



REPORT OF THE SIXTEENTH
REGULAR MEETING
OF THE EXECUTIVE COMMITTEE

San Jose, Costa Rica

26-28 June 1996

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WHAT IS IICA?

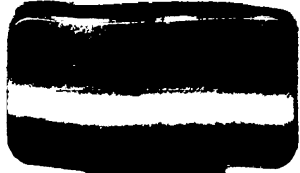
The Inter-American Institute for Cooperation on Agriculture (IICA) is the specialized agency for agriculture of the inter-American system.

As a hemispheric technical cooperation agency, IICA can be flexible and creative in responding to needs for technical cooperation in the countries, through its thirty-three Technical Cooperation Agencies, its five Regional Centers and Headquarters, which coordinate the implementation of strategies tailored to the needs of each Region.

The 1994-1998 Medium Term Plan (MTP) provides the strategic framework for orienting IICA's actions during this four-year period. Its general objective is to support the efforts of the Member States in achieving sustainable agricultural development, within the framework of hemispheric integration and as a contribution to human development in rural areas.

The Institute's work is aimed at making changes in agricultural production, trade and institutions and in the people who work in the sector, using an integrated and systemic approach to development, which is based on competitiveness, equity and solidarity as the key to achieving the sustainable development of agriculture and rural areas.

The Member States of IICA are: Antigua and Barbuda, Argentina, The Bahamas (Commonwealth of), Barbados, Belize, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Dominica, Dominican Republic, Ecuador, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago, the United States of America, Uruguay and Venezuela. Its Permanent Observers are: Arab Republic of Egypt, Austria, Belgium, European Communities, France, Germany, Hungary, Israel, Italy, Japan, Kingdom of the Netherlands, Portugal, Republic of Korea, Republic of Poland, Romania, Russian Federation and Spain.



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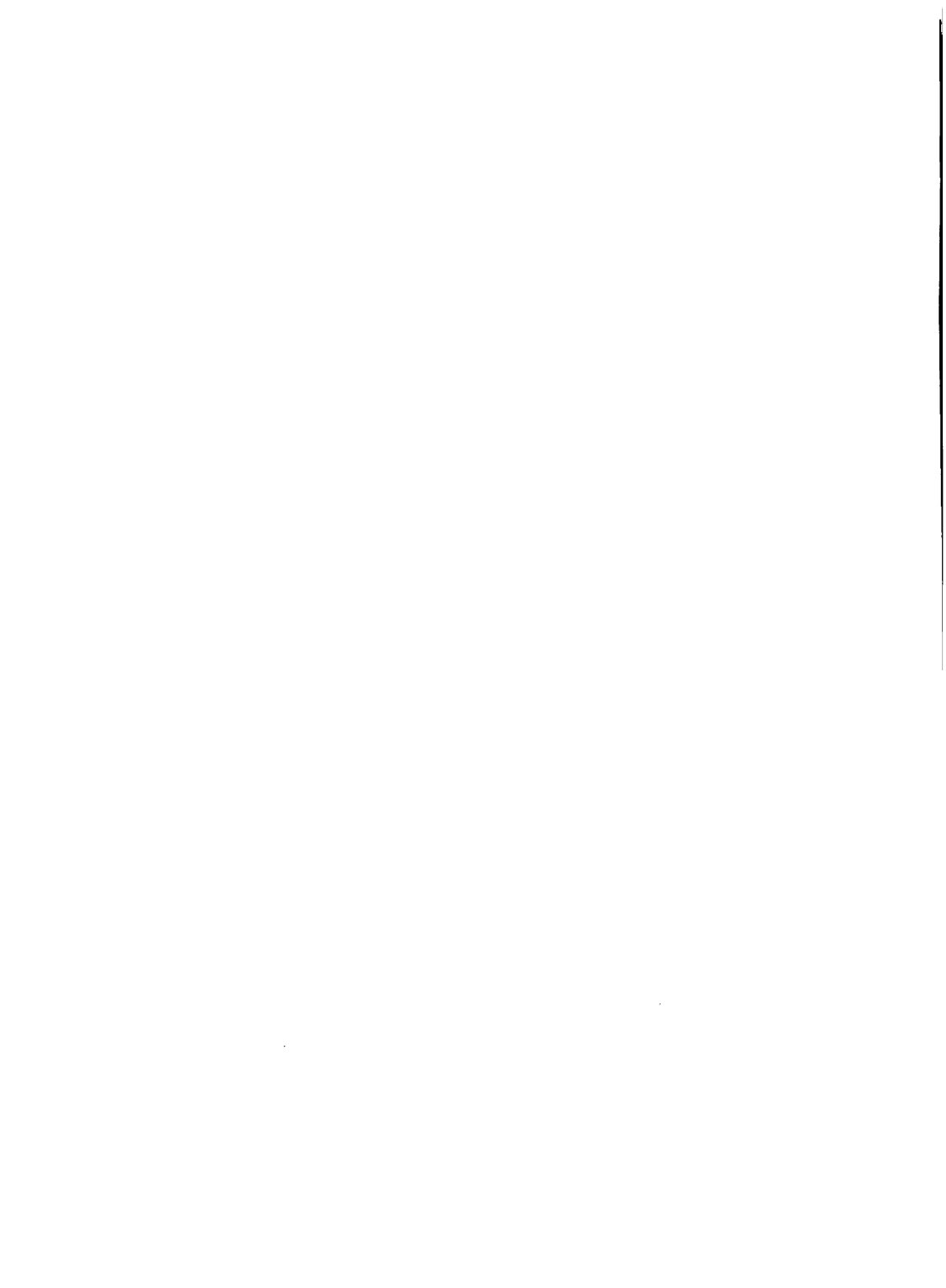
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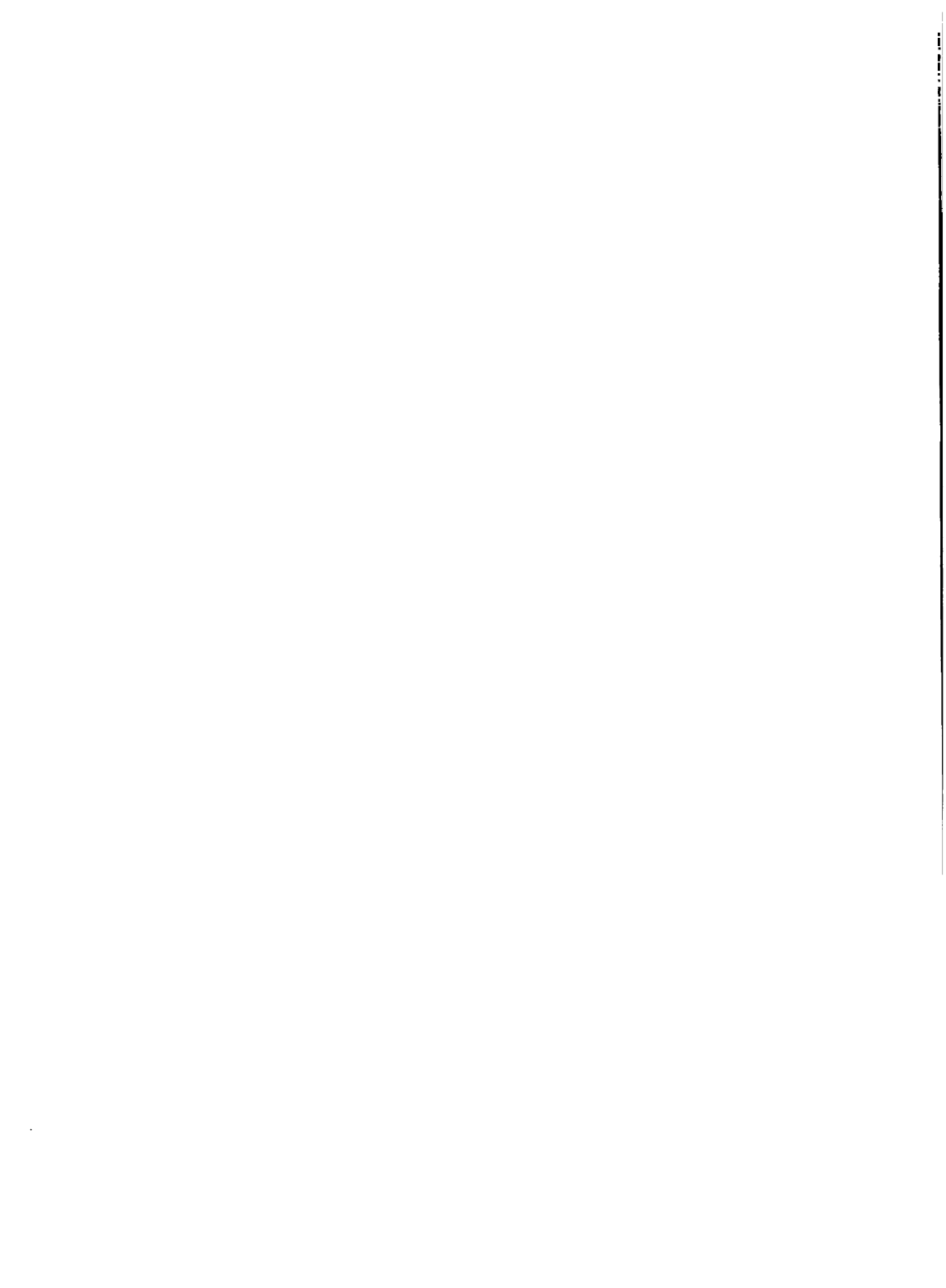
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**MINUTES OF THE SIXTEENTH REGULAR
MEETING OF THE EXECUTIVE COMMITTEE**



