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***Current Status of Quota Payments and Progress in the
Collection of Quotas Owed to the Institute***

La Antigua Guatemala, Guatemala

I. INTRODUCTION

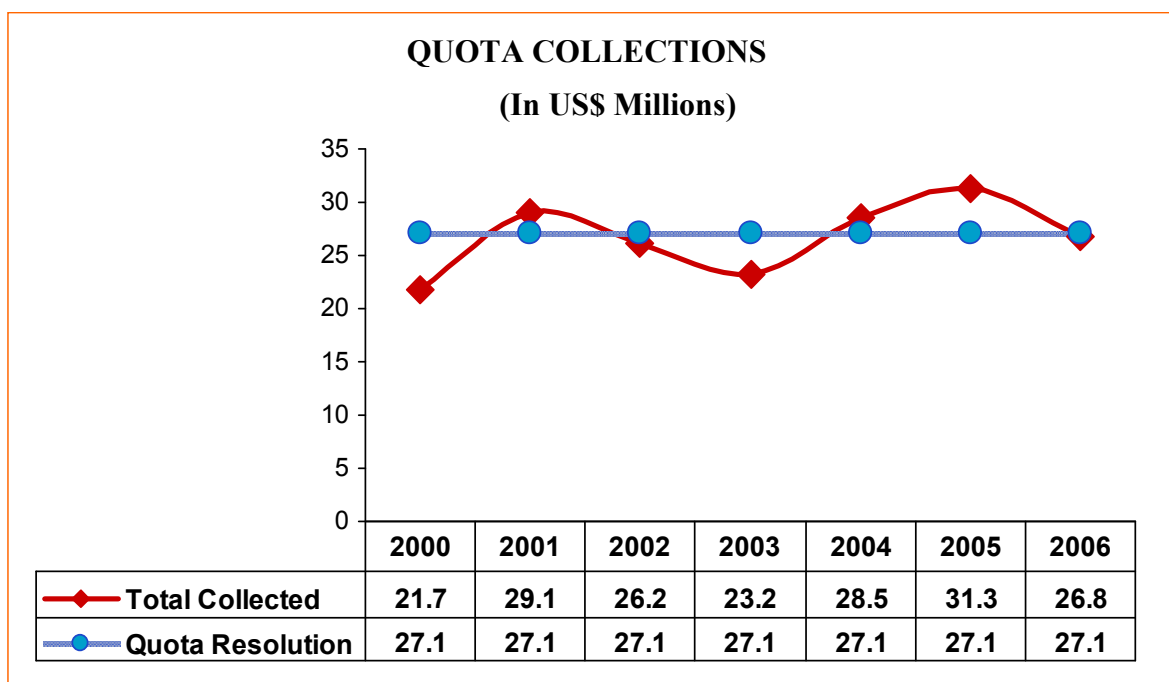
Since 2003, the Executive Committee and the Inter-American Board of Agriculture, supported by the revisions of the Special Advisory Commission on Management Issues (SACMI), have all addressed the serious financial situation IICA faces when Member States do not pay quotas as agreed. The concerns addressed by the aforementioned groups have been manifested principally in the following resolutions:

- i. IICA/JIA/Res.392 (XII-O/03) “Proposal for the Collection of Quota Contributions Owed to the Institute”, approved in Panama, in November 2003.
- ii. IICA/CE/Res.417 (XXIV-O/04) “Progress Report on the Collection of Quotas Owed to the Institute and on Compliance with IABA Resolution 392”, approved in Costa Rica, in July 2004.
- iii. IICA/CE/Res.435 (XXV-O/05) “Revised Measures for Collecting Quotas Owed to the Institute”, approved in Brazil, in May 2005.
- iv. IICA/JIA/Res.414 (XIII-O/05) “Revised Measures for Collecting Quotas Owed to the Institute”, approved in Ecuador, in September 2005.
- v. IICA/CE/Res.451 (XXVI-O/06) “Progress in Collecting Quotas Owed to IICA as of August 31, 2006”, approved in San Jose, in September 2006.
- vi. IICA/CE/Res.469 (XXVII-O/07) “Progress in Collecting Quotas Owed to IICA as of May 15, 2007”, approved in San Jose, in May 2007.

