



EXECUTIVE COMMITTEE

THIRTY-THIRD REGULAR MEETING OF THE EXECUTIVE COMMITTEE

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REPORT OF THE 2013 REGULAR MEETING OF THE SPECIAL ADVISORY COMMISSION ON MANAGEMENT ISSUES (SACMI)

México D. F., México
17 - 18 June, 2013



**Special Advisory Commission on
Management Issues (SACMI)**

**Report of the 2013 Regular Meeting of the Special Advisory
Commission on Management Issues (SACMI)**

San Jose, Costa Rica
April 25, 2013

I. Introduction

The Special Advisory Commission on Management Issues (SACMI) is a permanent commission whose purpose is to facilitate more regular discussion between the Director General and the Member States on administrative and strategic 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).

1.1. 2013 Regular Meeting of SACMI

In compliance with its Statute and Rules of Procedure, the SACMI met on April 25, 2013 at 09:45 hours, at the Headquarters of the Inter-American Institute for Cooperation on Agriculture (IICA) in Coronado, San Jose, Costa Rica.

1.2. Participants in the 2013 Regular Meeting

The members of the SACMI designated by Argentina, Bahamas, Bolivia, Brazil, Canada (which participated by videoconference), Mexico, Panama and the United States of America attended the meeting. A list of participants is included as Annex 1.

II. Points of Consensus

2.1. Message of the Director General

The Director General began his presentation by thanking the delegations for attending the meeting of the SACMI. He then pointed out that the Administration had a responsibility to preserve IICA's prestige, continuously improve its performance in the delivery of technical cooperation and respond to the interests and priorities of its 34 Member States, despite the budgetary constraints it had had to face.

He reported that the new Administration in Mexico had expressed its willingness to strengthen its relations with the countries of the hemisphere, and also to support the candidacy of the current Director General for a second term at the helm of IICA. On this matter, he guaranteed the neutrality of the Institute's organization in the election process, which would culminate with the meeting of the Inter-American Board of Agriculture (IABA) in September 2013. He also emphasized the importance of the SACMI's role in the Administration's process of accountability to the Institute's governing bodies.

The Director General expressed his peace of mind and satisfaction at the results achieved under his Administration, as reflected in the reports that had been submitted annually to government bodies and senior authorities in each country. He considered that, thanks to these efforts, support and confidence in IICA had grown, as shown by the demands for support that the Institute had received from the countries through national, hemispheric and global institutions.

The Director General continued by reminding delegates that his Administration had set itself four objectives, which may be summarized as follows: improving productivity, inclusion, sustainability and food security. In order to achieve those goals, IICA had focused on supporting

countries in the areas of institutional modernization, formulation of development policies and strategies, capacity building, and efforts to promote agribusiness, as well as sustainable development and food security.

He emphasized the importance of innovation to meet the challenges facing agriculture in the 21st century and referred to a number of results, thanks to which IICA had gained credibility and support, such as:

- The management of over 300 projects with strategic partners, including FAO, ECLAC, the WTO, the Government of Finland, GIZ (Germany), CIDA (Canada), international research centers of the CGIAR system and numerous universities.
- The modernization of animal and plant health and food safety services in 29 Member States and support for their participation in global and hemispheric bodies of the WTO and Codex Alimentarius.
- The support provided by the Institute to countries in the areas of biotechnology and biosafety.
- The implementation of 76 projects, networks and consortia for technological innovation, with 430 scientists and technical officers.
- Capacity building with more than 1400 public and private actors to promote the integrated management of rural territories in the Dominican Republic and Central America (through ECADERT) and in Brazil, Uruguay and Paraguay, as well as the progress achieved with regard to social inclusion, particularly of young people and women in the context of family agriculture. One example is the model developed by IICA in El Salvador in the areas of agricultural innovation, production, marketing and associative enterprises.
- The promotion of agribusiness and strengthening of business capabilities to foster more trade and the retention of value.
- The consensus reached at the 42nd General Assembly of the OAS (Bolivia) on the importance of food security as a right of all people.
- Improvement of food security in Haiti with support from Canada and Argentina.
- Inclusion of the issue of climate change in the agendas of the Ministries of Agriculture and Environment of Mexico, Costa Rica, Uruguay, Ecuador and Dominican Republic, as well as water and soil management in Belize, Honduras, Ecuador, Argentina, Brazil, Paraguay and Uruguay.
- The awarding of postgraduate scholarships for agricultural and rural studies by Mexico's National Council of Science and Technology, which had already benefited 34 students and would enable another 45 to begin their studies this summer.