**MINUTES OF THE SIXTEENTH REGULAR MEETING
OF THE EXECUTIVE COMMITTEE OF THE
INTER-AMERICAN INSTITUTE FOR COOPERATION ON AGRICULTURE**

The Sixteenth Regular Meeting of the Executive Committee of the Inter-American Institute for Cooperation on Agriculture (IICA) was held in accordance with the provisions contained in the Rules of Procedure of the Executive Committee and Resolution IICA/CE/Res.250 (XV-0/95) of said Committee.

The 1996 Executive Committee was made up of the following countries: Argentina, Barbados, Bolivia, Grenada, Guatemala, Honduras, Nicaragua, Peru, Suriname, the United States of America, Uruguay and Venezuela.

PREPARATORY SESSION

- 0.1 The Preparatory Session of the Sixteenth Regular Meeting of the Executive Committee was called to order at 09:40 on June 26, 1996, in the United States/Canada Room at IICA Headquarters, chaired by the Representative of Costa Rica.
- 0.2 During this session, agreement was reached on the following items:
- 0.2.1 Election of the Chair and the Rapporteur
- The Committee elected Mr. Oscar Ponce Blanco, National Secretary of Agriculture and Livestock of Bolivia, as Chair of the Meeting.

Mr. Roberto Villeda, Adviser to the Minister of Natural Resources of Honduras, was proposed as Rapporteur, a motion which was approved. The Officers of the Meeting were:

| | |
|------------------------------|---------------------|
| Chair: | Oscar Ponce Blanco |
| Rapporteur: | Roberto Villeda |
| <u>Ex-officio</u> Secretary: | Carlos E. Aquino G. |

0.2.2 Agenda of the Meeting

The Agenda presented in document IICA/CE/Doc.298 (96) rev. was approved.

0.2.3 Membership of the Credentials Committee

The Representatives of Grenada, Nicaragua, Peru and Uruguay were appointed to make up the Credentials Committee.

0.2.4 Membership of the Style Committee

The Representatives of Venezuela and the United States of America were appointed to the Style Committee for the Spanish and English languages, respectively.

0.2.5 Working Committees

It was agreed to establish Working Committees as needed, depending on the items to be addressed.

0.2.6 Deadline for Submitting Proposals

Thursday, June 27 at 15:00 was set as the deadline for submitting proposals.

0.2.7 Duration of the Meeting

The Plenary agreed to hold the Closing Session of the meeting on Friday, June 28, at 16:00, in accordance with the proposal of the Technical Secretariat.

0.2.8 Order of Precedence of the Member States

In accordance with Article 36.A of the Rules of Procedure of the Executive Committee, the order of precedence was established beginning with Bolivia, the Member State elected to chair the meeting, thereafter following alphabetical order in Spanish.

0.2.9 The session was adjourned at 09:55.

INAUGURAL SESSION

0.3 The Inaugural Session of the Sixteenth Regular Meeting of the Executive Committee was called to order at 09:58 on June 26, 1996, in the United States/Canada Room at IICA Headquarters. The session was chaired by Mr. Oscar Ponce Blanco, Representative of Bolivia.

0.4 The Director General welcomed all those present. He called attention to the following functions of the Executive Committee: to provide an opportunity for the member countries to review the operations and

progress of the Institute's Medium-Term Plan, counsel the Director General on the countries' priorities for future actions under the Plan, and lay the groundwork for the next meeting of the Inter-American Board of Agriculture (IABA).

0.5 He emphasized the special significance of this year's meeting of the Executive Committee, which was reflected in the provisional agenda sent to the countries in advance of the meeting. He mentioned four areas of work: a) presentation of the progress made and the problems encountered during the past two years' activities; b) analysis of financial and administrative matters, with a view to taking steps to strengthen the Institute's financial capability and consolidate institutional transformation; c) presentation of a case study on technical cooperation within IICA's new decentralized system, in order to obtain feedback to improve the strategies being applied as part of that approach; and d) special reports that contribute to the countries' involvement in the institutional transformation required for sustainable agricultural development.

