



Executive Committee

*Twenty-ninth Regular Meeting of the Executive Committee
14-16 July 2009*

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REPORT ON THE 2009 REGULAR MEETING OF THE SPECIAL ADVISORY COMMISSION ON MANAGEMENT ISSUES (SACMI)

San José, Costa Rica

I. Opening of the Meeting

The 2009 Regular Meeting of the Special Advisory Commission on Management Issues (SACMI) began at 8:32 a.m. in the United States Room at IICA Headquarters.

II. Proceedings of the Meeting

1. Introduction

1.1 Welcome Remarks from the Director General

After warmly welcoming the members of the Advisory Commission, **the Director General** noted that it was the last meeting of the Commission that was being held during his Administration. He hoped the results would live up to expectations. The Director General thanked the members of the SACMI for the assistance that the Commission had provided to his Administration.

He then presented to the members of the Advisory Commission a summary of his report on the main achievements of his Administration from 2002-2006 and from 2006-2010. A summary of his intervention is attached hereto as Appendix 1.

1.2 Adoption of the Work Program

The Chair submitted the work program to the plenary for consideration. It was approved without amendment.

1.3 The Chair of the Meeting

The plenary elected Mr. Chelston W.D. Brathwaite, Director General of IICA, Chairman of the meeting.

The Director General said that, as Chair of the meeting, he would endeavor to facilitate dialogue and consensus among the countries, since the meeting was a joint endeavor on the part of the countries and the Administration.

2. Reports of the General Directorate

2.1 Presentation of the 2008 Annual Report, "IICA's contribution to the development of agriculture and rural communities in the Americas"

Mr. Christopher Hansen, IICA Deputy Director General, gave a presentation on the main results achieved by IICA in 2008. He referred to the working framework defined in the 2006-2010 MTP and described achievements in that period for the six strategic areas: repositioning of agriculture and rural life; trade and agribusiness; agricultural

health and food safety; technology and innovation; rural development; and natural resources and the environment.

With regard to the repositioning of agriculture, he called attention to the monitoring of price trends as they relate to food security, the launch of the Center for Leadership in Agriculture, the implementation of the Young Leaders' Program, and IICA's participation in the Fifth Summit of Heads of State and Government. In the areas of trade and agribusiness, he referred to the continuing export platform initiative and the technical support provided to the Market Information Organization of the Americas (OIMA).

As regards agricultural health and food safety, he pointed to the monitoring of the implementation of the Performance, Vision and Strategy (PVS) tool, and the observatory of emerging issues and emergencies. He explained that IICA had contributed to building capabilities in sustainable rural development and knowledge management for rural development.

In the area of natural resources and environment, he underscored the Institute's participation in the formulation of the Regional Agro-environmental and Health Strategy and in campaigns to heighten sensitivity to environmental management issues. Finally, in the area of technology and innovation, he mentioned activities relating to information systems for decision-making and to the Institute's programs in the areas of biotechnology and biosafety, organic agriculture, agro-energy and biofuels.

He summed up the Institute's activities, stating that, in 2008, it had implemented over 500 direct technical cooperation actions, formulated at least eight programs and 14 projects, organized 85 technical events and prepared 200 publications. He then said that the World Food Programme (WFP) had become a new strategic partner of IICA. Finally, he mentioned that the report included a posthumous tribute to Mr. Emilio Araujo, Director General Emeritus of the Institute.

Summary of the discussion

Mr. Andrew Burst thanked Mr. Hansen for his report and said clear progress had been made with respect to three strategic priorities - namely, agricultural health and food safety, biotechnology and biosafety, and the promotion of trade and competitiveness. With regard to food security, he suggested actions should be coordinated, where possible, with other organizations.

Mr. Victor Villalobos also expressed his appreciation for the work carried out by IICA and underlined the leadership role that IICA had assumed in guiding the efforts of the Member States.

2.2 Report of the Director General on the contributions of the SACMI from 2002-2008

The **Director General** introduced the topic and called upon Mr. Fernando Del Risco, Executive Secretary of the IABA, the EC and the Cabinet, to present the report on the SACMI's contributions from 2002 to 2008.

Mr. **Fernando Del Risco** said that the purpose of the Commission was: “...to facilitate more regular discussion between the Director General and the Member States on administrative and financial initiatives and issues in order to facilitate the process of reaching consensus on those issues and initiatives in the Executive Committee and the Inter-American Board of Agriculture (IABA).” He then presented details of the Advisory Commission's contributions between 2002 and 2008.

In the first part of his presentation, he referred to the nature, purpose, membership, functions and operating mechanisms of the Advisory Commission, as established in its Statute. He said the Advisory Commission was a special advisory committee created by the IABA that reported to the Executive Committee.

He then described the Advisory Commission's contributions in the area of technical cooperation, highlighting those related to the orientation, strategy and content of the Institute's priority programs in the areas of: (i) the promotion of trade and agribusiness; (ii) agricultural health and food safety; (iii) agroenergy and biofuels; and, (iv) biotechnology and biosafety. He also underscored the role of the Advisory Commission in providing guidelines for and following up on the assessment of the Institute's technical expertise and the process of implementing its recommendations.

With regard to the modernization of IICA, Mr. Del Risco mentioned the contributions that the Advisory Commission had made to the proposal for modernizing the Institute; the establishment of a performance-based management system and the modernization of the human resources management system, including the new system for determining staff remuneration. He also mentioned the contributions related to information and communications, and the projection of the Institute's image.

With regard to IICA's financial sustainability, he highlighted the Advisory Commission's contribution to the design of mechanisms to encourage the Member States to pay their quotas on time; the methodological contributions with regard to the content of the regular and special program budgets and the adjustments the Commission had proposed to the allocation of resources, to implement strategic decisions; and the proposed measures to make resource management more flexible and restructure the Institute's finances.

He also described the Commission's contributions to the analysis of the status and future of the IICA Office in Spain; the strengthening of relations with FAO; preparation of the mechanism for determining the salary of the Director General; and

formulation of the Institute's program for young professionals and the establishment of the Center for Leadership.

He concluded his remarks by mentioning the matters that were pending or in the process of being implemented, noting that the Advisory Commission would be discussing them because they formed part of the meeting agenda.

Summary of the discussion

Mr. Oscar Gherzi thanked Mr. Del Risco for the report. He felt it was important to recall certain aspects, such as the SACMI's contribution to strategic planning at the national and regional levels; to linkage of that planning to budget preparation and to the assessment of technical expertise, etc. He then said that he was in agreement with the Director General's proposal and that he felt it was important to evaluate with the new administration the role that the Commission was expected to play.

Mr. Andrew Burst recognized that the SACMI had been very helpful in terms of the support and advice it gave to the General Directorate. He also viewed favorably the Director General's proposal on the institutionalization of the SACMI and was interested in having the Legal Advisor's opinion on the procedures necessary to follow in institutionalizing the Commission, its functions and responsibilities, its relationship with the governing bodies and the feasibility of holding meetings of the Executive Committee every two years.

Mr. William Berenson, Legal Advisor, explained the background and functions of the SACMI. With regard to the procedure for institutionalizing it, the Executive Committee's approval was enough. However, he felt it would be desirable to have the consent of the IABA as well. With regard to the frequency of the meetings of the Executive Committee, this matter was governed by the Convention on IICA signed by Member States and, therefore, it could not be changed by the governing bodies.

Mr. Daryl Nearing expressed appreciation for the report and the Director General's recognition of the work of the SACMI. He was in favor of institutionalizing the SACMI and suggested increasing the area of competence of the SACMI so that it could include the analysis of strategic topics.

Mr. Emilio Barriga said that the modernization of the Institute was clearly reflected in the actions in the countries. He cited as an example his country where the Institute had contributed to the Plan for Reactivation of the Agricultural Sector of Ecuador. He offered the support of the Minister of Agriculture for the Director General's proposal.

Mr. Montgomery Daniel thanked IICA for giving him the opportunity to participate in the SACMI and expressed support for the Director General's proposal.

Mr. Abraham Mena joined in supporting the proposal presented by the Director General and was in favor of including important strategic topics within the purview of the SACMI.