- Improved management of projects and institutional activities, thanks to the implementation of the SAP financial administration platform in 97% of the Offices.

The Director General mentioned that emphasis had been placed on innovative approaches to managing technical cooperation, such as the Competitive Fund for Technical Cooperation, created in 2011, which had so far provided funding totaling nearly USD2.7 million for 33 projects that benefit 32 member countries. He asked the SACMI to support him in strengthening that instrument within the Institute's regulatory framework.

He pointed out, however, that the Institute was still not taking full advantage of information and communication technologies (ICT) as tools for improving the performance of the agricultural sector, including access to markets.

While recognizing that the member countries faced fiscal constraints, he said his Administration would nevertheless continue making efforts to reverse the freezing of quotas, which was justified by the Institute's work in support of agriculture and rural development, as confirmed in the reports issued by internal and external oversight bodies.

The Director General thanked the countries for their expressions of confidence and support for the administrative strategies adopted and the results achieved, which was reflected in the timely payment of quotas and in the suggestions offered by several countries regarding new ways of contributing. He added that the Proposed Program Budget, the analysis of which would begin during the meeting of the SACMI and would continue through to the IABA meeting to be held in Argentina, would be adjusted to the terms that the countries thought best.

The Director General concluded by referring delegates to the Institute's report for 2012, which contained further details of IICA's achievements.

2.2 Strengthening corporate management

▪ Progress and results of the strategy to strengthen IICA's corporate management in 2012

The Secretary of Corporate Services, Mr. Carlos O'Farrill, referred to the three strategic guidelines defined by the Director General for corporate management: a) strengthening the provision of technical cooperation services to Member States, as the Institute's main function; b) establishing a policy of continuous improvement in corporate processes aimed at promoting economies of scale and increased efficiency in the delivery of technical cooperation; and, c) promoting close coordination between corporate and technical cooperation services in order to add value throughout the cooperation chain.

Mr. O'Farrill then proceeded to enumerate fifteen of the main outcomes of the institutional strategy to strengthen IICA's corporate management, including the following:

- Greater efficiency in executing processes, generating economies of scale (achievements of the Continuous Improvement Program)

- Execution of institutional resources based on criteria of austerity, rationality, equity, discipline and transparency
- Increased efficiency in the institution's financial administration (SAP, 4 pillar assessments, etc.)
- Results-oriented work to improve efficiency in the use of institutional resources
- Increased in the value of outputs produced for the Member States
- Renegotiation of all contracts to secure better terms and conditions
- Renegotiation of institutional insurance plans
- Strategy for consolidated purchases
- Renewal of vehicles in poor condition and reduction of maintenance costs
- Premises for two IICA country offices given by the respective governments in usufruct, and improvements in others
- Reductions in travel and per diem costs
- Allocation of electronic communications equipment
- Implementation of the SAP System
- Design and operation of RedCA
- Updating of the individual evaluation process

▪ **Report on the collection of quota contributions**

The Secretary of Corporate Services compared the situation of quota contributions from the Member States during the period 2010-2012 with the situation in 2003. The number of Member States in arrears had fallen from 12 (in 2003) to 0 and 2 in 2010 and 2012, respectively. The number of countries in regular or up-to-date status had remained at between 31 and 33 in recent years, whereas in 2003 it had been 22. However, he explained that in 2012 fewer Member States had been up-to-date with their payments in comparison with the two previous years.

▪ **Proposed 2014-2015 Program-Budget**

The Secretary of Corporate Services began his presentation of the Proposed 2014-2015 Program Budget by describing the evolution of the Regular Fund between 1995 and 2013.

He reported that during the period 1995-2013 the Regular Fund had basically remained constant in nominal terms, without increases in quota contributions. He explained that some extraordinary revenues had been obtained through the recovery of quota payments from previous years, as well as additional contributions received from Argentina, El Salvador, Guatemala, Guyana, Mexico, Panama, Paraguay and Uruguay, and special contributions made by Argentina, Mexico and the United States of America. In real terms, the Regular Fund had decreased substantially. He added that inflation had eroded the Institute's financial capacity by more than 40% during the period analyzed.

