



INTER-AMERICAN BOARD OF AGRICULTURE - IABA

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**THE FINANCING OF IICA:
RECOMMENDATIONS FROM THE EXECUTIVE COMMITTEE ON
THE COLLECTION OF QUOTA ARREARAGES**

Panama City, Panama

I. INTRODUCTION

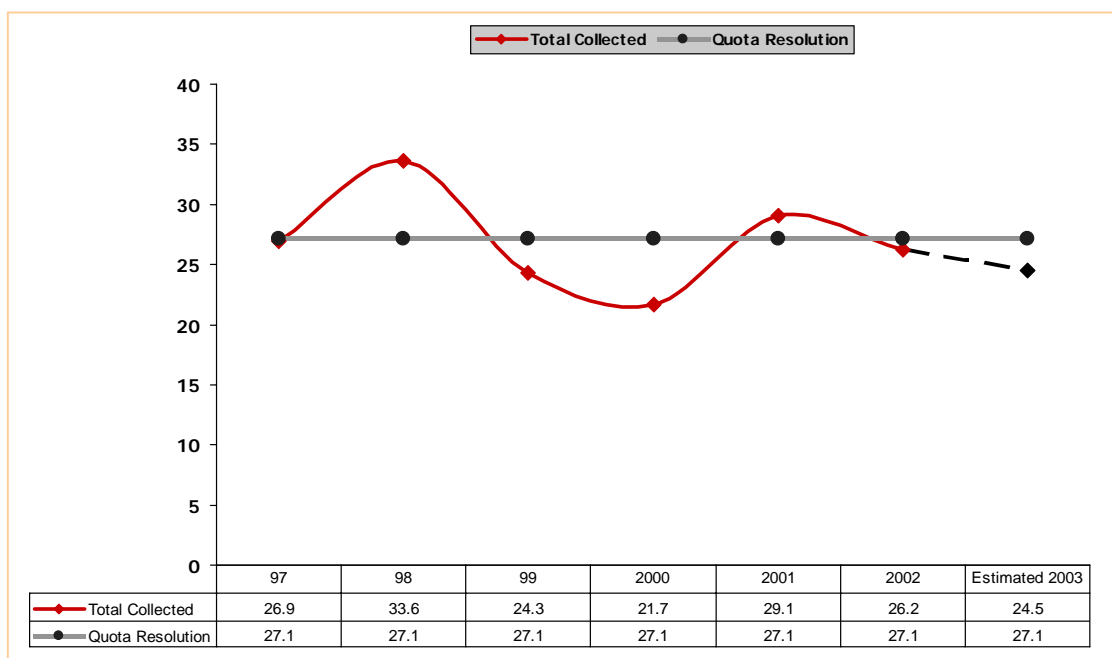
The Institute continues to face serious financing difficulties as a result of the non-payment of quotas by some Member States, increases in operating costs, growing demand for its technical cooperation services by the Member States, and the policy that has maintained a freeze on quotas since 1995.

The Institute's quota budget has held steady at US\$27.1 million since 1995 and collection of quotas has fluctuated since that date, for several years below the budget approved by the IABA (see graph). This limits the Institute's capacity to fund its operating costs, renew its assets and further its modernization efforts so that it can comply with the mandates it has received and meet the demand for its services.

The Special Advisory Commission on Management Issues (SACMI) recommended during its meeting held in May 2003 a set of measures to facilitate the collection of quotas arrearages, which were approved via Resolution No. 392 of the Twenty-third Regular Meeting of the Executive Committee, celebrated in July 2003.

The Executive Committee in its Resolution 392, instructs the Director General to implement the measures recommended by the SACMI for collecting quotas arrearages, to face the problem that the Institution confronts due to the large amounts of quotas outstanding.

QUOTA COLLECTION
From 1997 and projected through 2003
(in million US\$)



II. THE CURRENT STATUS OF QUOTA COLLECTIONS

- o Statement of Quotas as of October 29, 2003:

Quotas to be collected at the beginning of the year: US\$ 40.7 million

Collected at this time 18.8 million

Quotas owed at this time US\$ 21.9 million

- o Detail of quotas outstanding:

STATEMENT OF QUOTAS OF THE MEMBER STATES AS OF OCTOBER 29, 2003									
REPORT ON QUOTAS OWED, BY COUNTRY AND BY YEAR									
(AS OF OCTOBER 29, 2003)									
COUNTRY	1992 -1997	1998	1999	2000	2001	2002	SUB-TOTAL	2003	TOTAL
REPUBLICA DOMINICANA	0	0	0	0	2,764	49,516	52,280	49,516	101,796
COSTA RICA	0	0	0	0	4,250	35,761	40,011	35,761	75,772
HAITI	0	0	0	0	0	19,256	19,256	19,256	38,512
COUNTRIES OWING 2+ QUOTAS	0	0	0	0	7,015	104,533	111,548	104,533	216,081
SURINAM	0	0	0	0	19,256	19,256	38,512	19,256	57,768
BRASIL	0	0	0	1,015,243	2,351,992	2,351,992	5,719,227	2,351,992	8,071,219
ARGENTINA	0	0	0	752,075	1,347,925	1,347,925	3,447,925	1,347,925	4,795,850
VENEZUELA	0	0	0	70,126	880,278	880,278	1,830,682	880,278	2,710,960
URUGUAY	0	0	0	61,523	71,523	71,523	204,569	71,523	276,092
COUNTRIES OWING 3+ QUOTAS	0	0	0	1,898,967	4,670,974	4,670,974	11,240,915	4,670,974	15,911,889
PARAGUAY	0	0	19,706	49,516	49,516	49,516	168,254	49,516	217,770
COUNTRIES OWING 4+ QUOTAS	0	0	19,706	49,516	49,516	49,516	168,254	49,516	217,770
NICARAGUA	96,983	19,256	19,256	19,256	19,256	19,256	193,263	19,256	212,519
PERU	10,280	112,786	112,786	112,786	112,786	112,786	574,210	112,786	686,996
COUNTRIES OWING 5+ QUOTAS	107,263	132,042	132,042	132,042	132,042	132,042	767,473	132,042	899,515
IN ARREAS STATUS	107,263	132,042	151,748	2,080,525	4,859,547	4,957,065	12,288,189	4,957,065	17,245,254
ANTIGUA Y BARBUDA	0	0	0	0	0	4,506	4,506	5,502	10,008
ECUADOR	0	0	0	0	0	47,152	47,152	49,516	96,668
ESTADOS UNIDOS	0	0	0	0	0	-147	-147	4,089,853	4,089,706
COLOMBIA	0	0	0	0	0	5,619	5,619	258,582	264,201
CHILE	0	0	0	0	0	0	0	148,547	148,547
GUATEMALA	0	0	0	0	0	0	0	25,911	25,911
DOMINICA	0	0	0	0	0	0	0	5,502	5,502
GUYANA	0	0	0	0	0	-51	-51	5,502	5,451
REGULAR STATUS	0	0	0	0	0	57,079	57,079	4,588,915	4,645,994
BAHAMAS	0	0	0	0	0	0	0	0	0
BARBADOS	0	0	0	0	0	0	0	0	0
BELICE	0	0	0	0	0	0	0	0	0
BOLIVIA	0	0	0	0	0	0	0	0	0
CANADA	0	0	0	0	0	0	0	0	0
EL SALVADOR	0	0	0	0	0	0	0	0	0
GRENADA	0	0	0	0	0	0	0	0	0
HONDURAS	0	0	0	0	0	0	0	-5,780	-5,780
JAMAICA	0	0	0	0	0	0	0	0	0
MEXICO	0	0	0	0	0	0	0	0	0
TRINIDAD Y TOBAGO	0	0	0	0	0	0	0	0	0
PANAMA	0	0	0	0	0	0	0	0	0
SANTA LUCIA	0	0	0	0	0	0	0	0	0
SAN CRISTOBAL Y NIEVES	0	0	0	0	0	0	0	0	0
SAN VICENTE Y LAS GRANAD.	0	0	0	0	0	0	0	0	0
UP-TO-DATE STATUS	0	0	0	0	0	0	0	-5,780	-5,780
TOTAL	107,263	132,042	151,748	2,080,525	4,859,547	5,014,144	12,345,268	9,540,200	21,885,468

III. PROPOSED MEASURES FOR COLLECTING QUOTA ARREARAGES

I. Definition of the status of the Member States with regard to quota payment

A. Up-to-date status:

A Member State's status is considered "up to date" when it has paid the entirety of the payments in accordance with its assigned quota. Pursuant to Article 70 of the IABA, quotas are considered to fall due on the first day of each fiscal year. As an exception to this rule, and for purposes of this definition, Member States that have paid the totality of their quotas by June 30 of the current year, shall be considered "up to date".

B. Regular status:

A Member State's status is considered "regular" when it owes one quota or part of one, or the annual quota and part of the quota of the previous fiscal year. For purposes of this provision, Member States that owe less than two complete quotas as of June 30, shall be considered "regular."