0.6 He went on to say that during the presentation of the Annual Report he would give a general overview of the achievements of the past two years, stressing the successes, limitations and problems, so that the Committee could provide guidance thereon, as well as on corrective action that might be needed to ensure that the institutional re-engineering required to transform the Institute into a true pillar of hemispheric agricultural activity, was on the right course.

- 0.7 The Director General thanked the member countries and observers for their participation and interest and expressed his hope that at the end of the meeting they would feel satisfied with the conclusions reached and decisions taken to strengthen IICA and agriculture in the Americas.
- 0.8 The Chair expressed appreciation that his country had been designated to chair the meeting. He pointed out the importance of the meeting, which would address issues involved in a rethinking and repositioning of agriculture in a context of sustainable development, as a result of which, IICA would be strengthened as an institution playing a leading role in that process.
- 0.9 The Inaugural Session was adjourned at 10:15.

FIRST PLENARY SESSION

- 1 The First Plenary Session of the Sixteenth Regular Meeting of the Executive Committee was called to order at 10:40 on Wednesday, June 26, 1996, under the chairmanship of Mr. Oscar Ponce Blanco, Representative of Bolivia.
- 1.1 Report of the Director General and Presentation of the 1995 Annual Report (IICA/CE/-Doc.300(96))
- 1.1.1 The Chairman gave the floor to the Director General for the presentation of his report and the 1995 Annual Report.

- 1.1.2 The Director General stated that this year the Report of the Director General and the 1995 Annual Report would be presented together.
- 1.1.3 He began by referring to the background and policy framework of the process of reviewing the Institute's mission, vision and values, and its organization and modus operandi, given the new needs of the countries. He mentioned that the process had been characterized by broad participation by the staff of the Institute, a very close relationship with the Representatives in the member countries, and stronger relations with representatives of the private production sector linked to agricultural development, based on both reflection and action, which had made it possible to move forward in designing and implementing the new institutional structure required by the Institute to meet the new needs of the countries.
- 1.1.4 He stated that IICA was moving towards a model of technical cooperation based on a combination of financial resources comprising the quota contributions of its Member States and external resources, which will help the Institute fulfill its mandate and, at the same time, make it more financially sound, meaning that, as of this year there will be a reduction in real terms in the availability of quota resources. He added that this situation puts heavy pressure on IICA to adopt a new system of resource allocation in which the competitiveness of the Institute becomes the key to survival.
- 1.1.5 He made reference to the production and trade setting in which the countries will operate in the coming years, underscoring that the near

future is promising but also gives cause for concern. He expressed the opinion that agriculture can play an important role in offsetting the sharp disequilibria in the trade balances and current accounts of the member countries. Nevertheless, he called attention to the difficulties faced by, and the decreased importance attached to, agriculture in many of the countries.

- 1.1.6 With regards to the strategy for change, he pointed out that the Institute's main responsibility is to contribute to the efforts currently being carried out by its Member States to develop a sustainable agriculture that will be competitive in international markets, support farmers' organizations in order to make them more competitive, and solve the problems of rural poverty, especially in areas affected by violence and social upheaval.
- 1.1.7 He added that, to this end, the managerial and administrative qualities required by the Institution in this new stage had been strengthened, as had the technical skills needed to meet the demand for the Institute's services at the inter-American, hemispheric, regional and national levels.
- 1.1.8 The Director General gave an account of the main advances achieved and the limitations encountered in this transformation process, which, in view of its complexity and the fact that the Institute must continue to provide cooperation services, cannot be completed in the near future.
- 1.1.9 He emphasized the increasing role played by the United States of America and Canada as

active members of the institution, in an effort to make the organization truly inter-American in scope. He added that, in the current stage of the process, it is essential for the Institute's governing bodies to participate directly and decisively in bringing about transformation.

- 1.1.10 He made reference to the 1995 Annual Report, which showed that the Institute, in addition to being involved in a thorough process of transformation and change, had continued to provide cooperation and support services to its member countries.
- 1.1.11 He concluded by inviting all the delegates to share and discuss, within the Committee, their ideas, comments and suggestions on the process of institutional transformation and the future of IICA.
- 1.1.12 The Director of Planning, Programming, Projects and Technical Audit (DIPRAT) then made a presentation of the main topics covered in the Director General's address, placing emphasis on the Areas of Concentration, the decentralization process, the more efficient use of resources, financial strengthening and diversification, strategic alliances, and mechanisms to expand cooperation with the private sector.
- 1.1.13 The Representative of the United States took the floor to congratulate the Director General and his team for the relationships IICA had developed with universities and international businesses. He felt that the figures given in the report were remarkable, noting that, if all contract work took effect as projected, quota income would drop to only 23 percent of

the total budget, as compared to 50 percent at the time the Director General had taken office. He also expressed approval of measures that had been taken, especially the ongoing process of decentralization and the development of strategic alliances with multinational companies, universities, foundations, and agencies of USDA. He was pleased that IICA had launched the AgriFuture Foundation and that the austerity program was progressing well.

1.1.14

The Representative added to his words of congratulations a number of particular concerns. First, he was troubled by continuing problems with quota arrearages, equal to approximately US\$18.5 million by the end of 1995, compared with US\$14.3 million at the end of 1994. Second, he was concerned about certain personnel decisions, methods of operation and lines of authority in the Technical Cooperation Agencies and Regional Centers. In this regard, he recommended that the Audit Review Committee's Report be read carefully and special attention be given to follow-up. His third concern had to do with CATIs; he stressed that all direct costs must be charged to the corresponding projects and that administrative costs must be assumed by each project. His fourth area of concern was that IICA should continue its cooperation with FAO and explore possibilities for combining offices. Finally, he drew attention to the trend toward "competition" with the private sector, and stressed how important it was to remember IICA's unique qualities as a multilateral organization. Every effort should be made to improve the organization as it was, he noted, and not to compete with the private sector.

- 1.1.15 The Representative of the United States concluded by applauding the Secretariat for the content and quality of the Annual Report. He expressed his approval of the supplementary column given in the tables in Chapter One, comparing "authorized expenditures" to "actual expenditures," and suggested that a similar format be used for the tables in Chapters 3 through 5.
- 1.1.16 The Representative of Guatemala also congratulated the General Directorate for the Annual Report. He said how exciting it was to see IICA changing, despite its deep-rooted traditions, and thus setting the countries an example worthy of emulation as they undertook their own processes of change. He was struck by the results of the modernization process, especially decentralization and regionalization. Results were particularly visible at the local level, he claimed, where projects were being carried out. It was clear, he stated, that resources were being used very efficiently and he suggested that future reports take a more long-term view by including efficiency ratings. Finally, he recommended that impact evaluation be included as an additional step in the process.
- 1.1.17 The Observer Representative of Belize added his words of praise for the presentation by the Director General. It was clear, he noted, that the Institute had taken up the challenge of the recent crisis, creating a new paradigm and evolving into a new institution. He expressed his hope that the countries would follow IICA's lead and learn to become more creative, find new strategic answers, and re-engineer themselves when faced with crisis situations. Therefore, he thanked the

Director General for serving as a role model for the countries.