He explained that, faced with this situation, the Proposed 2014-2015 Program Budget called for a 5% increase in the nominal quota, in order to maintain the real value of the Regular Fund in 2013. The budget had been prepared based on the Medium Term Plan (MTP) for the 2010-2014 period, even though implementation of a new MTP for 2014-2018 would begin in 2014.

He explained that the basis for the 2014 Program Budget included an estimate of the Regular Fund's loss of purchasing power of 4.1% annually. An adjustment of the salary scales for local and international personnel had also been included, to compensate for the effects of inflation and variations in the exchange rate of some currencies. He emphasized that in 2014, 90% of the Regular Fund resources would be used to cover the costs of technical cooperation. He outlined the evolution of personnel costs over recent years, which had tended to grow in nominal terms, particularly in the case of local staff.

He also reported that the budget proposal considered several factors designed to reduce the pressure on the Regular Fund, such as maintaining the same number of international and national professionals, eliminating 14 positions for general services staff, rationalizing spending on international travel, continuing to replace printed publications with electronic publications, reducing investment in equipment and infrastructure, and reducing the costs of materials, services, supplies and maintenance.

The Secretary of Corporate Services explained that, thanks to the institutional management strategy implemented by the current Administration, it had been possible to maintain the Institute's operational viability, mitigate the effects of the fall in the real value of the Regular Fund, cope with the lack of alternative financial sources that had been available in the past, improve the Institutional Net Rate (INR) policy, develop improved capabilities for financial administration and, in general, retain the institution's capacity to respond to the needs of its Member States.

Finally, he stressed that there was a limit to the institution's financial flexibility and that at a certain point, the cutting of costs would affect the provision of technical cooperation and institutional operations.

As an outcome of the discussion, members of the SACMI consulted the Administration on the following aspects:

- The impact of the increase in the INR on the Regular Fund, and determination of its effect on savings and other tangible benefits achieved by increasing the rate.
- Quantitative results of the increased efficiency in the Institute's operations and its adherence to the principles of transparency and austerity; as examples they cited various types of savings: reductions in travel, electronic publications and increased use of the institutional platform.
- Reflect in the reports to be presented to the Institute's Governing Bodies (Executive Committee and Inter-American Board of Agriculture-IABA) the results of technical cooperation and establish the results of implementing the MTP.
- Make clear in the documents of the 2014-2015 Program Budget that since this was a period of transition between two administrations, the budget was consistent with the current MTP and would also need to be made consistent with the new MTP to be defined. Also, announce the process through which the next MTP would be prepared.
- Actively involve Member States in the evaluation process of the 2010-2014 MTP and in the formulation of the new 2014-2018 MTP.

The Secretary of Corporate Services explained that INR resources did not form part of the Regular Fund, which was made up of quota contributions from the Member States and miscellaneous income. He added that the information on income from INR resources had been presented in order to show the expectations for securing external resources, as the income from that fund could not be determined with any certainty because it depended on the signing and execution of agreements with that type of financing. He also explained that those revenues were used to cover indirect costs associated with the management of externally funded projects, mainly to:

- Strengthen complementary structures in the Offices of Member States that administer external funds;
- Strengthen the complementary structure at IICA Headquarters to ensure the transparent execution of external resources, which account for 80% of the total resources administered by IICA; and,
- Cover general costs, such as those related to the SAP information system, external audits, etc.

The Secretary of Corporate Services added that the increase in INR revenues had made it possible to charge to that fund costs that in the past had been subsidized by the Regular Fund, thereby increasing the availability of the latter's resources. He explained that the effective INR rate had not yet reached 8%, due to the existence of agreements signed prior to setting the new policy, which would be in effect for several years. Therefore, reaching the expected rate would be a gradual process.

The Secretary of Corporate Services explained that the budget presented was based on the 2010-2014 MTP, and that the budget for 2014 would be subject to adjustments in line with the new MTP, and was therefore consistent with a period of transition. He also explained that for the year 2015 only income was presented, since the remaining details would have to be based on the new 2014-2018 Medium Term Plan.