In this report the situation regarding quota collections at year end 2006 is presented, together with the overall progress on quota collections and the current situation, as of June 08, 2007, with regard to quota payments. Also, included in the appendix is Resolution IICA/JIA/Res.414. This Resolution provides the complete “Revised Measures for Collecting Quotas Owed to the Institute”, and contains the definitions of the situation of a Member State with regard to the payment of quotas, as approved by the Inter-American Board of Agriculture and used in this document.

II. THE SITUATION REGARDING QUOTA COLLECTIONS IN 2006

The year 2006 is the third consecutive year in which IICA has achieved excellent results in the collection of quotas owed, as may be seen in the following graph:



As a review of the above figures representing collection of quotas during the years 2000 to 2006 shows, for the period ending in 2003 the annual collection of quotas was on average US\$25 million, an amount inferior to the annual assignment of quotas of US\$27.1 million. With the implementation of the measures for collecting quotas owed, as set out by the Governing Bodies of the Institute in 2003, and the continual review of the situation of quotas outstanding carried out by the Institute and the Member States since this year, the average collection has been increased.

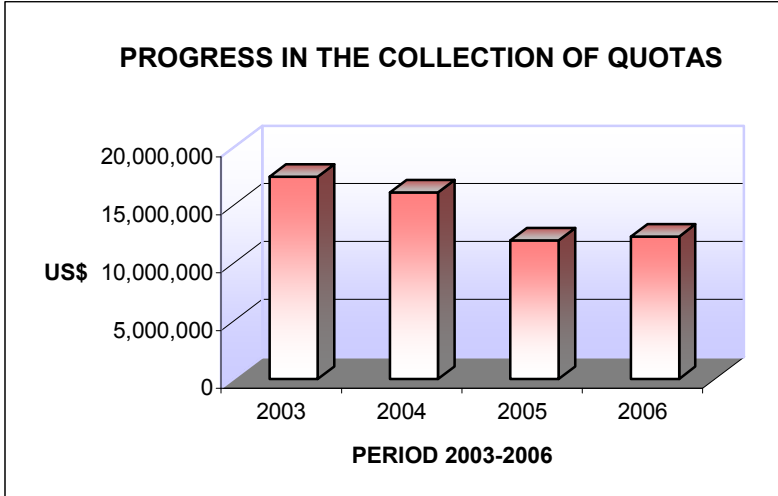
For the four years ending in 2006 average annual collections are US\$27.5 million, an amount slightly greater than the annual assignment; improving the Institute's financial situation. For this reason it is important to continue with the actions and efforts necessary to ensure that the Member States honor their commitments to pay their quota assessments on a timely basis.

For 2006, the total amount of quotas pending collection was US\$39.1 million as of January 1st, 2006. As a result of the progress in the collection of quotas as of December 31, 2006, the Institute had received US\$26.8 million in contributions from twenty-nine Member States, ending the year with total quotas owing in the amount of US\$12.3 million.

III. PROGRESS IN THE COLLECTION OF QUOTAS OWED

A look at the situation concerning countries which have been in arrears status in the payment of quotas during the periods reviewed by the governing bodies of the Institute, shows that the majority have achieved regular status, and that the number of Member States in arrears situation has dropped from twelve to two Member States at this time.

Also, as may be seen in the following graph, a review of quotas owed by Member States at the end of each fiscal period shows that the balance of quotas owing has dropped from US\$17.4 million in 2003, the year in which the IABA established the Measures for the Collections of Quotas Owed via Resolution No. 392, to US\$12.3 million as of December 2006. This is mainly attributable to the major strides made by the Institute in working with Member States in arrears to honor their payments to the Institute.