Mr. Lino Luis Da Motta Colsera expressed thanks for the presentation and said he felt that the SACMI's contribution to the Institute was obvious. He, too, was in favor of the Director General's proposal.

The **Director General** expressed thanks for the support for his proposal and made the rules of procedure of the SACMI available to facilitate a dialogue on that initiative.

Mr. Gianni F. Paz asked whether the institutionalization of the SACMI would require additional financial resources.

Mr. Fernando Del Risco reported that ever since its establishment, resources for the operations of SACMI had been included in the budget allocated for the meetings of the Executive Committee and the IABA. Institutionalization of the Commission did not, therefore, entail additional resources. He said that augmenting the functions of the Commission could mean an increase in e-mail enquiries.

Mr. William Berenson, Legal Advisor, reiterated that funding for the SACMI has been included in the budget ever since it was created. He further explained that institutionalization of the Commission could be reversed at any time, if considered appropriate.

The **Director General** said that the SACMI did not represent a cost, but rather an investment in institutional management. It was an effective partnership between IICA and the Member States, and was highly valuable in terms of the Institute's credibility.

Mr. Oscar H. Gherzi asked that the Secretariat submit a proposal that included the modifications recommended, in addition to the rules of procedure.

The **Director General** reported that the proposed Statute of the SACMI had been distributed and that it would be reviewed by the Legal Advisor of IICA.

2.3 Progress report on the implementation of the recommendations of the external assessment of technical expertise at IICA

Mr. James French explained the actions taken by the Institute in fulfillment of resolutions nos. 462 and 490 of the Executive Committee, and no. 483 of the Inter-American Board of Agriculture, as well as decisions taken by the Director General to upgrade technical expertise at IICA.

He recapped the principal actions accomplished by IICA to improve its technical expertise. These included the following: consolidation of the Directorate of Technical Leadership and Knowledge Management; the upgrading of knowledge management; coordination of the hemispheric agenda and the regional and national agendas on crucial topics such as food security; strengthening of strategic partnerships with the FAO, the IDB, the WFP, the World Bank, CATIE and several universities; the

strengthening of technical cooperation; and the elimination of projects that involved solely the administration of funds.

He then referred to progress in redesigning the human resource data base and in defining and disseminating IICA technical cooperation instruments. Regarding the former, he noted three areas of progress: a) the development of profiles for professional-level positions and improvements in the recruiting process; b) the consultant system and data base; and c) the estimation of the critical mass required by IICA to fulfill its commitments.

With regard to a) above, he noted that the Division of Human Resources, in conjunction with the Directorate of Technical Leadership and Knowledge Management, was developing profiles of all technical-professional posts. He reported that the job descriptions of 77 per cent of posts in the International Professional Personnel (IPP) category were ready and that 71 per cent in the Local Professional Personnel (LPP) category were also ready. The new recruitments of IPPs and LPPs were based on profiles of posts that had been previously developed or updated, where the academic and other requirements for the position had been established. He stressed the fact that recruitment processes adhered to institutional norms and were open, transparent and competitive so as to retain the services of the best professionals available, given the salaries and benefits offered by IICA.

On the matter of the consultants' database system, Mr. French explained that module 1 had been developed. There, consultants could post or update information on the services they offer, by area of competence and specialization. Module 2 was in the pipeline. It would be used to keep a record of consultancies done for IICA. Module 3 was as yet in the design and developmental phases. This module comprised a database for recording evaluations and critical analyses of consultancies commissioned by IICA. The system would enable units and Offices to input their specific technical cooperation needs and identify suitable candidates for doing consultancy work.

As for the estimation of the critical mass, he recalled that one flaw in the assessment conducted by the consulting firm SIDE was that it had failed to assess technical expertise at IICA in terms of its ability to meet demand. The Directorate of Technical Leadership and Knowledge Management had therefore assessed the technical expertise currently available in the Institute, contrasting it with the technical resources that would be required to fully carry out the mandates and responsibilities emanating from the 2006-2010 Medium-Term Plan, the demands of Member States and the resolutions of the governing bodies. This effort had revealed that IICA needed at least 23 professional posts –17 of which were in the IPP category and six of which were in the LPP category.

Mr. James French went on to report that in 2008, a proposal entitled “Technical cooperation of IICA and its instruments” had been prepared and provided technical personnel and clients and partners of the Institute with an explanation of the basic concepts and instruments used by IICA for the delivery of technical cooperation. The

document, which was still in the draft phase for internal discussion, defined and explained the basic concepts relating to technical cooperation instruments, with a special emphasis on knowledge management and its modalities, direct technical cooperation, methodologies and conceptual frameworks, prospective analysis, specific instruments (PVS, TA, Export Platforms) and cooperation projects.

Lastly, he referred to support provided by IICA to the Steering Committee in the process to improve technical expertise, in its capacity as Technical Secretariat of that committee. He explained that the Institute's role was to facilitate resources and provide information and logistic, financial and technical support.

Summary of the discussion

Mr. Andrew Burst thanked Mr. James French for his presentation and Mr. Victor Villalobos for his work in the Steering Committee. He expressed the support of the United States for the process to improve technical expertise at IICA and recognized the Institute's efforts in this regard, as well as the cooperation received by the Steering Committee for the preparation of the strategic framework.

Mr. Montgomery Daniel recognized the cooperation offered by IICA and the technical expertise it had demonstrated. However, he expressed concern that the hiring for the remaining technical posts had not been completed.

The Director General recognized Mrs. Linda Landry, Director of Human Resources, who explained that one of the problems encountered in filling positions was the limited benefits offered by the Institute in comparison with other international organizations, as well as the budgetary restrictions.

The Director General added that IICA's budget had been frozen since 1995 and that it was only in 2007 that it had been possible to access miscellaneous income. International staff had been given a three per cent salary increase, which was a step forward, but as an organization that depended on knowledge workers, the Institute was still not in a position to compete with other organizations in hiring and retaining the best specialists. He added that IICA has entered new areas such as bioenergy, biotechnology and organic agriculture, for which qualified personnel were scarce and costly.

Mr. Daryl Nearing said that his country supported the effort to improve technical expertise and enquired as to the outcome of efforts to strengthen strategic partnerships.

Mr. Christopher Hansen explained that several actions were under way: (i) the process to forge ties and partnerships in accordance with the interests of IICA had been formalized; (ii) strategic actions had been identified where IICA required support from other organizations in mutual areas of interest such as food security; (iii) the decision had been made not to formalize relations or sign additional memoranda of understanding with partners without first agreeing on concrete topics of common

interest, as is the case of joint work with the World Food Program in specific regions; and (iv) a proposal on joint projects had been formulated and would be submitted to prospective donors.

Mr. Hansen added that IICA was convinced that partnerships were necessary and useful only when it was possible to demonstrate and use the Institute's technical expertise and when IICA had expertise that partners like the IDB, ECLAC or the FAO lacked in certain specific areas. There was consensus among various organizations like IICA, FAO and ECLAC that it would be advisable to submit proposals for joint actions to the financial organizations such as the World Bank and the IDB. He called attention to the effort to approach universities in order to tap their knowledge and technical expertise, as a supplement to IICA's own.

The Director General said that, despite resource constraints, IICA was effective and remained highly committed to its work. He explained how resources had been redirected to finance the establishment of the Inter-American Program for the Promotion of Trade, Agribusiness and Food Safety with a view to achieving the technical strategic objective of facilitating access for producers in LAC to markets in the United States and Canada. This, he said, had been possible as a result of savings in the amount of US\$1.2 million following the closure of the regional centers.

Notwithstanding, the **Director General** added, technical staff had been reduced by approximately 30 per cent since the freezing of quotas. In order to have the minimum critical mass, resources in the amount of US\$2.3 million were required, and this amount was difficult to secure at a time when countries were going through difficult economic times. He felt, however, that topics such as food security deserved special attention, but that the approach should be long-term and involve a clear-cut and well-defined strategy, instruments and resources. He advocated the creation of a special food security fund and approaching financial institutions such as the IDB and the World Bank to obtain resources that could be used in support of agricultural development in the Americas.