The Director General explained that the gradual benefits accruing from the increase in the INR rate would be reflected in a better and more efficient operation of the programs and in the execution of technical cooperation projects. He added that previously, expenses not covered by the INR had eroded the Regular Fund and that drafting a proposal entailed travel expenses and per diem allowances, which affected the Regular Fund. He said the increase in the rate would give the Institute greater flexibility, enabling it to provide better services to countries, with more flexible and timely responses to the needs of Member States. He also mentioned the importance that Member States participate in the following processes: a) evaluation of the 2010-2014 MTP, b) preparation and approval of the new 2014-2018 MTP, and c) approval of the 2014-2015 Program-Budget.

Finally, the Director General reported that progress has been made with the Government of Argentina in organizing of the Meeting of Ministers of Agriculture of the America 2013 and the Seventeenth Regular Meeting of the IABA, whose theme would be water. He explained that a plan was available that included a document on water and agriculture that was being prepared. He added that the institution was awaiting instructions to address the issue, which was vital for the future of agriculture, so that it was reflected in the 2014-2018 MTP.

▪ **Report on the status of budget execution**

The Director of the Programming, Budgeting and Control Division showed the evolution of the Regular Fund, made up of quota contributions and miscellaneous income, which in real terms had resulted in a 40% reduction in IICA's purchasing power with respect to 1995.

Among the causes of that decline he mentioned the fact that quotas had remained frozen since that year, in a context characterized by increased demand for technical cooperation, the fall in the purchasing power of the United States dollar, the appreciation of other currencies, the impact of inflationary processes and a reduction in the levels of miscellaneous income since 2006. He pointed out that the additional income previously obtained from the recovery of quota arrears was no longer available.

To address the situation, IICA had resorted to the elimination of staff positions and made adjustments to operating costs in the 2012-2013 Program Budget. It had also reallocated resources to different uses, giving priority to the provision of technical cooperation services, fulfilling the mandates of the Governing Bodies and responding to the needs of the Member States. In addition, it had rationalized spending and adopted austerity and equity measures that had resulted in savings with the lowest possible impact on technical cooperation services. He added that, in order to cover an accumulated deficit during the 2012-2013 biennium, a Program Budget had been approved at the IABA meeting held in 2011 that included the elimination of five international professional personnel positions, six local professional personnel positions and five general services positions, together with an 11.2% cut in operating costs.

In order to mitigate any adverse effects on technical cooperation, between 2009 and 2013 IICA had approved a 6% increase in the allocation of resources to its Offices, which were focal points for the provision of technical cooperation to Member States at the local, regional and hemispheric levels. He explained that during that period the execution of Regular Fund resources had been increased by 88% to finance technical events, which were a key tool for cooperation. He also mentioned that resources for contracting consultants had been increased, with the advantage that they did not entail labor obligations and allowed for greater flexibility in responding to the needs of member countries.

The Director of the Programming, Budgeting and Control Division added that the Institute had managed to reduce the amount allocated to pay for office rentals (-3.8% in 2012 with respect to 2011) and that during the 2009-2012 period significant savings had been achieved in relation to insurance (-13.6%), official hospitality (-59.8%), travel (-14%), public utilities (-10%) and documents, materials and supplies (-21%).

In conclusion, he emphasized that a major effort had been made to maintain institutional management at an appropriate level to meet the needs of the countries, but with a reduced margin for taking measures to address the financial situation. For that reason, the 2014-2015 Program Budget included a 4.1% increase in the Regular Fund (5% of quotas), in order to avoid further staff cuts and recover sufficient operating capacity to maintain the provision of technical cooperation services with efficacy and quality.

The Director General thanked the Director of the Programming, Budgeting and Control Division for his presentation and invited delegates to share their comments and recommendations, which are summarized below:

- The delegates welcomed the level of detail provided in the presentation of IICA's financial and budget report, which they considered useful for justifying the allocation of IICA's budget in dealings with the relevant government institutions. They expressed satisfaction at the efforts made by IICA to improve its administrative processes and acknowledged the difficulties created by the freezing of quotas.
- The representatives of Canada and the United States of America both commented that their respective governments had a policy of zero nominal quota increases.
- The delegates called on IICA to adopt an institutional structure consistent with the available resources and to work together to find other ways of making savings.

The Director General appreciated the position of the governments of the United States and Canada, and considered it important to continue discussing this matter. He added that IICA would continue reinforcing its technical cooperation and reducing all costs not related to the objectives for which it had been created. He then requested the backing of the countries in identifying financing mechanisms and negotiating increases in resources.