PERIOD	2003	2004	2005	2006
OWED	17,473,796	16,125,987	11,971,623	12,313,077

IV. FULFILLMENT OF PAYMENT PLANS

Of the Member States that have been in arrears situation and executing a payment plan, one Member State has achieved up-to-date status, three have reached regular status and two continue executing a payment plan to maintain special status, as shown in the table below:

MEMBER STATES WITH PAYMENT PLANS				
COUNTRY	Situation at IABA 2003		Present Situation	
	Years Owed	Situation	Years Owed	Situation
ARGENTINA	3.56	In arrears	1.00	Regular
BRAZIL	3.43	In arrears	1.41	Regular
ECUADOR	1.99	Regular	0.00	Up-to-date
NICARAGUA	11.04	In arrears	8.41	Special
PERU	6.00	In arrears	7.00	Special
URUGUAY	3.86	In arrears	2.00	Regular

V. FUNDS PROVIDED

Due to the efforts of all Member States, during the last three years the amounts owed to the Institute from previous years have declined considerably, allowing the Institute to meet its financial obligations and execute the program budgets approved by the IABA, with additional funds provided to cover:

- a. Repayment of line of credit - US\$1.5 million
- b. Execution of Special Budgets - US\$1.64 million
 1. Agricultural Health and Food Safety activities, development of SPS capabilities.
 2. Biotechnology and biosafety
 3. Modernization:
 - i. Management Information System
 - ii. Investments and repairs
- c. Reserves and unfunded liabilities, and continuation of execution of special budgets - US\$2.06 million

VI. THE CURRENT SITUATION OF MEMBER STATES' QUOTAS

The quotas owed to the Institute as of June 08, 2007, total US\$21.8 million, as shown in the table below:

STATEMENT OF UNCOLLECTED QUOTAS BY COUNTRY AND BY YEAR
(AS OF JUNIO 08, 2007)

COUNTRY	1999-2001	2002	2003	2004	2005	2006	2007	TOTAL
UP-TO-DATE STATUS								
ANTIGUA & BARBUDA	0	0	0	0	0	0	5,502	5,502
BAHAMAS	0	0	0	0	0	0	-694	-694
BARBADOS	0	0	0	0	0	0	0	0
BELIZE	0	0	0	0	0	0	0	0
BOLIVIA	0	0	0	0	0	0	19,256	19,256
CANADA	0	0	0	0	0	0	0	0
CHILE	0	0	0	0	0	0	0	0
COLOMBIA	0	0	0	0	0	0	0	0
ECUADOR	0	0	0	0	0	0	0	0
GRENADA	0	0	0	0	0	0	0	0
GUATEMALA	0	0	0	0	0	0	13,269	13,269
GUYANA	0	0	0	0	0	0	5,130	5,130
HONDURAS	0	0	0	0	0	0	-6	-6
JAMAICA	0	0	0	0	0	0	0	0
MEXICO	0	0	0	0	0	0	0	0
PANAMA	0	0	0	0	0	0	-122	-122
PARAGUAY	0	0	0	0	0	0	46,995	46,995
ST. KITTS & NEVIS	0	0	0	0	0	0	0	0
ST. VINCENT & GRENADINES	0	0	0	0	0	0	5,502	5,502
SAINT LUCIA	0	0	0	0	0	0	0	0
SURINAME	0	0	0	0	0	0	0	0
TRINIDAD & TOBAGO	0	0	0	0	0	0	0	0
UNITED STATES	0	0	0	0	0	0	14,723,452	14,723,452
VENEZUELA	0	0	0	0	0	0	880,278	880,278
REGULAR STATUS								
ARGENTINA	0	0	0	0	0	2,694	1,347,925	1,350,619
BRAZIL	0	0	0	0	0	976,058	2,351,992	3,328,050
COSTA RICA	0	0	0	0	0	30,062	35,761	65,823
DOMINICA	0	0	0	0	3,597	5,502	5,502	14,601
DOMINICAN REPUBLIC	0	0	0	0	47,803	49,516	49,516	146,835
EL SALVADOR	0	0	0	0	0	19,256	19,256	38,512
HAITI	0	0	0	0	0	19,256	19,256	38,512
URUGUAY	0	0	0	0	0	71,523	71,523	143,046
SPECIAL STATUS								
NICARAGUA	46,338	19,256	19,256	19,256	19,256	19,256	19,256	161,874
PERU	112,786	112,786	112,786	112,786	112,786	112,786	112,786	789,502
IN ARREARS STATUS								
COUNTRIES OWING MORE THAN 2 QUOTAS								
COUNTRIES OWING 3 or MORE QUOTAS								
COUNTRIES OWING 4 or MORE QUOTAS								
COUNTRIES OWING 5 or MORE QUOTAS								
TOTAL	159,124	132,042	132,042	132,042	183,442	1,305,909	19,731,335	21,775,936