Mr. Oscar Gherzi said that IICA was better than it was one year ago, but that it was not enough. The new strategic framework and IICA's future role needed to be defined in light of events taking place on the world scene. He suggested creativity in seeking and recruiting the personnel that was needed. This, he said, could be done through other institutions and universities. He felt that other organizations might well need IICA more than it realized, and advocated establishing partnerships with those that have common interests, on the understanding that if the results were not positive, the partnerships could be easily dissolved.

2.4 Progress report on the organization of the Twenty-ninth Regular Meeting of the Executive Committee, the Fifth Ministerial Meeting on Agriculture and Rural Life in the Americas and the Fifteenth Regular Meeting of the IABA

Mr. Christopher Hansen, Deputy Director General of IICA, was the first to take the floor at the meeting and he introduced the speakers. He asked Mr. Bernardo Badani, Director of the Office of Follow-up to the Summit Process of the Americas, to give a status report on the Fifth Ministerial Meeting in the context of the Summit of the Americas Process.

Mr. Bernardo Badani started his presentation by recalling that IICA was an international cooperation organization and, at the same time, an institutional partner in the Summit of the Americas Process. He explained, generally, how the two hemispheric processes were interrelated: at the level of the Heads of State and Government (Summits) and at the level of the ministers of government (ministerial meetings).

He referred specifically to the Ministerial Process “Agriculture and Rural Life in the Americas”, how it had evolved, decision-making levels, key participants and expected results in 2009. He reminded participants that the implementation of the Ministerial Agreements was at the national level, in coordination with the public and private sectors. The Fifth Ministerial Meeting Jamaica 2009 would be a time to take stock of the Ministerial Process that had started with the last meeting held in Guatemala in 2007.

As for the Summit Process, Mr. Badani explained the background of same, as well as the mandates and commitments related to agriculture and rural life agreed upon in that forum. He described the institutional framework of the Summit Process (SIRG, JSWG, Summit, National Secretariat) and progress towards the Fifth Summit of the Americas (Trinidad and Tobago 2009). He made special reference to IICA’s efforts to support the countries with the inclusion of agriculture and rural life as major topics in the Declaration of Commitment of Port of Spain, with special emphasis on the text of paragraph 15 of that Declaration.

With regard to the Fifth Ministerial Meeting, Mr. Badani described the preparatory activities carried out in coordination with the authorities at the Ministry of Agriculture of Jamaica and the IICA Office in that country. Finally, he described the next steps in the ministerial process: the preparation of the national report, the holding of the dialogue of Ministerial Delegates, the holding of the 2009 GRICA meeting, the distribution of the AGRO Plan, etc.

Mr. Fernando Del Risco explained progress in organizing the Fifteenth Regular Meeting of the IABA, to be held in Montego Bay, Jamaica, in the last week of October 2009. The process of preparing for the Week of Agriculture Jamaica 2009 was proceeding according to plan, thanks to the joint work of the authorities of the Government of Jamaica, the IICA Office in that country and units at IICA

Headquarters that had a role to play in organizing the technical and logistic aspects of the of the meeting.

He noted that the next Director General of IICA would be elected the Fifteenth Regular Meeting of the IABA. In order to have enough time for the election process, the idea was to submit most of the topics for consideration to the Executive Committee at its Twenty-ninth Regular Meeting, to be held at IICA Headquarters from July 14 through 16 this year.

He explained that, with the Government of Jamaica, the Hotel Ritz Carlton in Montego Bay had been chosen as the venue for the meeting. He also said that the Government of Jamaica had formed a National Committee comprising representatives of the ministries of agriculture (which is leading the process), foreign affairs, national security, tourism and culture, as well as from associations of agricultural producers and other organizations. That Committee was in charge of analyzing the various matters related to technical and logistic aspects of the meetings and was subdivided into several small bodies: (i) Technical and Ministerial Subcommittee; (ii) Exhibition Subcommittee; (iii) Budget and Finance Subcommittee; (iv) Public Relations and Promotion Committee; and (v) Office for Coordination and Secretariat, in charge of issues related to hotel accommodations, air travel, transport and logistics, security and protocol.

Recently, the Minister of Agriculture of Jamaica and the Director General of IICA had sent a letter to the ministers of agriculture of Member States inviting them to participate in the Fifth Ministerial Meeting and the Fifteenth Regular Meeting of the IABA. Subsequently, the Permanent Secretary of Jamaica, as Chair of the GRICA, had sent a letter to the ministerial delegates appointed by the ministers of agriculture inviting them to participate in the preparation of the national report, in the dialogue via the on-line forum and in the hemispheric meeting.

The following is planned as part of the process for preparing for the Fifteenth Regular Meeting of the IABA: (i) inviting the candidates for the post of Director General to give a presentation before the Executive Committee (July 14-16, 2009); (ii) including on the agenda of the Executive Committee all matters that warrant decision by that governing body of IICA and referring to the IABA only those issues that could not be resolved by the Executive Committee; and (iii) concluding on time the process of preparing technical, administrative and financial documents, which will be posted on-line so that Member States can review them.

Finally, **Mr. Fernando Del Risco** stressed the fact that both the host country for the Week of Agriculture and IICA were making their utmost effort to ensure that Member State delegations and other guests enjoyed a warm atmosphere, and an environment of efficiency and security during the week of October 25-31. It was therefore an appropriate time to urge Member States to send to the Fifth Ministerial and the Fifteenth Meeting of the IABA the highest-ranking authorities from the agricultural and rural sectors of Member States.

Summary of the Discussion

Mr. Emilio Baraga asked what the countries had reported in terms of progress in the implementation of the AGRO Plan, and whether or not IICA would serve as facilitator in sharing that information with the Member States.

Mr. Bernardo Bandai explained that the format to be used in preparing the report would be sent to the countries by April, and that the reports should begin to arrive in June. He noted that while the IICA Offices in the countries could contribute to the preparation of the report, it was important to recall that the countries did not report to IICA, but rather shared information with one another regarding potential horizontal technical cooperation activities. He added that once the reports were received, the Ministerial Delegates would be able to share information on progress in the countries and begin the virtual dialogue aimed at putting forth proposals for updating the AGRO Plan.

The Director General expressed the opinion that the Fifth Ministerial Meeting would be an excellent opportunity to promote the development of capabilities in the countries. With that in mind, invitations had been extended to other international organizations such as the IDB, the World Bank, FAO and ECLAC, with which the Institute hoped to work to create the skills and expertise needed to develop agriculture and ensure food security.

3. Matters requiring decision

3.1 Strategic Framework for the Institute

3.1.1 Report of the Steering Committee and presentation of the proposal for the preparation of the Strategic Framework for the Institute

The terms of reference for the preparation of the 2010-2020 Strategic Framework, drawn up by the Steering Committee, included: (i) background information; (ii) the purpose of the Strategic Plan and how it ties in with other IICA instruments; (iii) the contents and length of the Plan; (iv) the process to be followed in preparing it; (v) the funding required; and (vi) procedures for supervising the work.

Mr. Daryl Nearing, in his capacity as the new Chair of the Steering Committee, mentioned the steps of the proposal defined by that committee for development of the Strategic Framework. These were: (i) hiring a person of prestige with knowledge of agriculture in the Americas to lead the process of preparing a draft document, which would be sent to the members of the Executive Committee by May 25 at the latest; (ii) hiring specialists in strategic areas to support that process; (iii) securing the services of two analysts, who could be facilitated by the Institute to assist the process; and (iv)

creating a panel, to be made up of three to five people, who should have experience in the agricultural sector and be knowledgeable about the state of agriculture in the various regions. This should not, however, imply that they would represent regional or national interests. In addition, for preparation of the strategic framework, the following schedule of activities should be followed: (i) hiring of the people (two weeks); (ii) preparation of the draft document to be shared with the members of the Executive Committee (May 25); (iii) presentation of the adjusted document to the Executive Committee (July 14-16); (iv) incorporation into the document of the observations of the members of the Executive Committee (June 30); (v) sharing of the document with Member States (June 30); (vi) feedback received from Member States (August 30); (vii) feedback incorporated into the document (September 7); and (viii) referral of final document to the IABA (September 9).