The Deputy Director General said he understood that the fiscal situation was affecting governments. He pointed out that, in addition to direct budget allocations, the countries had other mechanisms aimed at providing cooperation funds, such as the United States' AID and Canada's CIDA. He requested the delegates' cooperation in identifying mechanisms of those kinds, as well as those available in international financial institutions.

As part of the process of continuous improvement implemented by the Secretariat of Corporate Services, three clear examples were presented in which quantifiable benefits had been obtained. They had led to administrative improvements in management and had added value to the implementation of technical cooperation projects.

▪ **SAP Financial Information System**

The Director of the Financial Management Division gave details of the progress achieved with the adoption of the SAP Financial Information System. She explained that the Institute needed a standardized financial/accounting administration system that was modular, scalable, integrated, technologically modern and compatible, timely, reliable, and secure, and that covered all the Offices. The SAP (Systems, Applications and Products) met all those requirements. A software program with an excellent reputation worldwide, it offered integrated solutions and incorporated the best administrative practices.

The Director described the main differences and advantages of the SAP over previous systems, and explained how it integrated processes into a single system that encompassed the budget, management of externally funded projects, purchasing and asset control, travel management, accounting, treasury, general ledger, reports, and consultations.

She pointed out that the process of implementing the SAP got under way in 2007 and the goal was for all of IICA's Offices to be using the system by the end of 2013. The IICA Offices in Brazil and Argentina were the only ones that had yet to be integrated into the system.

The Director remarked that the principal benefits of the SAP were as follows: a) every IICA Unit and Office would operate the program in real time; b) all alternate other computer-based systems would be eliminated; c) the system would be accessed via a virtual private network, with a data hosting service that complied with international security and data backup standards; d) less risk of errors; e) faster response times; and, f) up-to-date and consistent financial and budgetary information.

She mentioned that the SAP also made it possible to have more trained personnel operating the platform in line with established standards and procedures, thereby strengthening budgetary planning, promoting the culture of monitoring the results of budget execution, making it possible to develop financial strategies keyed to the structure of new projects, enabling technical and administrative staff to work together more closely, and generating better information for decision-making. Thanks to these benefits, administrative and financial processes would make a bigger contribution to the delivery of technical cooperation on behalf of the Member States.

The Director General added that the system also permitted an additional response to consultations regarding the use of resources generated by the increase in the INR. He informed the meeting that the Institute had invested in training and visits by staff members to share their knowledge during the implementation of the SAP. As the staff was not yet fully conversant with the application of the system, further skills development would be needed in the future.

▪ **Process for the improvement (reengineering) of Human Talent Management**

The Director of the Human Talent Management Division, Linda Landry, pointed out that continuous improvement within organizations necessarily called for continuous improvement in human resource management, and proceeded to share the preliminary results of the process with the members of the SACMI.

She explained that that the Division's mission was to answer IICA's strategic needs in five key areas: meet the needs of the staff, taking into consideration the institutional requirements and limits; promote a harmonious work environment in which members of staff were able to maximize their competencies; foster a process of continuous learning; ensure the availability of competent personnel; and conduct an effective process of performance evaluation.

The Director pointed out that an analysis of her Division's current processes had revealed that the personnel devoted only 2% of their time to strategic planning, 22% to providing services to their clients, and 76% to administrative tasks, paperwork, and data management. The aim of the

transformation process was to correct that situation gradually, until the percentages were 60% of time devoted to the delivery of services, 20% to strategic planning, and the other 20% to paperwork, for which digital and self-service mechanisms would be strengthened.

She then mentioned the four parallel areas that had to be improved: the organizational structure; roles and skills; communication; and processes and systems. She cited as an example the change in performance evaluation, which had reduced the time required to complete the process by more than 60%, promoted a culture of continuous improvement, and made it possible to obtain strategic information for the management of human talent, among other advantages.

In this regard, she mentioned other achievements in the management of human talent. First, she referred to the mapping of nine human resource processes that had made it possible to reduce control spans and carry out a systematic process of planning. Other improvements were the redesign of the structure to create a matrix organization, the establishment of quality indicators, the implementation of a corporate training program, the formulation of a user-oriented communication strategy, video training in specific processes, and the development of technology-based tools to reduce the time required to process data.