1.1.18 The Representative of Honduras pointed out that the Annual Report clearly demonstrated how the institution was fulfilling the Medium-Term Plan. He was concerned that the countries had not given the Institute enough support in this and expressed a need to find a mechanism whereby the countries could participate more in the process of change. The Representative was pleased with the creation of the Center for Integration and Agribusiness Development, which opened the doors to greater participation by the private sector. The trend must be encouraged, he added, especially now, with the countries opening agricultural commodity exchanges.

1.1.19 The Chair thanked the Representatives for their contributions and invited the Technical Secretary to introduce the next item.

1.2 Report on the Status of the Resolutions of the Fifteenth Regular Meeting of the Executive Committee (IICA/CE/Doc.313(96))

1.2.1 The Technical Secretary gave a brief explanation of the document, noting that all the actions mandated by the Committee had been completed or were in progress. He asked whether the Representatives had any comments.

1.2.2 The Representative of the United States cited Resolution 237 of the document, concerning CATIs. He was interested in receiving more information about efforts made in fulfillment of this resolution and hoped a more complete report would be given in the discussion of the

agenda item on CATIs. He also wanted to know whether the CATI study had been carried out for 1995.

1.2.3 The Director General explained that the study had been completed, but had not been received in time to be forwarded to the Member States. However, it would be presented in full detail in a later discussion.

1.3 Report on the Status of the Resolutions of the Eighth Regular Meeting of the Inter-American Board of Agriculture (IICA/CE/Doc.312(96))

1.3.1 The Technical Secretary introduced the report, explaining how it was structured and stressing that all mandatory actions requested by the Board had been taken or were in progress. He then invited the Representatives to share any comments on the document.

1.3.2 The Representative of Uruguay asked for more information on follow-up to Resolution 265, regarding the possibility of IICA's Northern Regional Center hosting an office for the OIE Regional Commission for the Americas. The Director General replied that this initiative had been requested by the Regional Commission itself. IICA had been in regular contact with them, but a decision on the subject had not yet been reached. The General Directorate was awaiting word from the OIE Regional Commission on whether it would accept IICA's invitation.

1.4 Report of the Credentials Committee

1.4.1 The Representative of Peru, speaking in his capacity as Chair of the Credentials

Committee, read out the committee report stating that credentials had been submitted by all the Representatives and were in order.

1.5 Reading of Draft Resolutions

1.5.1 The Rapporteur read out Draft Resolution "1995 Annual Report." There was no discussion and the resolution carried as read.

1.5.2 The Rapporteur then proceeded to read out Draft Resolution "Report on the Status of the Resolutions of the Eighth Regular Meeting of the Inter-American Board of Agriculture" and, as there was no discussion, the resolution was approved as read.

1.5.3 Finally, the Rapporteur read out Draft Resolution "Report on the Status of the Resolutions of the Fifteenth Regular Meeting of the Executive Committee." There were no comments and the resolution carried.

1.6 Amendments to the Regulations Governing the Inter-American Awards in the Rural Sector (IICA/CE/Doc.308(96))

1.6.1 The Technical Secretary introduced the document and read the amended portion of text, as proposed. No objections were expressed by the floor and the Chair asked the Secretary to draft the pertinent resolution.

1.7 Following a few brief announcements by the Technical Secretary, the First Plenary Session was adjourned at 12:25.

SECOND PLENARY SESSION

- 2 The Second Plenary Session was called to order at 14:12 on Wednesday, June 26, 1996, under the chairmanship of the Representative of Bolivia.
- 2.1 Issues Related to Technical Cooperation. A Case Study: Andean Regional Center
- 2.1.1 The Chairman gave the floor to the Director General, who introduced the topic and explained the procedure that would be followed in presenting issues related to technical cooperation.
- 2.1.2 Mr. Manuel Otero, Director of the Andean Regional Center, explained that the object of his presentation on IICA's technical cooperation in the Andean Region was to share progress made to date. He pointed out that the current Medium Term Plan introduced a new approach to agriculture and defined a different style of technical cooperation based on concentration, flexibility and decentralization as the vehicle giving impetus to transformation, and the participation of human resources as its motor.
- 2.1.3 With regard to strategic lines of action, he pointed out that the new direction taken was based on national needs to establish strategies, that the orientation of actions was based on demand, and that responsibility was now shared with the clients and beneficiaries of cooperation.
- 2.1.4 He stated that instruments for action included the development of a regional technical

critical mass, the development of effective communications systems, and the design of a real system of projects in which the greatest importance was placed on national projects.

- 2.1.5 He stressed that from the point of view of strategic planning, it was important to take into account the new systemic approach to agriculture, and noted that close attention would be paid to competitiveness and equity.
- 2.1.6 He was followed by Mr. Benjamin Jara, Representative of the TCA in Bolivia, who explained the way in which the Institute's new approach to technical cooperation was being put into practice, by combining relevance, excellence and attention to national requirements. He added that the Bolivian government's approach to transforming agriculture was centered on the following pivotal points: the transformation of production, of trade, of institutions and of human resources.
- 2.1.7 He pointed out that national demands stemmed from needs in the areas of technological development, trade negotiations, competitiveness, modernization of marketing instruments, management of the public agricultural sector, and support services for small-scale farmers.
- 2.1.8 The Executive Secretary of PROCIANDINO, Mr. Nelson Rivas, made mention of this technological integration mechanism as an example of a regional action operating within the sphere of the Andean Regional Center. He explained that the purpose of this mechanism was to make scientific and technological capacity as efficient as possible,

underscoring the importance of relations with national research institutes, the public and private sectors, and universities. He made reference to cooperation strategies and resources, and described their main achievements and impact over the past ten years.

