needs a network that provides for redundancy in order to limit down time, which in turn would increase the percentage amount of time for use of existing applications.

APPENDIX 4

Provisional Schedule Regular Meeting of the SACMI

Wednesday 23

- 08:30 – 09:00 • 2007 Annual Report and Progress Report on Implementation of 2006-2010 MTP
- 09:00 – 09:30 • The financial situation of the Institute: Progress with and results of the Application of Measures for the Collection of Quotas owed to the Institute
- 09:30 – 10:00 • Proposed 2008-2009 Special Budget of IICA
- 10:00 – 10:30 Coffee break
- 10:30 – 11:00 • Discussion of the Proposed 2008-2009 Special Budget and Recommendations to the Twenty-Eighth Regular Meeting of the Executive Committee
- 11:00 – 12:00 • Rapporteur, with support from the Secretariat, continues preparation of the Report of the Regular Meeting of SACMI
- 12:00 – 14:00 Lunch
 - Final phase of preparation and translation of the Report of the Meeting
- 15:00 – 16:00 • Reading of the Report
 - Close of the Meeting
 - Address by the Chair of the Meeting
 - Address by the Director General
- 16:10 • Participants are transported to the hotel

Thursday 24

- SACMI Members return to their respective countries

APPENDIX 5

List of Participants

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