The Director General added that human resources were the Institute's chief resource. He informed the meeting that originally IICA had intended to hire a consulting company to conduct the process of improving human talent management. Given the high costs involved, however, IICA had opted for a broad consultation of the staff and the development of specific measures for the organization. He pledged that by the time he left office the Institute would have a modern, functional Human Talent Management Division, thanks to the implementation of an efficient cost-benefit process.

After discussing the presentation, the members of the SACMI, the Director General and the IICA officials taking part in the meeting reached the following agreements:

- Consider the option of using the human resources module available in the SAP to share information for management purposes.
- Present to the Executive Committee and the Inter-American Board of Agriculture a proposal endorsing the Director General's efforts, to facilitate improvements in Human Talent Management in the case of certain processes and make them more functional for the Administration.

▪ **Administrative Knowledge Network (RedCA)**

The Head of the Services and Administrative Support Division, Ms. Laura Mora, gave a presentation on the development of the Administrative Knowledge Network (RedCA). She pointed out that the RedCA had been developed by a small in-house team, with zero marginal cost. The objectives of the RedCA were to integrate and complement administrative management; promote new management models that make administrative processes more efficient and competitive; make it possible to share knowledge of good practices, training material, proposals for improvement, documents, regulations, and news; and establish specific

thematic networks that help to create working teams and provide an opportunity for day-to-day interaction on administrative subjects.

She explained that the RedCA had a simple structure, was user friendly, employed several communication tools, and focused on four topics: human talent, budget, finance, and purchasing/hiring processes. The results expected from the RedCA included improvements in the quality and delivery of services, the establishment of a repository of knowledge, better integration of the team, and the optimization of administrative management to support the delivery of technical cooperation to the Member States.

III. Other business

3.1. The situation in Colombia

Mr. Héctor Iturbe explained the situation with respect to the Agro Ingreso Seguro (AIS) Program implemented under the administration of Colombian President Álvaro Uribe. IICA had supported one of the components of the program in 2007 and 2008.

In November 2009, news items had appeared in the press alleging that resources were being channeled to people who were not entitled to receive them (because of their income level, they were not eligible under the terms of the program). This had led the authorities to order administrative and criminal investigations of the Colombian government officials responsible for the AIS, in which IICA became embroiled.

In a related development, officials of the Ministry of Agriculture and Rural Development under the previous Administration sued the insurance company that guaranteed IICA's obligations under the agreement by way of a performance bond, seeking USD\$7 million in damages.

Mr. Iturbe reminded the meeting that Dr. Víctor Villalobos had inherited this situation when he took office in January 2010, and had begun negotiations with the Colombian authorities to prevent any claim from being made against the Institute.

Shortly thereafter, there was a change of government in Colombia and the Institute raised the matter again. However, the problem was not resolved as several legal proceedings and investigations related to the program were ongoing, including the one already mentioned involving the insurer.

In view of the situation, the General Directorate of the Institute had informed the ministers of developments during the Sixteenth Regular Meeting of the IABA, which decided to set up an ad hoc group comprised of one representative from each IICA region (Argentina, Bolivia, Costa Rica, Grenada and the United States) to provide follow-up, report back and, if necessary, meet with the Colombian authorities.

Mr. Iturbe noted that the insurer had not taken any legal action against the Institute, nor did it appear to be any closer to being able to do so.

On the other hand, two members of the ad hoc group had had to withdraw, and had recently been replaced. Advantage had been taken of the situation to request ratification of the other three members.

Recently, however, there had been a new development: Colombia's *Contraloría General de la República* [equivalent to the national governmental accounting office] had notified the Institute of its intention to link IICA to an investigation for alleged financial liability for resources of the Colombian State that had been misused. The sum involved was around US\$7.9 million, and was related to dissemination activities under the AIS program; each agreement with IICA had included dissemination as one of the activities.

The dissemination activities had been carried out by a single company with resources provided for the purpose by the Ministry of Agriculture and Rural Development, which had also been responsible for supervising implementation. However, the *Contraloría* took the view that IICA should not have awarded the contracts because the activities were not part of the science and technology actions, and because the costs were very high. Mr. Iturbe explained that, citing the above considerations, the *Contraloría* had decided, unilaterally and without the endorsement of the Ministry of Foreign Affairs, that the Institute had exceeded its remit, i.e., that the dissemination activities were not covered by the privileges and immunities enjoyed by IICA and the Institute, therefore, should be treated like any business or individual.