- 2.1.1.9 The Director of the Specialized Service for Training, Education and Communications, Mr. Jaime Viñas Román, made a presentation on the Hemispheric Training System (SIHCA), in which he referred to its organization, objectives and members. He stated that the system would begin its activities by promoting and coordinating studies of the supply of and demand for training, the process of providing training for trainers, and agricultural training processes.
- 2.1.1.10 The Director of the Andean Regional Center stated that the goals for 1997 included redesigning processes, modernizing administrative procedures, mobilizing human resources, establishing an electronic communications forum, and creating a regional network for strategic thinking. He explained the guidelines for regional action, the goals in regard to the establishment of strategic alliances, and actions to be taken in order to secure external resources.
- 2.1.1.11 The Chairman, in his capacity as Representative of Bolivia, stated that the government of his country was very satisfied with IICA's new view of the TCA's role. He made reference to the major changes that had taken place in Bolivia during the past three years in fields such as citizen participation, decentralization and modernization, and stated

that the latter process had extended to the country's Constitution. He went on to add that public investment had had a social focus during the past few years, and had favored the health, housing, education and basic sanitation sectors.

- 2.1.12 He indicated that 1996 was the year in which production processes would really move forward and stressed the importance of incorporating factors to stimulate the agricultural sector in order to contribute to the transformation of production. He added that it was important for the agricultural sector to modernize its institutions in order to more effectively perform its role.
- 2.1.13 The Chair asked for comments or questions on the presentations by Mr. Viñas-Román and Mr. Otero.
- 2.1.14 The Representative of Ecuador stated that training was key, and asked why IICA seemed to provide only institutional and technical training. A mechanism to reach the small rural producer, the real target population of the farmers themselves, must be found; there should be a dynamic supply of and demand for small-farmer training. What was IICA going to do to get training to such people?
- 2.1.15 Mr. Otero replied that the requests IICA had received from Ecuador had been for institutional type training, but that IICA was also working with PRONADEP, whose training programs did focus on small farmers.
- 2.1.16 Mr. Viñas-Román said he agreed with the concern of the Representative of Ecuador, but that IICA's training initiatives were, first

and foremost, directed at the training of trainers so as to achieve a multiplier effect. However, he continued, IICA training programs never overlooked small producers and attempted to reach them primarily through their associations. His Directorate planned training according to requests from the member countries and had recently had a specialist in Ecuador working with the Ministry of Agriculture for two months.

- 2.1.17 The Representative of the United States of America praised both presentations and the IICA training endeavors, but requested clarification of two points referring to the Andean Regional Center: 1) Did it actually intend to raise its external resource income to US\$50 million by the year 2000? 2) To what extent did IICA intend to enter the competitive bidding process?
- 2.1.18 Mr. Otero replied that the drive to raise external resource income was perfectly transparent and logical; of the five Andean TCAs, Ecuador alone had generated US\$12 million, and the return on quota monies had been averaging 20 to one. He said that the Andean Region team had made the securing of external resources a priority, and that even though IICA had not traditionally participated actively in bids for projects in the region, now was the time to begin. Otero said such a move was consistent with the IICA decentralization process and that an increase of more than US\$20 million in external resources in the Andean Regional Center was not unrealistic.
- 2.1.19 The Director General stated that several member countries had asked IICA to participate

in bidding processes, among them Bolivia, Nicaragua, El Salvador and Trinidad and Tobago. Also, he continued, consortiums had been formed with CATIE and other agencies, specifically to bid on projects. The Member States had been asked for information with which to form data banks of eligible, qualified firms to join IICA in submitting bids. To date, however, all IICA bids entered had been in response to government requests.

- 2.1.20 The Representative of the United States of America thanked Mr. Otero and the Director General for the information, going on to say that his country would be very concerned if IICA made a serious move to enter competitive bidding processes around the hemisphere, as this would be detrimental to the private sector and would not conform to his country's concept of a international governmental agency.
- 2.1.21 The Representative of Venezuela took the floor to describe a World Bank-sponsored training program in his country that sought to reach the small rural producers through their municipalities or local governments, in which the trainees shared costs by paying a small fee. It had been successful, he said, because it became sustainable, not totally dependent on external resources.
- 2.1.22 The Representative of Uruguay noted that the presentations had repeatedly mentioned efforts to increase competitiveness through support to commodity markets. He wished to know if the markets supported by IICA were supposed to coordinate and respond to production over a whole region or to work only at the national level. He also noted that communications,

which he felt to be a key element in regional development, had been addressed as a intra-IICA theme. How, he asked, could the small producer be included in improved communications? He suggested that IICA efforts to bolster and update communications mechanisms be directed to rural associations or even to creating associations for this purpose, thereby establishing a more direct channel for transmission of technology and information to the small, resource-poor farmer.

- 2.1.23 Mr. Otero replied that, for the time being, IICA was focusing on national commodity markets, with regional ones slated for the future. He noted that IICA's Center for Integration and Agribusiness Development (CIDAIE) had organized a hemispheric group of commodity markets, including the Chicago Board of Trade. Regarding communications, Otero said that IICA had perforce to deal with internal issues first, not last, because meetings such as this one could soon become virtual meetings through improved telecommunications technology. Nevertheless, he concluded, small farmers and their associations would soon become the focus of improved IICA communications.

2.2 Report on CATIE's Achievements in 1995

- 2.2.1 The Chair invited the Director General of CATIE, Rubén Guevara, to present his report. Mr. Guevara thanked all those who had contributed to CATIE's success, and proceeded to illustrate his report with numerous visual aids and financial tables, placing emphasis on several areas: 1) Structure - a new, matrix-

like organizational chart provided for a single, broad research program in five technical areas, which in turn were crosscut by education and institutional projection programs; 2) Finance - the situation continued to improve, with administrative expenditures decreasing, and technical and productive spending increasing; the core budget (45%) moved closer to the project budget (55%); total income was over US\$16.5 million, with expenditures approximately US\$550,000 less; financial stability was achieved through timely contributions from Denmark, Sweden and Switzerland, which replaced the US\$4 million lost when USAID project support was discontinued, stability which allowed the Institutional Development Plan to continue apace; 3) Research - important advances continued, notably in biological methods of pest and disease control, along with tropical rain forest management; 4) Education - the approval of doctoral programs in forestry science and agroforestry put CATIE in the vanguard of institutions preparing LAC human resources for the challenges of the next millenium; 5) Projection - even with limited resources, CATIE produced 370 technical publications.

2.2.2 Noting that CATIE continued to grow in recent difficult times, Mr. Guevara announced that Colombia and Ecuador had become member countries, making a total of 12. Numerous strategic alliances with agencies around the world had also resulted in 35 technical specialists being assigned to CATIE, bringing US\$4.5 million in resources.

2.2.3 In conclusion, Mr. Guevara stated the future goals of CATIE as: achievement of financial

self-sufficiency, renewal of its Convention, improved efforts toward natural resource conservation, stronger strategic alliances with IICA and other agencies, expanded geographical coverage, and the provision of completely bilingual (Spanish, English) technical cooperation.