Summary of the discussion

The Director General underscored the importance of preparing the Strategic Framework, since it was a valuable instrument in terms of providing both the Institute and the next Administration with guidance. Given the fact that the documents for the Executive Committee should be submitted on or about May 20 (45 days prior to the meeting), he expressed concern over the limited time available. He recommended that the following be taken into consideration when preparing the Strategic Framework: (i) the things that worked and that IICA had done well; (ii) the leadership role that IICA should play in the hemisphere; and (iii) relations with the FAO and other regional and international organizations, NGOs and the private sector.

Mr. Oscar Ghersi noted that the Steering Committee had recommended: (i) focusing attention on the preparation of the 2010-2020 Strategic Framework; (ii) using as inputs the current Medium-Term Plan, the assessment of technical expertise and progress in the implementation of the recommendations arising from that assessment; (iii) preparing the Strategic Framework and presenting it to the Executive Committee as a “document in progress” and, subsequently, to the IABA in October; and (iv) that the new Administration prepare the new Medium-Term Plan on the basis of the Strategic Framework.

Mr. Emilio Barriga expressed concern over the fact that the new Director General would not participate in the preparation of the Strategic Framework. He underscored the importance of ensuring that the real needs of the Member States were considered when preparing the Strategic Framework, and of viewing the modernization of the Institute as an ongoing task. He felt that there was limited time to prepare a strategic

framework that included a study on the state of agriculture and an identification of the needs of Member States.

The **Director General** said that Mr. Barriga's observation was very apropos and that an alternative method could be identified to enable the new Director General, who would be elected in October, to participate in the process of preparing the 2010-2020 Strategic Framework.

Mr. Daryl Nearing noted the importance of considering the challenges facing agriculture in the region, given the emerging scenarios, since this would be very important in defining the role IICA should play and how its efforts could add value to the work of other international organizations.

The Director General again acknowledged the work of the SACMI, underscored how useful it had proven to be for the Administration and explained the importance of institutionalizing it as a permanent advisory body.

Mr. James French reported that talks had already been initiated with two recognized external professionals to determine their availability and the possibility of hiring them.

Mr. Andrew Burst asked that the Directorate of Technical Leadership and Knowledge Management be involved in the preparation of the documents and materials needed to facilitate the work of the persons hired.

With regard to the relationship with IICA and the FAO, he suggested that IICA prepare a document that explains the WHO and PAHO model. This could serve as a guide with respect to assessing a potential strategic partnership between IICA and the FAO.

The Director General announced that a report was being prepared on activities carried out by the Institute over the last seven years. This, he said, could serve as input in preparing the Strategic Framework. With regard to the establishment of inter-institutional relations, he added that the action programs of other international organizations should be looked at so as to establish the necessary partnerships and achieve greater impact. Finally, he wished to know if the Steering Committee had an estimated cost of the activities to be carried out.

Mr. Daryl Nearing, Chair of the Steering Committee, reported that the following week, a conference call would be organized to determine the necessary budget. He said that the principle of financial prudence would be observed to keep costs down to

the minimum. He expressed support for the proposal to prepare a document on possible relations between IICA and the FAO.

Mr. Andrew Burst said that he supported the guidelines for the new strategic framework. Notwithstanding, he shared Ecuador's concern about having a final quality product within the stipulated time frames.

Mr. Montgomery Daniel said that he agreed with preparing a strategic framework that served as a road map. However, he felt that the time lines for preparing it should be revised.

The Director General said that a preliminary document could be prepared for presentation to the Executive Committee for consideration, and that, subsequently, between July 30 and August 30, that document could be adjusted on the basis of the comments of Member States. He then proposed submitting to the Executive Committee for consideration the first phase on the principles and guidelines of the strategic framework, with the proviso that the strategic framework would be completed in a three-month period. This meant following certain steps: (i) preparing a draft proposal; (ii) presenting the revised proposal to the SACMI at its next meeting; and (iii) submitting the final document to the Executive Committee.

Mr. Daryl Nearing felt that the Steering Committee had progressed with the tasks assigned and recommended waiting until the meeting of that Committee was held on Tuesday, April 7.

Mr. Lino Luiz De Motta Colsera said that the issue of time frames and products had been clarified at the last meeting held in Miami. In an initial stage, a strategic framework that offered an analysis of the state of agriculture would be prepared, and in a second stage, the strategic plan, which would take into account the strategic framework, would be prepared to determine the role of the Institute,. In his view, the available time for submitting a draft of that framework to the Executive Committee was enough.

The Director General suggested submitting a preliminary version of the strategic framework to the Executive Committee and waiting to hear what it had to say.

3.2 Coordination of the Steering Committee

Dr. Victor Villalobos, in his capacity as a member of the SACMI, announced that the government of Mexico would be nominating him as a candidate for the position of Director General of IICA. He had therefore asked the members of the Steering

Committee to replace him as Coordinator and to appoint someone else in his stead. He went on to thank the members of the Steering Committee for their support. He also thanked Mr. James French and his team for their support in facilitating the work of the Committee. He also expressed his appreciation to the Director General for his support of the work of the Committee, and said that Mexico would continue to participate in the Steering Committee through Mrs. Lourdes Cruz. He concluded by saying that it would be an honor to represent his country in the process leading up to the election of the new Director General of IICA, and that he had every assurance that the Institute would continue to play a crucial role in the future of agriculture in the hemisphere. Mr. Villalobos then withdrew from the meeting room.

Mr. James French said that a meeting of the Steering Committee would be held to elect the new coordinator, in light of the request made by Dr. Victor Villalobos, who had withdrawn from that position as of that date.

The Director General asked Mrs. Lourdes Cruz to convey his most grateful thanks to Mr. Victor Villalobos for his contribution to the Institute, not only in the SACMI and in the IABA, but also as Coordinator of the Steering Committee.

3.3 Report of the ARC on the system for determining the salary of the next Director General of IICA

The Director General, as Chair of the meeting, recommended that only the members of the SACMI participate in the session dealing with the system for determining the salary of the next Director General of IICA, and that all other IICA staff be asked to withdraw from the meeting room. He then asked the participants to designate a temporary chair and withdrew from the meeting room.

Pursuant to the recommendation of the Director General, the SACMI decided to discuss this matter in a closed session. The Director General and all IICA staff, except for the Director of Human Resources, a specialist from her office and the Legal Advisor, left the meeting room.

3.4. The financial situation of the Institute

3.4.1 Progress in and results of the application of measures for the collection of quotas owed by the Member States

Mrs. Karen Kleinheinz, Director of Finance, referred to the rules and regulations approved by the Executive Committee and the IABA applicable to the collection of quotas from Member States. Those rules and regulations establish the measures that

the Administration must adopt to encourage the payment of quotas by Member States, both those for the current fiscal period and those owed from previous periods.

She said that at the beginning of 2008, Member States owed the Institute a total of US\$33.1 million. This amount had gone down to just US\$2.2 million as of December 31, 2008, thanks to the countries' willingness to pay and their acknowledgement of the work accomplished by the Institute. This meant significant success for the Institute, since its satisfactory financial situation was similar to that it had enjoyed 25 years ago. She recalled that the Institute had had to contend with an uninterrupted 14-year freeze of its quota budget.

The policy followed by the Institute to secure and maintain a sound financial position and avoid drastic fluctuations in Institute financing, she said, had produced results. Indeed, the amount owed in 2003 for quotas not paid for periods prior to the fiscal period in effect had dropped from US\$17.4 million to US\$2.0 million at the end of 2008. She also noted that 33 Member States of IICA had made quota payments in 2008 and that the remaining member country had paid its quota at the beginning of 2009.

Mrs. Kleinheinz said that of the six countries that had signed payment arrangements with IICA four had honored those arrangements and two were in the process of doing so. She also said that 11 Member States were up-to-date in their quota payments for 2009 and that three of them owed only a portion of them. Six Member States owed the full quota payment for 2009 and nine were in regular status, given the fact that they owed the quota payment for 2009 and a part or the full payment for 2008. To date, there was only one country that was in special status because it owed three annual quota payments to the Institute. In relation to IICA's budget for the current year, she said that of the US\$29.5 million to be collected, US\$5.9 million had already been paid, which was satisfactory since we were only in the fourth month of the year.