Note: Resolution No. 414 establishes that quotas for the current year become past due if not paid by June 30 of the year, setting the period considered reasonable to make payment of annual quotas that fall due as of January 1 of the year.

Additionally, Resolution No. 414 establishes that during the current year, a Member States shall retain the status it had as of December 31 of the prior year, provided it makes a payment equal to the current year's quota by June 30 of the current year. Failure to make that payment by June 30 will result in an adjustment of status.

Therefore, the status with respect to payment of quotas noted above is based on amounts outstanding as of December 31, 2006; except for the countries that have made payments improving their status.

VII. PERSPECTIVES

The Institute has continued its efforts to encourage the payment of quotas, including the following:

- a. Delivery of annual reports on activities carried out by the Institute in each country and ongoing conversations with high-level officials in the Member States, and with their representatives on the Executive Committee and the IABA.
- b. Continued dialogue with Member States to continue fulfilling their annual quota commitments and meeting their payment plans.
- c. Preparation of National Agendas, in coordination with each Member State for greater participation of the Member States in IICA actions at the national level.
- d. Contacting competent national authorities for purpose of requesting inclusion of the quota payment in the country's budget.
- e. Delivery of quota letters to the Member States, along with a copy of the Resolution in which the IABA establishes the annual quota of each country, a report on the status of its debt to the Institute as of December 31, and a request for payment of same.
- f. Notification to Member States of the provisions and implications of IABA Resolution 414.

VIII. CONCLUSION

The Institute has advanced from a situation which limited its ability to carry out its work plans, to a situation which has allowed it to meet its obligations with more effective planning.

To ensure the payment of quotas and avoid fluctuations in financing so that the Institute can use the agreements and resolutions of the Governing Bodies, especially those that establish both the program budget and its financing, as a solid basis for moving forward with their implementation, it must continue to be vigilant and continue with the efforts necessary to ensure that Member States honor their commitment to pay their quota assessment.

Achieving and maintaining a solid financial base and regularizing quota financing will allow the Institute to continue financing its priority programs and operate effectively to carry out the mandates of its Governing Bodies and promote new actions that hold interest for agricultural and rural development in the Americas.

IX. Appendix I

IICA/JIA/Res. 414 (XIII-O/05)
1 September 2005
Original: English

RESOLUTION No. 414

REVISED MEASURES FOR COLLECTING QUOTAS OWED TO THE INSTITUTE

The INTER-AMERICAN BOARD OF AGRICULTURE, at its Thirteenth Regular Meeting,

HAVING SEEN:

Resolution IICA/CE/Res.435 (XXV-O/05), adopted by the Executive Committee at its Twenty-fifth Regular Meeting, and document IICA/JIA/Doc.293 “Revised Measures for Collecting Quotas Owed to the Institute,”

CONSIDERING,

That in Resolution IICA/JIA/Res.392 (XII-O/03), the Inter-American Board of Agriculture (“IABA”) adopted “Measures for Collecting Quotas Owed to the Institute;”