- 2.2.4 The Chairman called the meeting to order and gave the floor to the Representative of the United States, who pointed out CATIE's accomplishments and noted with satisfaction the United States' support for the establishment of CATIE in 1942.
- 2.2.5 The Observer Representatives from Belize and Saint Lucia stressed the importance of CATIE's efforts to become a bilingual center (Spanish and English) as of 1997, since that would diminish the Caribbean's disadvantageous access to the technical information generated by the Center.
- 2.2.6 The Observer Representative from Saint Lucia pointed out the need for technical training in the Caribbean in order to increase its competitiveness, particularly in the banana market. He stated that more research was needed on the pink mealybug, a pest that had destroyed much of Grenada's agriculture.
- 2.2.7 Mr. Guevara thanked the Observers for their remarks and stated that a bilingual CATIE would make cooperation with CARDI more viable and make it possible to conduct joint research on problems in Caribbean countries.

- 2.3 Biennial Report of the Caribbean Agricultural Research and Development Institute (CARDI)
- 2.3.1 The Chairman gave the floor to the Director General of CARDI, Mr. Hayden Blades, who proceeded with his report.
- 2.3.2 Mr. Blades noted that his report would reflect the agenda for the forthcoming meeting of Caribbean Agriculture Ministers, to be held on July 3, 1996, in Barbados, during which the future of agriculture would be examined. The priority topics of that meeting would be, among others: i) attracting private investment and reducing investment risks in the Caribbean; ii) market opportunities for Caribbean exports; iii) bringing macroeconomic policies in line with sectoral policies; iv) development of agribusinesses; v) investment in social and physical infrastructure; vi) development of favorable lending policies; vii) sustainability of the fisheries sector; viii) development of technology and of information systems; ix) strategic alliances, and x) development of agricultural marketing.
- 2.3.3 Mr. Blades went on to indicate that CARDI's role in the above topics would be: i) technical assistance and dissemination of technology among its member countries; ii) research and development of economies of scale; iii) support to national agricultural systems; iv) developing links between the Caribbean and Latin America; v) developing networks to work in conjunction with IICA, FAO and others, and vi) establishment of the Caribbean Science and Technology Fund.
- 2.3.4 The Chairman then opened the debate and gave the floor to the Observer Representative from

Saint Vincent and the Grenadines, who thanked IICA for providing cooperation to CARDI and underscored the need for continuous, increasing support towards the region from technical and financial institutions alike.

2.3.5 The Observer Representative from Belize congratulated CARDI for its efforts to forge strategic alliances with other regions of Latin America, considering that they were consistent with the changes taking place worldwide.

2.3.6 The Representative of Grenada thanked CARDI and IICA for their efforts to combat the pink mealybug. He also requested that cooperation continue in four key areas: i) post-harvest treatment to eliminate the pest; ii) greater control in the cultivation of tree species that serve as hosts to the pest; iii) establishment of alternative industries for families affected by the pest, and iv) greater technical assistance in biological control.

2.4 Report of the External Auditors and Comments by the Director General on the 1995 Report of the External Auditors

2.4.1 The Director of Finance introduced the document. He drew the attention of the Representatives to Information Documents 2 and 3, distributed for their perusal and containing a consolidated budget statement, balance sheet, statement of revenues and expenses, and statement of Member State quota payments, all through 31 May. He noted that the Institute had received quota payments from 17 of the Member States, totalling US\$13.4 million. By the end of May, operating expenditures and repayment of a bank loan had

consumed all the quota monies received so far, and IICA had found it necessary to extend the policy of austerity practiced throughout most of 1995. The Institute would still need US\$13.8 million in quota receipts by the end of the year in order to execute the full Program Budget.

2.4.2

The Director of Finance then explained use of the line of credit to cover delays in quota payments. Specifically, IICA had borrowed US\$2.0 million in December 1995 from NationsBank, Washington, D.C., to meet cash flow requirements. The loan had since been fully repaid with quota receipts, and the US\$8,800 in interest payments charged to the Miscellaneous Income account normally credited with interest earnings on investments. In May, 1996, IICA had again made use of the line of credit, borrowing US\$850,000 to meet the payroll. With the receipt of subsequent quota payments, this loan had been repaid in its entirety.

2.4.3

The Representative of the United States expressed disappointment at the news on increased quota arrearages, and the resulting loss of liquidity, an issue that would come up for discussion the following day. However, he was encouraged by two positive developments. First, the current administration had presided over an impressive increase in external funds. Second, expenditures had been kept fully in line with actual revenues. He praised the administration for performing under budget, without losing sight of reductions in real revenues. He was distressed, however, to see that most of the cuts had been made in program and project funds, while increases were made in administrative and support expenditures.

For the future, he urged the General Directorate to restrain management costs and find ways to increase allocations to programs and projects.

2.4.4 The Representative then drew the attention of the Committee to page 10 (note 9) of the auditors' notes, which gave a breakdown of miscellaneous expenses, and pointed out that three large items in this listing pertained to project-related expenditures. He asked the General Directorate to give a detailed description of the expenditures in these three items, totalling nearly US\$1 million, and observed that it would probably be better to report such large expenditures in other accounts, and not as miscellaneous expenses.

2.4.5 The Director of Finance explained that the Director General would be giving a complete analysis of arrearages on the following day. In response to the comment that programs had borne the brunt of fund reductions, he explained that it was easier over the short term to cut such items as travel expenses, related to short-term contracts, than, for example, insurance premiums. In many ways, the program area was the most flexible, involving such expenses as travel, purchasing, communications, and the like.

2.4.6 Finally, in reply to the comment on miscellaneous expenses, the Director of Finance explained that, in the past, unanticipated technical cooperation expenses not budgeted at the beginning of the year had been set up in a suspense account as operating expenditures not assigned to an operating budget. At the end of the year, they were distributed into appropriate accounts. This

year, a change had been introduced, removing such expenditures from the suspense account and placing them directly into the operating budget. This would improve budget and financial reporting processes. The heading "program activities financed from miscellaneous income generated by operating units" reflected requests from the 50 cost centers to spend miscellaneous income they themselves had generated, as for example, through the sale of used equipment.

2.4.7 There being no further questions, the Chair invited Mr. Oscar H. Gherzi, Chairman of the Audit Review Committee (ARC), to present this Committee's report.

2.4.8 Dr. Gherzi read out the report, which was already in the hands of the Representatives. He drew the attention of the Committee to two points. First, the external auditors' report to the Board made no clear mention of a case of fraud or presumed fraud that had occurred in Guatemala. The second anomaly was that the auditors had failed to submit their report to the Director General within the required time period, despite the fact that members of the Institute staff had already received it. Dr. Gherzi also reported on ten observations related to internal controls and other organizational topics to be considered in improving these areas.