She then went on to explain how the special budgets had been financed to address priority actions in the fields of agricultural health and food safety, biotechnology and bio-safety, agro-energy and bio-fuels, agro-tourism, agricultural insurance and the Center for Leadership, budgets that were approved by the Executive Committee and the IABA. In closing, she underscored the importance of Member States continuing to endeavor to make quota payments to the Institute on time, since this would enable IICA to ensure that the mandates of the governing bodies were fulfilled and that their work programs were carried out to satisfaction.

Summary of the discussion

The Director General thanked the Member States for their commitment to support the Institute in difficult times. He said that the SACMI, in particular, had played a crucial role in bringing about a stable financial situation.

Mr. Gianni F. Paz thanked Mrs. Kleinheinz for her presentation on the financial situation of IICA. On behalf of the United States Government, he congratulated Member States on honoring their payments to the Institute. He said that he hoped that they would continue to honor future payments so that IICA could continue to operate effectively. He thanked the Institute for its commitment to supervise the use of resources and urged it to continue working on the basis of the principle of financial prudence.

Mr. Daryl Nearing thanked Mrs. Kleinheinz for the presentation and the General Directorate and for the work it had accomplished in maintaining a sound financial situation. This, he said, was a sign of satisfaction on the part of the countries towards IICA. He hoped that the other Member States would continue to show a high level of commitment in paying their quotas.

Mr. Montgomery Daniel thanked Mrs. Kleinheinz for her excellent presentation and the General Directorate for its efforts to ensure a stable financial situation for the Institute. He asked if it would be possible to use additional funds collected for an IICA staff pension fund.

Mrs. Karen Kleinheinz explained the types of pensions at IICA and said that thanks to additional funds, a number of accounts payable had been attended to.

The Director General explained that IICA local staff was covered by national labor laws which the Institute had to respect.

Mrs. Aura de Witt Carlini asked for information on the use of reserve funds.

Mrs. Karen Kleinheinz said that, in accordance with the regulations in effect at IICA, there was a subfund to which resources not executed in the year were credited, and this made it possible to temporary make up for late quota payments.

Mr. Oscar Gheri was of the understanding that IICA had a financial reserve of US\$10 million and wished to have information on the yield on those funds and how they had been invested.

Mrs. Karen Kleinheinz explained that the US\$10.2 million did not correspond in its entirety to an additional reserve. At least US\$7.8 million were reserves for payment of termination benefits and moving costs for IPPs and for certain benefits for LPPs. As for yields, the rules of IICA stipulated that the primary consideration should be capital preservation and, therefore, the Institute's investments were conservative and low-risk.

Mr. Oscar H. Gheri concluded that what existed was basically a contingency fund and that the actual reserve was around US\$2 million. The inference was that during the period when the countries had failed to pay their quota contributions, IICA had accumulated a debt in terms of its obligations to the personnel. Mr. Gheri thought the interest should be kept in reserve, to capitalize the fund instead of covering operating expenses.

Ms. Karen Kleinheinz clarified that, in addition to that fund, there was a reserve of US\$8 million in the Subfund, and that in 2003 the IABA had established that the interest was not to be credited to the Subfund, but rather to the Miscellaneous Income Fund.

Mr. Oscar Gheri asked whether it was possible to have a table with a breakdown of all IICA funds and the generation of interest.

Ms. Karen Kleinheinz said the audited financial statements would be presented at the next meeting of the Executive Committee, and that an external audit was ongoing. She added that, thanks to a favorable performance, the Miscellaneous Income Fund had grown by around US\$3 million, while the INR Fund contained approximately US\$5 million.

The **Director General** said it was important to acknowledge that IICA was now in a position to finance its operations and meet its obligations. That was part of IICA's financial health, which was reflected in the comments of the External Auditors. In his opinion, the discussion on the budget would also help clarify many of the questions raised by the members of the SACMI. The sound use of miscellaneous income and financial prudence had allowed the institution to meet its obligations and carry out its operations. In 2003, the External Auditors had said that IICA was not sustainable, but they now had a totally different opinion.

Ms. Lourdes Cruz thanked Mrs. Kleinheinz for the clarity of the report and the Director General for his efforts to reduce the amount of quotas owed to the Institute. In her opinion, the Member States should consider actions to prevent a future situation in which the countries fell behind with their payments again, especially considering the current financial crisis. She said she would like to have more information about the funds.

Ms. Cheryl Claus thanked Mrs. Kleinheinz for the presentation and asked whether it was possible to verify the makeup of the miscellaneous funds.

Ms. Karen Kleinheinz said the Miscellaneous Income Fund was composed mainly of accrued interest. Some other income was generated by the sale of assets. The Fund did not include resources received for administering projects, as INR resources were kept separately.

Ms. Cheryl Claus asked how the Institute recorded surplus quota contributions and the resources of funds that were not used.

Ms. Karen Kleinheinz explained that surplus quota contributions and the resources of funds not used were credited to the Subfund.

The **Director General** said the goal was not to build up reserves, but rather to be able to finance technical cooperation actions.

Ms. Cheryl Claus asked for an up-to-date version of the report on the impact of the freezing of the quotas paid to the Institute.

The **Director General** noted that the presentation of that report had resulted in the quota arrearages being paid, but the income from other funds had made it possible for IICA to continue operating and growing.

Mr. Oscar Gherzi was grateful for the additional explanations about the report and requested information on the actual breakdown of funds. He mentioned the need for preliminary information, even if it had not been audited.

Ms. Karen Kleinheinz summed up the presentation and the questions asked by the members of the SACMI. She explained the breakdown of each Fund and how it was executed, including INR resources.

In response to the questions asked by the members of the SACMI, the **Director General** offered to furnish the participants with copies of the audited financial statements. He felt it was important to separate the discussion of the budget from the discussion of IICA's financial situation.

Mr. Oscar Gherzi said the questions were being asked because the financial statements were not yet available. It was important to clarify how much money was actually available.

Ms. Karen Kleinheinz reiterated that the auditing process was ongoing and thanked the members of the SACMI for their questions. The meeting of the ARC was scheduled for 7 May 2009 and the information requested could be shared after that date. The data related to miscellaneous funds was available.

Ms. Cheryl Claus asked whether the 2008 Special Budget was financed with resources from quota arrearages.

Ms. Karen Kleinheinz replied that it was.

Mr. Emilio Barriga was agreeable to IICA's sending the additional information when the auditors completed their reports.

The **Director General** promised to update the report on the impact of the freezing of quota income and to distribute the audited financial reports.

3.5 Proposed 2010-2011 Regular Program-Budget

3.5.1 Presentation of the 2010-2011 Proposed Regular Program-Budget

Mr. Francisco Barea, Director of Administration and Finance, presented the proposed Program-Budget for the 2010-2011 biennium, explaining that it had been structured based on the priorities established in the 2006-2010 Medium-Term Plan. He said the proposal presented a detailed budget for 2010 and global data for 2011, since a new Administration would take office in January 2010 and it was important to allow it the flexibility to make any adjustments that might be necessary as a result of the new 2010-2014 MTP.

He pointed out that six guidelines had been followed in drawing up the proposed Program-Budget: a) propose that the Thirtieth Regular Meeting of the Executive Committee be authorized to approve the detailed allocation of resources from the Regular Fund for 2011; b) focus the Institute's capabilities financed with resources from the Regular Fund on the priorities established in the 2006-2010 MTP, and on the respective national, regional and hemispheric agendas; c) maintain the same total annual amount of quota contributions of the Member States as in the period 2008-2009; d) propose an increase in the allocation of miscellaneous income, to US\$5 million per year, in line with the estimate of how much would be generated during the biennium; e) request that US\$2.2 million be allocated from the Miscellaneous Income Fund; and f) distribute the additional resources requested (US\$2 million per year) among different hemispheric-level actions in response to the mandates issued by the governing bodies, some of which had been financed in the past with the special budgets approved by the IABA.

He then said the proposed amount of financing from the Regular Fund was US\$33.4 million for the years 2010 and 2011, as a result of the proposed increase for miscellaneous income, allocated to four chapters: a) direct technical cooperation services; b) management costs; c) general costs and provisions; and, d) the renewal of infrastructure and equipment. He also presented the distribution of the budget by Major Objective of expenditure and by strategic priorities.