The Institute's advisers believed that the *Contraloría's* interpretation was neither valid nor in accordance with Colombian legislation or international law, and were of the opinion that: i) no cooperation activity implemented by the Institute could be considered as a private action; ii) the contracts had been awarded based on the legal and contractual considerations imposed by the Colombian State through the Ministry; iii) dissemination was a core component of science and technology actions, as a government agency called COLCIENCIAS acknowledged; and, iv) the amounts paid under the contracts were in line with the going market rate at the time.

The new legal proceedings were only just getting under way, and the Institute's defense would be supervised directly by the IICA Representative in Colombia. The lawyer had been instructed to take part in every stage of the proceedings, with no implicit renunciation of privileges and immunities. Mr. Iturbe added that, based on known practice, such suits for damages could take more than three years to be resolved.

If the Institute were ordered to pay the large sum involved, it would not be able to do so. Therefore, the most serious consequence would be that the *Contraloría* would place IICA on a list of entities liable for financial damages; no State entity would be able to sign agreements or contracts with the Institute or transfer financial resources to it. It was not clear whether that would include the country's quota to the Institute.

IICA's General Directorate was working closely and continuously with Colombia to find a solution to the conflict. Mr. Iturbe emphasized that the situation had not affected the technical collaboration provided to the Ministry of Agriculture, and senior officials at the ministry wished to see the situation resolved.

Finally, Mr. Iturbe recommended that the ad hoc group be reactivated and kept abreast of any new developments.

The Director General underscored the importance of the ad hoc group's support for the process, and added that, in spite of the situation, the Government of Colombia had paid its quota for 2013, for which the Institute had thanked it.

Following a discussion, it was proposed that a report be presented to the next meeting of the Executive Committee containing an analysis of the direct and indirect costs associated with this problem. Furthermore, it was suggested that information about developments be provided, along with details of the possible impact for IICA and other Member States.

3.2. Market Information Organization of the Americas (MIOA)

The Deputy Director General referred to the presentation on the MIOA and highlighted its capacity to disseminate information about markets and prices to both large and small farmers. He pointed out that the organization had been affected by the financial constraints faced by its member countries, so that options for resolving the situation needed to be identified.

The delegation of the United States of America offered its country's opinion about the MIOA, remarking that the organization needed to be more visible, so that the ministries understood the importance of developing information systems.

The Director General emphasized the benefits that the information system had provided to the countries. He added that the number of Caribbean countries that were members of the MIOA had risen from six to fifteen.

After discussing the matter, the meeting recommended drafting a resolution for the meeting of the Executive Committee, with a view to improving the partnership between IICA and the MIOA.

3.3. Meeting of Ministers of Agriculture of the Americas and Seventeenth Regular Meeting of the Inter-American Agriculture Board (IABA)

The Delegate of Argentina reported on the status of the organization of the Meeting of Ministers of Agriculture of the Americas 2013 and the Seventeenth Regular Meeting of the IABA, to be held in Buenos Aires, Argentina, from September 23-27. She then explained that the meeting would follow a format similar to that of the previous IABA, which had proven to be dynamic and useful for the ministerial dialogue. She gave details of the draft agenda and emphasized that it included the election of the Director General of IICA. She added that the theme of the ministerial meeting would be water in agriculture, with the participation of international panelists who would provide input for the ministerial dialogue on the subject.

Finally, she reported that a concept paper was being drafted, and explained that both that document and the draft declaration would be based on two basic premises: the scope and competencies of the ministries of agriculture, and consideration of the positions being adopted in other international forums.

The Director General pointed out that the Member States would be kept abreast of relevant aspects of the Meeting of Ministers. He added that the next regular meeting of the Executive

Committee, to be held in Mexico City from June 17-18, would be used as a preparatory meeting for the Meeting of Ministers and the IABA meeting.

3.4. Use of technological facilities for future meetings of the SACMI

The Delegate of Argentina urged the Director General to study the possibility of using technologies such as videoconferencing for future meetings of the SACMI.

IV. Close of the meeting

At 12:45 hours on April 25, 2013, after the SACMI had completed their review and discussion of the items on the agenda, the Director General thanked the members of the commission for their useful recommendations and contributions, and adjourned the meeting.

ANNEX

LIST OF PARTICIPANTS – SACMI 2013

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