That in Resolution IICA/CE/Res.417 (XXIV-O/04), the Executive Committee recommended that the IABA amend Resolution IICA/JIA/Res. 392 retroactive to January 1, 2004, to give the Director General the option of consulting first with the Executive Committee or the IABA for guidance prior to applying those measures in cases where, in the Director General’s judgment, “implementation of any or all of the measures put in place for collecting quotas owed the Institute would not be in the best interest of the Institute;”

That the Special Advisory Commission on Management Issues (SACMI), meeting in March 2005, recommended that the Director General, together with the Legal Advisor, prepare a proposal in the form of a draft resolution “that would clear up certain ambiguities” in Resolutions IICA/JIA/Res.392 and IICA/CE/Res.417 so as to facilitate application of those measures, consistent with Article 24 of the Convention on the Inter-American Institute for Cooperation on Agriculture and IICA’s other rules and regulations;

That the Executive Committee took note of the comments of the delegations regarding the proposal put forth and, in Resolution IICA/CE/Res.435 (XXV-O/05), recommended that the IABA derogate the appendix to Resolution IICA/JIA/Res.392, entitled “Measures for Collecting Quotas Owed to the Institute,” and replace it with the revised version appended hereto and bearing the same title,

RESOLVES:

To eliminate the appendix to Resolution IICA/JIA/Res.392, entitled “Measures for Collecting Quotas Owed to the Institute,” and replace it with the document entitled “Revised Measures for Collecting Quotas Owed to the Institute,” attached to this Resolution as Appendix I.

APPENDIX I

REVISED MEASURES FOR COLLECTING QUOTAS OWED THE INSTITUTE

I. DEFINITIONS

For the purposes of these measures, the following definitions shall apply:

- A. Up-to-Date status: A Member State is in “Up-to-Date Status” when it has paid all of its assessed Regular Fund quotas to IICA.
- B. Regular Status: A Member State is in “Regular Status” when it owes no more than two full years of assessed Regular Fund quotas to IICA.
- C. Special Status: A Member State is in “Special Status” when it owes more than two full years of assessed Regular Fund quotas to IICA, has agreed with the Director General to a payment plan for all its arrearages, and is in full compliance with that payment plan.
- D. In Arrears Status: A Member State is in “In Arrears Status” when it owes more than two years of assessed Regular Fund quotas to IICA and does not satisfy all the above-stated requirements for Special Status.
- E. Years in arrears: This is the number of years for which assessed Regular Fund quotas are owed as of July 1 of the current year, regardless of whether the Member State has entered into a payment plan and is in compliance with that schedule.

II. RULES FOR COMPUTING STATUS AND YEARS IN ARREARS FOR APPLICATION OF THESE MEASURES

- A. Article 86 of the Rules of Procedure of the General Directorate and Article 70 of the Rules of Procedure of the IABA provide that quotas are “due on the first day of each fiscal year.” Nonetheless, those Articles shall not apply for determining the status of a Member State under these measures.
- B. During the current year, a Member State shall retain the status it had as of December 31 of the prior year, provided it makes a payment equal to the current year’s quota by June 30 of the current year. Failure to make that payment by June 30 will result in an adjustment of status.
- C. By making additional payments during the current year, a Member State that is not already in Up-to-Date Status may improve its status at any time during that year.
- D. As provided under Article 84 of the Rules of Procedure of the General Directorate, quota payments received “shall be credited against the balance receivable pending from the earliest year for which the money is owed.”