Summary of the Discussion

Mr. Lino Luiz Da Motta Colsera thanked Mr. Barea for his clear presentation and suggested that the presentation of the budget should not be limited to the distribution

of Regular Fund resources, since the total amount of funds that the Institute managed each year was much greater.

Mr. Oscar Gherzi added that, since INR funds and miscellaneous resources were directly related to the management of external resources, it would be wise to expand the budgetary information to include more details of the external resources that the Administration is expected to generate and thereby gain a better picture of the Institute's financial situation.

Mr. Francisco Barea explained that only the budget for the Regular Fund was presented at the meetings of the SACMI: (i) because that was the mandate established by the Institute's governing bodies in the Financial Rules of the General Directorate; and, (ii) because it was the only fund to which adjustments could be made with regard to the allocation of resources. The allocation of external resources was determined by the source (countries, financial institutional or technical cooperation agencies).

The **Director General** pointed out that the financial statements contained detailed information on external resources. He offered to provide the SACMI with copies of the 2007 audited financial statements and unaudited information for 2008, if necessary.

Mr. Yanko Goic, Head of the Budget and Control Division, noted that Appendix 5 of the document on the proposed 2010-2011 Program-Budget contained estimates of the Institute's external and INR resources.

Mr. Daryl Nearing suggested presenting to the Executive Committee the changes that had occurred with regard to miscellaneous resources and the reasons for them. He also asked for an explanation of the situation regarding Cuba's payment of quotas.

The **Director General** pointed out that, since the OAS included Cuba in its quota scale, the Institute did likewise.

Mr. Montgomery Daniel asked why the budget did not include Cuba's contribution.

Mr. Oscar Gherzi asked why the 2010 Program-Budget included increased allocations for the following items: a) post adjustments and for the appointment of a new member of the International Professional Personnel; and, b) operating expenses, due to the effects of inflation. He felt it was very important to have studies on the increases mentioned in a) and b) above. He proposed that an integrated budget be presented for 2009 incorporating all sources of income and all categories of expenditure.

The **Director General** referred to the participants' proposals and summed them up in three points that should be considered at the next meeting: a) the post adjustment; b) exchange rates against the US dollar and their impact on the budget (revaluation or devaluation); and c) a complete and detailed overview of the budget.

Mr. Yanko Goic explained that the revaluation of some currencies against the US dollar generated higher personnel costs in dollars. A reversal in that process in 2009 had attenuated the situation, but not as much as was needed. He also said that UN information (International Civil Service) had been used to calculate the post adjustment.

Ms. Linda Landry confirmed that the post adjustment was based on information from the United Nations and that, with respect to the budget, the fluctuations in the exchange rates of the countries' currencies were not the same across the board.

Ms. Aura de Witt Carlini felt the financial analysis was essential for creating the strategic framework. She requested information about properties that IICA owned in the countries.

Mr. Francisco Barea replied that IICA's general policy was not to purchase properties. He explained that some Member States gave the Institute premises in commodatum (he mentioned Colombia and several Caribbean countries as cases in point). In other cases, they had to be rented.

The **Director General** provided more information, pointing out that the US\$16 million budgeted was the amount allocated for technical cooperation actions.

Ms. Lourdes Cruz thought that it was important to have the complete picture of all the Institute's resources and supported what Mr. Ghersi and Mr. Nearing had proposed.

Ms. Cheryl Claus expressed support for IICA's efforts with regard to important issues like food security in the hemisphere. She also requested more details on the Food Security Program that IICA was proposing, which would require the hiring of a specialist, as well as information on the profile of that position as well as performance indicators for the program. She added that the efforts of FAO and ECLAC should be taken into account to avoid duplication of efforts.

The **Director General** said the Executive Committee had asked the Institute to develop a food security program. He explained that a specialist needed to be hired to spearhead activities related to the issue. He referred to the talks that had been held with FAO, WFP and ECLAC on the subject.

The **Legal Adviser** referred to the questions about whether IICA could provide information on the different funds that made up the Institute's budget. He explained that the internal regulations and Rules of Procedure of the General Directorate referred only to the Regular Fund. However, there was nothing to prevent the Institute from providing additional information.

Mr. Francisco Barea said an effort could be made to provide the Executive Committee with information with the level of detail requested. However, it would be

difficult to do so within the established timeframe and suggested that the budget with the level of detail requested be presented to the next meeting of the SACMI.

Mr. Oscar Gherzi summed up the discussions and the points on which agreement had been reached so far. He asked Ms. Linda Landry for the working document setting out the rationale for the post adjustment. He said the effects of the changes in the value of his country's currency against the US dollar were different from those presented in the explanation.

The **Director General** said the financial management of the Institute was a complex matter, as IICA administered resources in 34 Member States and the situation varied from country to country.

Mr. Edilson Guimarães thanked the Director General for his response to Brazil's request and suggested that Mr. Francisco Barea use the report from Deloitte & Touche (auditors) as a reference for preparing the detailed budget.

The **Director General** pointed out that the Institute continually reviewed the cash flow situation to ensure that IICA could operate properly.

4. Food Security Program

Mr. James French explained that under Resolution no. 482 adopted at its Twenty-eighth Regular Meeting, the Executive Committee had mandated the Institute with monitoring and reporting on the food security situation in Member States as it evolves, and with providing support and advisory services on the matter.

He said that in order to fulfill that mandate, IICA had defined the three following lines of action: (i) institutional innovations for a new paradigm for technological change in the areas of food production and diversification; (ii) institutional framework and services for strengthening the capabilities of small- and medium-scale agricultural producers and family agriculture so as to bring them into markets; and (iii) analysis, follow-up and dissemination of policies and information on the state of and prospects for food security.

He went on to report that activities were under way with international institutions, such as the World Food Program, and that IICA was working towards establishing ties with institutions in Central America and the Andean Region. He underscored the importance for the Institute to have someone to lead activities to be carried out and to facilitate negotiations with external finance sources.

Summary of the discussion

Mr. Daniel Montgomery expressed his support for the actions IICA plans to carry out in the area of food security. He said that those actions would contribute to reducing poverty in the Member States.

The Director General thanked the members of the SACMI for their support for the institutional proposal to address the subject of food security.

5. Institutionalization of the Special Advisory Commission on Management Issues (SACMI)

The Legal Advisor to the Institute read out a draft resolution entitled “Modification of the Statutes of the Special Advisory Commission on Management Issues”, which the SACMI will submit to the Executive Committee for consideration.

He explained that the amendments would make the Commission a standing Commission, which would avoid having to constantly ask the EC to extend its term.

The members of the Commission made observations on the wording of the draft resolution and approved submitting to the Executive Committee.

III. Recommendations to the Director General and the Executive Committee

1. Regarding institutionalization of the Special Advisory Commission on Management Issues (SACMI)

The members of the Advisory Commission recommended that: (i) the area of competence of the Commission should include not only management, administrative and financial matters, but also those that are strategic in nature; (ii) the Director General submit to the Executive Committee for consideration at its Twenty-ninth Regular Meeting the draft resolution and the amendments to the Statute of the Advisory Commission contained in the version appended to this recommendation.

2. Regarding the implementation of the recommendations to improve technical expertise at IICA

The Advisory Commission recommended that the Director General submit a consolidated report on progress achieved in upgrading technical expertise at the Institute, pursuant to the provisions of Executive Committee Resolutions 462 and 490 and IABA Resolution 483. That report should: (i) combine the information presented to the 2008 and 2009 meetings of the Advisory Commission; and (ii) underscore progress made in strengthening strategic partnerships.

The Advisory Commission underscored the importance of defining the 2010-2020 Strategic Framework, which should serve as a guide in strengthening and consolidating the process to upgrade technical expertise at the Institute.

3. Regarding preparation of the 2010-2020 Strategic Framework for the Institute

The Advisory Commission recommended hiring a team, made up of a renowned expert with knowledge of agriculture and the Americas as team leader, and two analysts to support the process. It also recommended that IICA contribute these two latter people, and further proposed that consideration be given to hiring an expert in strategic planning as an option.