C. Special situation:

A Member State's status is considered "special" when it has agreed to a payment schedule with the Director General, and that schedule is being met. For purposes of this provision, Member States that by June 30 owe the quota of the year plus one or more full quotas of previous fiscal years, and that have agreed to a payment schedule with the Director General, which is being met and for which at least one payment has been made in the current year, shall be considered to have "special status." Once a Member State in special status has reduced its arrearages to less than two years, it will be considered "regular".

D. In arrears:

A Member State's status is "in arrears" when it owes the quota of the year plus one or more full quotas of previous fiscal years. For purposes of this provision, Member States that by June 30 owe the quota of the year plus one or more full quotas of previous fiscal years, have not agreed to a payment schedule and are not meeting one, shall be considered to be "in arrears."

II. General provisions to encourage the timely payment of the quotas.

A. Applicable to Member States that have up-to-date and regular status:

1. They will have the right to vote in the Executive Committee and the IABA.
2. They can host IICA meetings.
3. They can nominate candidates for the position of Director General.
4. They can nominate candidates to positions on Committees.
5. Nationals of these Member States will be given preference in IICA hiring.
6. The IICA Office in the country may be allocated additional quota resources, as a result of the application of budgetary reductions to IICA Offices in Member States that have in-arrears status, quota collection permitting.
7. They are eligible to serve as members of the SACMI.

B. Applicable to Member States that have special status:

1. They will have the right to vote in the Executive Committee and the IABA.

C. Applicable to Member States that have in-arrears status, in accordance with the degree of delay:

1. Member States that owe the quotas of two complete fiscal years:
 - i. Suspension of the right to vote¹.
2. Member States that owe the quotas of three complete fiscal years:
 - i. Suspension of the right to vote¹.
 - ii. 20% reduction in the annual quota budget allocated to the Office in the country.
3. Member States that owe the quotas of four complete fiscal years:
 - i. Suspension of the right to vote¹.
 - ii. 40% reduction in the annual quota budget allocated to the Office in the country.
 - iii. Additional charge for managing projects financed with government resources, in partial payment of quotas owed.
4. Member States that owe quotas for five or more complete fiscal years:
 - i. Suspension of the right to vote¹.
 - ii. Reduction of IICA actions in the country.

¹ Article 24 of the Convention on the Institute, Article 69 of the Rules of Procedure of the IABA, and Article 77 of the Rules of Procedure of the Executive Committee establish the rules regarding the suspension of the right to vote. For details on the enforcement of these rules, see the Aide Memoir included in the document: *Convention and Basic Rules of Procedure of IICA*, Official Documents Series No. 22, pp. 23-31.

iii. Closing of the IICA Office in the country. (as a last and extreme measure, not to be taken without considering the costs involved in re-opening the Office, and that the country must cover such costs should it pay its arrearages or arrange a payment schedule with the Institute.)

5. The SACMI recommends that the General Directorate consider other alternatives for encouraging payment of quotas.

III. Conditions for the payment schedule of a Member State

A. A minimum initial payment of one annual quota, and a maximum term of 24 months for paying the accumulated debt.

B. The plan should take into account the payment of quotas for following fiscal years, so as not to generate new debts.

C. Submit a payment plan to IICA, signed and formalized by the government and the Institute.

D. Not to accept special contributions in the form of personnel, office space, communications, etc., as payment for overdue quotas, but rather as an alternative form of support for IICA's finances.

E. Other proposals submitted by the member countries, subject to evaluation by the Institute.

IV. Special and transitory provisions for the year 2003 for Member States that have "in arrears" status.

A. As an exception and a special incentive for establishing payment schedules, and for the purposes of Article 24, payment of one complete quota may be applied to the current year, provided that the Member State has agreed to a payment schedule and is meeting it.

B. Before proceeding to close an IICA Office in a Member State that owes quotas for five or more complete fiscal years, an additional extension to December 31 will be granted for beginning to execute the payment schedule, so that it may apply for special status.

C. With payment of one annual quota and the establishment of a schedule for paying at least 50% of the debt within a period of 24 months, as an exception, other proposals by the Member States may be considered, such as payments in national currency, in kind or in marketable securities, in payment of the other 50% of the debt.

- V. Special consideration for the Contributions made by Member States that host meetings of the Executive Committee or the IABA
 - A. Even though many Member States are interested in holding meetings of the Executive Committee or the IABA, they cannot do so due to the additional costs often incurred in connection with holding same. The Executive Committee and the IABA could consider the possibility of covering a portion of said costs for those countries that are up to date in the payment of their quotas, or are complying with a payment plan.