III. RIGHTS AND PRIVILEGES OF IICA MEMBER STATES IN UP-TO-DATE STATUS

- A. The rights and privileges of IICA Membership for Member States in Up-to-Date Status include, among others, the following:
 - 1. The right to vote in the meetings of the Executive Committee and the Inter-American Board of Agriculture;
 - 2. The right to nominate candidates for the position of Director General;
 - 3. The right to have their nationals serve in the position of Director General;
 - 4. The right to nominate candidates to serve on Committees and to serve in leadership positions on those Committees;
 - 5. The right to hiring preferences for their nationals;
 - 6. The right to an Office of the Institute in their territory, funded by IICA’s Regular Fund;

7. The right to serve on the Special Advisory Commission on Management Issues (SACMI);
 8. The right to receive an allocation from the IICA Regular Fund Budget for in-country projects.
 9. The privilege of hosting IICA meetings in their territory, funded in whole or in part by IICA's, Regular Fund Budget.¹
 10. The privilege of receiving extraordinary appropriations from the Working Subfund of the Regular Fund, as approved by the Executive Committee in accordance with Article 90 of the Rules of Procedure of the General Directorate
- B. The exclusion of any right or privilege stated in Part A above does not preclude the existence of other rights and privileges IICA Member States may enjoy.

IV. RIGHTS AND PRIVILEGES OF MEMBER STATES IN REGULAR AND IN SPECIAL STATUS

- A. Member States in Regular Status shall enjoy all the rights and privileges of Up-to-Date status described in Part III(A) above, except for the privilege of receiving extraordinary appropriations from the Working Subfund of the Regular Fund, as approved by the Executive Committee in accordance with Article 90 of the Rules of Procedure of the General Directorate.
- B. Member States in Special Status shall enjoy all the rights and privileges of Up-to-Date status described in Part III(A) above, except for the privilege of receiving extraordinary appropriations from the Working Subfund of the Regular Fund, as approved by the Executive Committee in accordance with Article 90 of the Rules of Procedure of the General Directorate.

V. RIGHTS AND PRIVILEGES OF MEMBER STATES IN ARREARS

- A. Any Member State in In Arrears Status shall have its right to vote suspended unless it is determined, in accordance with Article 24 of the Convention on the Inter-American Institute for Cooperation on Agriculture, by the IABA or the Executive Committee, as the case may be, "that failure to pay is due to circumstances beyond the control of that State."
- B. Of the other rights and privileges enumerated in Part III(A) above, any Member State in arrears shall enjoy only the rights and privileges listed below, in accordance with the number of years in arrears:
1. More than two full fiscal years in arrears, but less than three:
 - a. The right to nominate candidates for the position of Director General;
 - b. The right to have their nationals serve in the position of Director General;
 - c. The right to nominate candidates to serve on Committees and to serve in leadership positions on those Committees.
 - d. The right to hiring preferences for their nationals;
 - e. The right to an Office of the Institute in their territory, funded by IICA's Regular Fund; however, the amount authorized will be reduced by 10%;
 - f. The right to serve on the SACMI;
 - g. The right to receive an allocation from the IICA Regular Fund Budget for in-country projects.
 2. Three full fiscal years in arrears, but less than four:
 - a. The right to nominate candidates for the position of Director General;
 - b. The right to have their nationals serve in the position of Director General;
 - c. The right to nominate candidates to serve on Committees and to serve in leadership positions on those Committees.
 - d. The right to hiring preferences for their nationals;
 - e. The right to an Office of the Institute in their territory, funded by IICA's Regular Fund; however, the amount authorized will be reduced by 20%;

¹ For purposes of applying this privilege, funding from the IICA Regular Fund does not include the funds used to pay for the salaries of the staff members who must attend those meetings, regardless of where they are held.

- f. The right to serve on the SACMI;
 - g. The right to receive an allocation from the IICA Regular Fund Budget for in-country projects.
3. Four full fiscal years in arrears, but less than five:
- a. The right to hiring preferences for their nationals;
 - b. The right to an Office of the Institute in their territory, funded in part by IICA's Regular Fund; however, the amount authorized will be reduced by 40%;
 - c. The right to serve on the SACMI;
 - d. The right to receive an allocation from the IICA Regular Fund Budget for in-country projects.
4. Five or more full fiscal years in arrears: None of the rights and privileges set out in Part III(A) above.