It further recommended creating a panel of three to five people to interact with the team and provide feedback on the proposal to be prepared by the team. The members of the panel should have experience, vision and knowledge as this relates to the agricultural sector and the regions of the Americas. They would not represent regions or countries.

It also recommended adopting the following work schedule for performing this task:

PHASE 1

1. Hiring of people	2 weeks
2. Draft of the document – to be shared with the Executive Committee	May 25
3. Fine-tuned document for presentation to the Executive Committee	July 14-16
4. Document with observations of the Executive Committee included	July 30
5. Document shared with member countries	July 30
6. Feedback received from member countries	August 30
7. Feedback incorporated into the document	September 7
8. Final document sent to the IABA	September 9

The Advisory Commission further recommended that the Director General provide the members of the team and the Steering Committee with relevant information on the work to be accomplished, especially, information pertaining to new initiatives being promoted by the Institute, as well as the 2002-2009 Report of the Administration.

The Strategic Framework will be submitted to the Executive Committee for consideration at its Twenty-ninth Regular Meeting, to be held from July 14-16, 2009 at IICA Headquarters, so that this governing body of IICA may decide on the course of action for **Phase II**, which covers steps required in order to complete and approve the

Strategic Framework, a process in which the Director General-elect should participate actively¹.

It was also recommended that the Administration explore the PAHO/WHO model in terms of how it operates and its relevance to the work of IICA and the FAO. The Commission further recommended that the team take into consideration the document IICA will prepare on the WHO/PAHO model as a potential strategic partnership.

The Steering Committee will forward to the Director General, as soon as possible, the estimated budget required for preparing the Strategic Framework.

4. Regarding the System for Determining the Salary of the Director General

At the suggestion of the Director General, the SACMI decided to discuss this matter in closed session. Pursuant to that decision, the Director General and all other IICA staff members, except for the Director of Human Resources, a specialist from her office, and the Legal Advisor, were excluded from the meeting room.

After hearing the report of the ARC, members of the SACMI expressed doubts about the methodology employed by the consultant, including the failure to include the cost of financing the Director General's pension in the calculation of the Director General's total remuneration, for purposes of comparison with officials of similar rank in similar organizations. Members of the SACMI noted that this omission gave cause for concern because the consultant had included the annual cost of financing the pension in the total remuneration of other such officials but not that of the Director General. Members of the SACMI also raised questions about the validity of including in the analysis the value of the educational allowance, since it varied substantially in accordance with the personal situation of the respective official. One delegation recommended that in order to avoid a cascading impact on the compensation of other Institute officials, it would be wise to include any approved increase in the compensation of the Director General in his/her basic salary and not in other emoluments included in his pay package.

The SACMI made several decisions: (i) it concluded that it could not make a final recommendation regarding the need for an adjustment in the Director General's remuneration at this meeting due to the serious flaws identified by SACMI members in the reports presented for its review; (ii) it asked the Director of Human Resources to distribute to SACMI members a copy of the full report from the consultant; (iii) it also asked the Director of Human Resources to have the consultant adjust that report in light of the observations raised by the SACMI Members and, in particular, that it be sure to include the cost of financing the Director General's pension amortized for each

¹ The Advisory Commission suggested that the version of the Strategic Framework produced in phase II should be reviewed by the Advisory Commission at its regular meeting in 2010 and that the IABA give the Executive Committee authority, at its Fifteenth Regular Meeting to be held in Jamaica in October of 2009, to approve the Strategic Framework at its Thirtieth Regular Meeting, to be held in the first half of 2010.

of the years he or she is in office as an integral part of the remuneration; (iv) it also asked the ARC to modify its report and recommendations based on the revised consultant's report; and (v) it decided to leave to the Director General's discretion the decision as to whether to convoke a special meeting of the SACMI to consider the revised reports in the event that they are presented prior to May 20, 2009, the deadline for the distribution of documents to the Executive Committee under its Rules of Procedure, or to leave the matter for consideration by the next Regular Meeting of the SACMI in 2010.

5. Regarding the recommendation on quota arrearages and the financial situation of the Institute

The Advisory Commission asked the Director General to: (i) send to the members of the Advisory Commission the Audited Financial Statements for 2008 as soon as possible, after the external auditors conclude the report; and (ii) update the report prepared in 2005 on the impact of the freeze of Member State quotas on the Institute's finances for the Twenty-ninth Regular Meeting of the Executive Committee.

6. Regarding the proposed 2010-2011 Program Budget

The Advisory Commission recommended: (i) supporting the Director General's proposed 2010-2011 Program Budget; (ii) that the Director General present an overall budget proposal to the Executive Committee at its Twenty-ninth Regular Meeting, which should include information on the origin and use of all resources (quotas, miscellaneous, external and INR resources) for inclusion in programming for 2010, including an analysis to support estimated increases in personnel and operating costs, as well as an explanation of the increase in miscellaneous income.

It further recommended that in the resolution for approval of the 2010-2011 Program Budget, the Executive Committee grant the Director General-elect the authority and necessary flexibility to make adjustments in the allocation of funds to tailor the budget for 2010 to new priorities.

7. Regarding Food Security

The Advisory Commission supported the efforts being made by the Institute to address strategic issues through a food security program and recommended: (i) that a position for an expert in food security to head the Program be included in the proposed 2010-2011 Program Budget; and (ii) that the Institute provide the Twenty-ninth Executive Committee with the following information: (a) a justification for creating the new post, (b) a description of the functions and responsibilities of that post, and (c) the performance indicators for any work accomplished by the Institute in food security.

The Advisory Commission further recommended that in designing and executing activities in the area of food security, the General Directorate take into account work being carried out by the FAO, ECLAC and the WFP in this field and that this should be reflected in the performance indicators of IICA's food security program.

APPENDIX 1

Summary of the report of the Director General on the main achievements during the two terms of his Administration

The Director General mentioned that in recent years IICA, had been working hard to support the countries' efforts to reduce vulnerability in relation to food supply and develop the capabilities needed to provide the population with sufficient food. For that reason, the Institute had made food security a linchpin of its cooperation policy. He pointed up the need for a new, global approach to agriculture and the rural world, and for a new development model that offered real possibilities of effectively combating hunger, malnutrition and poverty.

He emphasized that agriculture was required to perform a new, more strategic role in development to meet the environmental, social and other challenges related to food security. IICA stood ready to support the efforts of its Member States to solve key problems such as the ones mentioned, because in recent years the Institute had become a more effective organization.

Next, he referred to the process of modernizing and renewing IICA over the previous eight years, thanks to which it had been possible to provide more effective technical cooperation services to the Member States. He added that the key to this had been the implementation of a new model of technical cooperation, based on participation, accountability, transparency and consultation. An important component of the model had been the preparation of national technical cooperation agendas, which had made it possible to respond to the specific technical cooperation needs and priorities of the countries.

The Director General then listed other outstanding results of his Administration, such as the formulation of the AGRO 2003-2015 Plan, the development of a methodology to gauge agriculture's true contribution to national economies, the implementation of an assessment of the Institute's technical expertise, the expansion of relations with the private sector, increased horizontal cooperation actions, the support provided for the modernization of ministries of agriculture, the promotion of a new corporate image and the implementation of institutional programs aimed at promoting, among other things, organic agriculture, bioenergy, biotechnology and biosafety, agricultural insurance and agrotourism.

As a result of concrete actions that the Administration had implemented in cooperation with its governing bodies, it had been possible to reduce the quota contributions owed to the Institute from US\$13.5 million in 2002 to US\$2.2 millions by the end of 2008. All the Member States were now in regular status with the payment of their quotas, the best financial situation in which IICA had found itself since 1986.

The Director General listed the elements of the transformation process: (i) the new technical cooperation model, (ii) the new organizational structure, (iii) the strengthening of IICA's capabilities, (iv) the human resource management policy, and, (v) the implementation of new procedures. He explained the technical cooperation model and its components, and how the model was being applied at the institutional and country levels. He also mentioned the progress made in strengthening the Institute's technical capabilities, highlighting: (i) the reorganization of technical cooperation services and, (ii) the implementation of new programs in priority areas such as trade and agribusiness, organic agriculture, agricultural insurance, agrotourism and rural tourism, agroenergy and biofuels.