2.4.9 The Observer Representative of Canada stated that she had not yet been able to study the complete report, but that certain actions did need to be taken. Specifically, Canada was interested in the mechanism for carrying out audit recommendations, as 56 percent of the recommendations of the past audit were

apparently still awaiting action. Canada was also very interested in the comment that audit activities should be incorporated into the Institute's daily operations. She stressed that if Institute staff had access to full information, they would all be responsible for finding creative solutions. She advised that a training manual be developed, and that every Directorate be encouraged to make recommendations.

2.4.10 The Observer Representative of Canada went on to underscore the importance of giving Regional Centers clear guidance, so as to make them more accountable. This was equally important at the national level. If IICA was to receive more external resources, it would need effective tools to reassure donor agencies that financial procedures were secure.

2.4.11 The Representative of the United States praised the report, noting that the members were to be commended for having identified the issues clearly and having presented a concise, comprehensive report. He expressed full agreement with all the points raised by the Observer Representative of Canada. He went on to ask a number of questions. First, regarding the problem that had arisen in Guatemala, he wanted to know what actions had been taken to prevent such a situation from occurring again in the future. He asked what studies had been performed, and what recommendations had been made. In the second place, he reiterated his concern, mentioned in the First Plenary Session, about the development of a CATI methodology, and stressed that this issue needed much more discussion. Finally, he again insisted that

the internal audit needed to be strengthened. In view of the expansion of external funding, IICA needed a very strong audit.

- 2.4.12 The Director General then took the floor to clarify a number of the points that were under discussion. He began by stressing that he and the Deputy Director General had met with the Audit Review Committee and received its comments with great interest. He went on to describe some of the difficulties he had encountered with the audit function when he first entered IICA, particularly the fact that the external auditors had not been accustomed to presenting the Director General and the Deputy Director General with a copy of the audit report. He had instituted several changes in the process, including meetings with the auditors. He was designing mechanisms to make sure the recommendations of the auditors received appropriate follow-up.
- 2.4.13 The Director General then outlined actions taken by the General Directorate to investigate what had happened in Guatemala, stressing that the problem had been caused by some former staff members who had apparently forged signatures on checks the bank cashed. He also explained the measures being taken to assign responsibilities. He closed his explanation by emphasizing lessons the Institute had learned through this experience. Certain weaknesses had been revealed in information and control systems, and were now being addressed.
- 2.4.14 To close, the Director General described some of the changes he was striving to make in the environment of the Institute. First, he encouraged an atmosphere of complete

transparency, keeping all employees fully apprised of financial conditions and measures. He was introducing a series of changes to keep the Institute's work efficient and fluid. He was inculcating in all staff members a greater sense of their own responsibility, and encouraging them to exercise initiative. He was extremely pleased with the report of the Audit Review Committee and pledged that the General Directorate would devote close attention to all the recommendations made therein.

2.4.15 The Representative of Guatemala congratulated the members of the Audit Review Committee, noting that the report was concrete, analytical, and would greatly facilitate interpretation of the audit report and improvements in financial management. He also applauded the Director General for his willingness to acknowledge institutional errors. He explained that his country had suffered from inconsistency in accounting procedures at the IICA TCA since 1994, and the Ministry of Agriculture had encountered major problems in projects administered by IICA. However, thanks to the visits received from IICA management, new procedures had been introduced, and the Minister of Agriculture was much encouraged. He added that many of the problems that had occurred stemmed from the events of 1994. Problems were now being corrected, and IICA stood to gain greater prestige. He closed by reiterating his country's full support for IICA.

2.4.16 The Chair of the Audit Review Committee assured the members of the Executive Committee that he and the other members of the ARC had been given total freedom to do their work and

had received wholehearted support from the Director General and the Deputy Director General.

2.5 Reading of Draft Resolutions

- 2.5.1 The Rapporteur read out the Draft Resolution "Financial Report of the Institute - 1995."
- 2.5.2 The Representative of Argentina asked for clarification of operative point 2. He wondered why the draft made no mention of the fraud case that had arisen in Guatemala.
- 2.5.3 The Director General responded, saying that he did not know why the issue was absent from the auditors' report. As the Chair of the Audit Review Committee had stated, the external auditor had not brought this case to the attention of the General Directorate, as a case of fraud or presumed fraud.
- 2.5.4 The Representative of Venezuela drew attention to Observation No. 7 in the report of the Audit Review Committee, concerning the reporting method used for funds entrusted to IICA for use in projects in the countries. He agreed that these monies should not be reported as IICA revenue, but as managed funds.
- 2.5.5 The Technical Secretary offered to amend the text of the Draft Resolution, clarifying these points. He also reminded the Representatives that the draft resolution under consideration was on the Institute's Financial Report only. The report of the Audit Review Committee would be covered in a separate draft resolution, to

be submitted the next day, and would include all these comments.

- 2.5.6 The Representative of Uruguay remarked that the two draft resolutions were very closely related, and therefore should be discussed and approved together, the following day. This would also give the Executive Committee time to give careful thought to the decision and its full implications.
- 2.5.7 The Chair stated that the Technical Secretary would be submitting a new version of the draft resolution the following day, incorporating the views of the Representatives.
- 2.5.8 The Representative of Guatemala suggested that the draft resolution on the external auditors' report mention the report of the Audit Review Committee, thus linking the two reports.
- 2.5.9 The Technical Secretary reminded the Executive Committee that two different agenda items were under discussion simultaneously, and that two separate resolutions would be submitted the next day: one on the financial report and the other on the audit report.
- 2.5.10 The Rapporteur read out the Draft Resolution "Amendments to the Regulations for Conferring the Inter-American Awards in the Agricultural Sector." There was no discussion, and the resolution carried as read.
- 2.5.11 The Second Plenary Session was adjourned at 18:35.

THIRD PLENARY SESSION

3 The Chair opened the Third Plenary Session at 09:00 on June 27, 1996, and described the four topics to be addressed.

3.1 The Process of Transformation at IICA

3.1.1 The Chair invited the Director General to introduce this topic. Mr. Aquino reminded the Committee that some ideas and suggestions on IICA's institutional transformation had been presented in his initial address, and that, in previous communications, the countries had been asked to prepare contributors for this exercise. This session would be devoted to suggestions from the Member States. All facets of IICA were open to change: Regional Centers, TCAs, Headquarters and its units; administration; finance; human resources; management; and rules and procedures, which must be made to reflect new circumstances. We have advanced, said Mr. Aquino, as the 1994-1998 MTP and other documents show clearly; now we must analyze where we are in the process. He reminded the Member States of IICA's current commitment to a zero-growth budget, the search for new sources of external funds, the problem of tardy quota payments, local salary scales, and the ratio of international and local professional personnel. All these issues require reflection and suggestions on the part of the Member States, he urged, especially now in times of rapid global change.