VI. THE SUSPENSION OF THE RIGHT TO VOTE

- A. The decision as to whether to suspend the right to vote of a Member State with In Arrears Status lies exclusively with the IABA and the Executive Committee, as the case may be, under Article 24 of the Convention on the Inter-American Institute for Cooperation on Agriculture.
- B. Voting rights may be restored automatically when a State in In Arrears Status changes its status to Special Status, Regular Status, or Up-to-date Status. They may also be restored by either the Executive Committee or the IABA, upon the presentation of a petition by the interested State, as set out in Article 6.4 of the Regulations for Application of Article 24 of the Convention on the Inter-American Institute for Cooperation on Agriculture.

VII. SUSPENDING THE ECONOMIC IMPACT OF IN ARREARS STATUS IN THE BEST INTEREST OF THE INSTITUTE²

- A. If the Director General determines that it is not in the best interest of the Institute to implement the reduced levels of funding for projects and Office support for any Member State in "In Arrears" status, he/she may first consult with the Executive Committee or the IABA before applying them and propose the suspension or modification of the reduction prescribed. The consultation shall be by correspondence if there is no meeting of the IABA or Executive Committee scheduled within ninety days of the date the State becomes subject to those reductions.
- B. The IABA or the Executive Committee, as the case may be, may consider the Director General's proposal for not applying the reduced levels and may approve the proposal or any other lesser reduction that it deems appropriate. If the IABA or the Executive Committee rejects the proposal and provides no other relief, or they fail to respond within thirty days to the consultation by correspondence, the Director General shall apply the reductions prescribed in these measures.
- C. In the event the Director General decides to make the consultation and a proposal as provided in this Section, the interested State shall be given due notice with sufficient time to explain its position to the other Member States before the Executive Committee or Board rules on the proposal.
- D. For purposes of this provision, "the best interests of the Institute" include the "purposes" established in Article 3 of the Convention on the Inter-American Institute for Cooperation on Agriculture and the programs and policies adopted by the Institute in pursuit of those purposes.

² This section of the measures is effective as of January 1, 2004. This section replaces the Executive Committee's recommendation in Annex B of Resolution IICA/CE/Res. 417.

VIII. GUIDELINES FOR PAYMENT PLANS

- A. The Payment Plan shall be in writing and signed by the Director General and the duly authorized representative of the participating Member State.
- B. The Plan shall provide for the payment of the entire amount owed over a period of no more than forty-eight months.
- C. The Plan shall obligate the participating Member State to make a payment equal to at least the current year's assessed quota within fifteen days of its signature and a payment for each subsequent year the Plan is in force of an amount at least equal to the quota assessed for each of those years.
- D. The Director General may negotiate and accept payment terms with Member States for the payment of amounts past due in national currency, real estate, or other valuable assets, ad referendum of the Executive Committee, and only upon a determination that:
 - 1. In the case of national currency or other valuable assets, the Institute shall not be financially prejudiced by the acceptance of said currency or assets; and
 - 2. In the case of real estate, the specific conditions under Article 4.20 of the Financial Rules "Accepting Donations of Interests in Real Property" have been satisfied and over a reasonable time, the Institute will earn income or generate savings from the occupancy, use, sale, or rental of the property in an amount equal to or greater than the corresponding arrearages.

IX. NOTICE OF STATUS PRIOR TO ELECTIONS AND MEETINGS

- A. When circulating to the Member States documents presented by a Member State nominating a candidate, the General Directorate shall indicate in the transmittal notice whether the status of the nominating Member State, and if different, the state of the nationality of the candidate, is Up-to-Date, Regular, Special, or In Arrears. It shall also indicate the number of years in arrears for the relevant States.
- B. The notice of Debtor States sent prior to meetings of the IABA and Executive Committee under Article 3.1 of the Regulations for Application of Article 24 of the Convention on the Inter-American Institute for Cooperation on Agriculture shall indicate, inter alia, the status of each Member State under these measures and the number of years, if any, that it is in arrears.