He also explained the improvements in relations with the private sector and the corresponding cooperation work, the advances in horizontal cooperation and the contribution to the modernization of the ministries of agriculture of several Member States. He mentioned the work in support of the regional integration bodies in Central America, the Caribbean and the Southern Cone.

Another important action was the implementation of a new, simpler and more efficient horizontal institutional structure, which had involved creating several directorates. These were Performance Management and Evaluation; Follow-up to the Summit of the Americas Process; Regional Operations and Integration; Strategic Partnerships; and Technical Leadership and Knowledge Management. An IICA Office had been established in Miami, from which the Program for Trade, Agribusiness and Food Safety was coordinated, and the Center for Leadership in Agriculture had been set up//. The Director General also mentioned the office improvement plans and the protocol for transferring responsibilities in the Institute's Offices in the Member States from the outgoing to the incoming Representatives. In addition, he described the efforts to strengthen communication with the Member States and the achievements in projecting IICA's image.

The Director General then said that another important achievement of his Administration had been the expansion and strengthening of strategic partnerships with various regional and international organizations, such as the OAS, FAO, the IDB, PAHO, ECLAC, CATIE, the World Bank and CIRAD, and with several universities in the United States (Harvard, Florida International, Cornell universities, etc.). He then mentioned cooperation with the governments of France and Spain and other states that were not members of IICA. He emphasized the importance of IICA Day at the OAS, during which the Institute presented its annual report to that organization's Permanent Council.

With regard to the efforts to strengthen the Institute's finances, he explained the progress made in collecting quota arrearages and how IICA had increased the allocation of funds for priority technical cooperation programs and the renovation of IICA's Headquarters building, built in the 1970s. Other important matters he mentioned included the code of ethics, the Director General's awards for excellence, which recognized outstanding performance, and the efforts to train and update the knowledge and skills of personnel.

With regard to accountability, he explained that every year, IICA presented reports to the OAS and the Institute's governing bodies on the work carried out and the results achieved throughout the institution. Furthermore, in each country, the IICA Representative held an accountability event for the public and private sectors on the Institute's work in that area.

The Director General concluded his remarks by stating that his Administration's principal achievement had been to reposition the Institute. IICA was now recognized as a key component of the institutional framework of the Americas for development. As an organization, it had been renewed and was now equipped to tackle the challenges of the 21st century and meet the technical cooperation needs of its Member States in the areas of sustainable agricultural development, food security and rural prosperity.

He stressed that IICA had evolved during the two terms of his Administration (2002-2006 and 2006-2010). The Institute had been strengthened as an institution and had established a new relationship with the Member States. It was now better equipped to give its Member States the cooperation they required to tackle the challenges of today and those of tomorrow.

APPENDIX 2

DRAFT RESOLUTION NO. XXXX

MODIFICATION OF THE STATUTES OF THE SPECIAL ADVISORY COMMITTEE FOR MANAGEMENT ISSUES

THE EXECUTIVE COMMITTEE, at its Twenty-ninth Regular Meeting,

HAVING SEEN:

The Report of the 2008 Regular Meeting of the Special Advisory Committee for Management Issues, IICA/EC doc. XXXX,

CONSIDERING:

That the Inter-American Board of Agriculture (“IABA”), by way of Resolution IICA/IABA Res. 341 (IX-O/99), established and approved the Statutes for the Special Advisory Committee for Management Issues (“SACMI”), as a special committee for the purpose of facilitating dialogue on management and financial issues among the Member States and between the Member States and the Director General;

That Article IX of the SACMI Statutes provides that the duration of the Committee is for a period of two years, which may be renewed by the IABA;

That since 1999, the IABA has renewed and extended the duration of the SACMI three times, the last of which was in 2005, for a period of four years ending in 2010;

That throughout the course of its institutional life, the SACMI has served not only as a forum legally constituted for the exchange of ideas on administrative and financial matters, but also, in the practice, as a forum for the discussion of strategic initiatives;

That the work of the SACMI has facilitated the decision-making process for the Executive Committee, the IADB, and the Director General;

That in light of the success and value of the SACMI recognized by IICA’s Member States and the Director General, the SACMI has recommended the modification of its Statutes for the purpose of converting it into a permanent special committee of the Executive Committee, under Article 60 of the Executive Committee’s Rules of Procedure, and formally extending its competence so as to include strategic issues;

That in accordance with article 10.2 of the SACMI Statutes, the Executive Committee has the authority to modify those Statutes,

RESOLVES:

1. To adopt the modifications of the SACMI Statute included in the document annexed to this Resolution.
2. To instruct the Director General to submit a copy of this Resolution to the next Regular Meeting of the IABA for its information.

APPENDIX 3

PROVISIONAL SCHEDULE

SACMI REGULAR MEETING
April 1-2, 2009

Tuesday March 31	Participants welcomed at airport and transported to hotel	
Wednesday April 1		
08:30 – 08:45	• Welcome and introductory remarks	Director General
08:45 – 09:00	• Adoption of Provisional Schedule	Members of SACMI
09:00 – 09:30	• 2008 Annual Report	Christopher Hansen
09:30 – 10:00	• Director General’s report on contributions of SACMI during the administration from 2002-2008	Director General
10:00 – 10:30	<i>Refreshments</i>	
10:30 – 11:00	• Report on the status of the recommendations of the external assessment of technical expertise at IICA	James French
11:00 – 11:30	• Discussion of the recommendations of the external assessment	Members of SACMI/ IICA staff members
11:30 – 12:00	• Report of the Steering Committee	Victor Villalobos
12:00 – 14:00	<i>Lunch</i>	
14:00 – 15:00	• Presentation of the proposal for preparation of the guiding framework for the Institute	Members of SACMI/ IICA staff members
15:00 – 15:30	• Discussion of the proposal	Members of SACMI/ IICA staff members
15:30 – 16:00	<i>Refreshments</i>	
16:00 – 17:00	• Report on progress with the organization of the Twenty-ninth Regular Meeting of the Executive Committee and Provisional Agenda for the meeting, and progress with the organization of the Fifth Ministerial Meeting and the Fifteenth Regular Meeting of the IABA	Fernando Del Risco/Bernardo Badani
17:00 – 18:00	ARC Report on the system for determining the salary of the next Director General of IICA	Member of the ARC
18:00 – 20:00	• Reception	
20:10	• Participants return to hotel	

Thursday April 2

08:30 – 09:00	<ul style="list-style-type: none">● Presentation of report on the Institute’s financial situation and on progress in and results of applying measures for collecting quotas owed by the Member States Karen Kleinheinz	Karen Kleinheinz
09:00 – 09:30	<ul style="list-style-type: none">● Comments from members of SACMI on the Institute’s financial situation	Members of SACMI/ IICA staff members
09:30 – 10:00	<ul style="list-style-type: none">● Proposed 2010-2011 Regular Program Budget	Francisco Barea/ Yanko Goic
10:00 – 10:30	<i>Refreshments</i>	
10:30 – 11:00	<ul style="list-style-type: none">● Discussion of the Proposed 2010-2011 Regular Program Budget and summary of recommendations to be presented to the Executive Committee at its Twenty-ninth Regular Meeting OF THE Executive Committee	Members of SACMI/ IICA staff members
11:00 – 12:00	<ul style="list-style-type: none">● Rapporteur, with support from the Secretariat, begins preparation of the report of the 2009 Regular Meeting of the SACMI	Technical Secretariat
12:00 – 14:00	<i>Lunch</i>	
14:00 – 16:00	<ul style="list-style-type: none">● Final phase of preparation and translation of report of the meeting	Technical Secretariat
16:00 – 16:15	<ul style="list-style-type: none">● Reading of the report	Technical Secretariat
16:15 – 17:00	<ul style="list-style-type: none">● Close of the meeting<ul style="list-style-type: none">- Closing remarks from the chair of the meeting- Closing remarks from the Director General	
17:10	<ul style="list-style-type: none">● Participants return to hotel	

Friday April 3

- Members of the Advisory Commission return to their respective countries

APPENDIX 4

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