3.1.2 Director General Aquino concluded his introduction by suggesting the formation of an external support group to advise IICA during

its transformation process, working with a corresponding internal group of IICA staff. He requested the help of the delegates in establishing such a group, and asked them for suggestions.

- 3.1.3 The Observer Representative of Brazil took the floor to read a prepared statement on his view of IICA in a changing world. Paraphrasing Ben Franklin, he reminded all of the unavailability of death, taxes and change. Today's geopolitical balance, he said, was shifting due to differential access to technology and information. This has led to reformulated economic and business policies, formation of trade blocs, and unequal access to world markets. He applauded the World Trade Organization's efforts to reduce such protectionism and to create sanitary and phytosanitary measures and rules recognized worldwide.
- 3.1.4 To ensure an appropriate niche for agriculture in the new world scenario, the Observer Representative of Brazil suggested several transformations for the agricultural sector: replacing the intensive use of cheap labor with skilled labor; viewing abundant natural resources only in the light of the best scientific knowledge; redefining oversight policies and regulations to cut production costs and increase competitiveness; rational use of natural resources, respecting biodiversity; and rejecting "growth/development" policies with high socio-environmental costs.
- 3.1.5 The state, he declared, must surrender its role as protagonist to the private sector, assisting the shift in power by:

decentralizing its institutions; increasing society's participation in strategic decisions; and supporting high-quality products at lower costs. Likewise, he continued, technical cooperation agencies such as IICA must reduce their bureaucracies, be transparent in action, and seek to be competitive, through: decisive action to change society; adequate transfer of technology; being effective; seeking to mitigate poverty; encouraging sustainability; harnessing networking capabilities fully and, like a private business, responding first to client needs. Organizations like IICA must change to bring about change, foster an enterprising spirit, and revamp their top-down structures. Society expects such organizations to be altruistic, yet effective and results-oriented.

- 3.1.6 The Observer Representative of Brazil suggested that human resources be more exactly tailored to the job at hand -even if that meant hiring specialized consultants- to avoid wasteful, inefficient use of large labor pools just because they already exist within an agency. Modernized, streamlined organizations are less likely to pass on to their clients the costs of their own shortsightedness.
- 3.1.7 In assuring the Director General of the support of his country, the Observer Representative of Brazil urged IICA to become more proactive and move the MTP forward. He said the Institute had resisted change, but that no more time could be wasted. Rigidity must be replaced with flexibility, and an international cooperation agency must be an agent of change; IICA's survival, he exhorted, would depend on this. The role of the

Institute would be taken over by other, more dynamic and adaptable agencies if IICA did not renounce its outdated modes of operation and dependence on its "corporate culture," in which pressure groups resist change. He urged the Director General to speed up the implementation of the 1994-1998 MTP by: conducting an in-depth review of IICA's mission and values; consolidating changes already made; strengthening strategic alliances to make IICA more competitive; upgrading management and administrative staff; consolidating decentralization mechanisms; modernizing its information systems; replacing traditional human-social paradigms with an entrepreneurial approach; making IICA leaders accountable for their actions; making objectives clear.

3.1.8 All this will be difficult, he said, because IICA staff commitment to the Institute's socially relevant objectives has traditionally been weak. The Executive Committee itself must become more proactive and guiding. Paraphrasing the words of the philosopher Seneca, he said "If you don't know where you are going, you can end up anywhere." In 1994, the presidents of the Americas committed themselves to creating a community of democratic societies by 2005; what role should IICA play in this? At the cutting edge of change, or mired in meaningless bureaucracy? He said his country sees IICA as the principal executor of agricultural policies and actions in LAC.

3.1.9 In conclusion, the Observer Representative of Brazil said that Director General Aquino had been both receptive to and an instigator of change, with a clear vision of the historic

mission of IICA. In the context of dramatic changes, those who identify with the future will always be on the right path.

- 3.1.10 The Chair commented that changing the Executive Committee role to a more proactive one was a worthy goal, and then gave the floor to the Representative of Venezuela, who said his country recognized the need for transformation at IICA and agreed with the concept of decentralization. However, he continued, IICA should take care that the decentralization process did not merely produce more bureaucracy, slowing operative processes and lessening cost efficiency. He urged the Institute to make virtual Executive Committee meetings a reality, in view of the concomitant reduced costs.
- 3.1.11 The Representative of the United States of America voiced his support for the IICA process of change, quoting Ben Franklin: "We must hang together, or we will hang separately." Recognizing that these had been difficult times financially for IICA, he said that, in spite of US government shutdowns, his country would shortly pay more than US\$10 million to the Institute, fulfilling 98% of its 1996 quota obligations. He applauded the work of the Director General and his team for implementing necessary austerity measures and showing fiscal restraint. Other international agencies that had not made such efforts had lost US financial support entirely, whereas funding to IICA had dropped only 2%.
- 3.1.12 The Representative of the USA then voiced six concerns:

1) He feared that IICA could not successfully continue as an international cooperation agency if externally generated income replaced Member State quotas as the primary funding source. In this case, the countries would not feel an obligation to pay. Further, participation in competitive project bidding processes would constitute unfair competition with private consulting firms, which would then lobby their governments not to finance IICA through quotas.

2) Regarding decentralization, he quoted Hemingway: "Never confuse movement with progress." Such a process could quickly get out of control, especially with accounting and other financial procedures and policies that required a firm hand from Headquarters; he envisioned turf battles and inequities in resource allocation.

3) CATIs - expenses accruing from external contracts should be charged to those contracts, not subsidized by quotas; also, the percentage of CATIs generated in the countries that accrued to Headquarters should be carefully analyzed.

4) The IICA Internal Audit must be reinforced and he suggested consultation with the OAS, which had recently worked on similar problems.

5) He appealed to the Committee to closely study the possibilities for improving IICA technical cooperation through closer ties with FAO, which did not necessarily mean a merger. Most of the information on this issue available to the USA had so far come from IICA, he said, and the whole picture must be carefully evaluated.

6) He stated his agreement with the Observer Representative of Brazil that the Executive Committee must become more proactive; as it only met once a year, he suggested the formation of a working group that would meet more frequently and take a more direct, active role in the IICA change process espoused by the Director General.

3.1.13 The Chair agreed to consider the formation of a working group, and then recognized the Observer Representative of Chile, who, in beginning his presentation, agreed with Brazil that a strategic plan was crucial in light of the new global scenario and uncertain outlook for agriculture in LAC. He then reviewed recent LAC economic history using ECLAC statistics, and exhorted the countries to stabilize exchange rates and invest in LAC human capital. Stating that recent macroeconomic policy changes have been especially hard on agriculture, he urged that priorities should include equity, land reform, food security, mitigation of poverty, and sustainable use of natural resources.

3.1.14 He then cited the decreasing importance of agriculture in LAC economies, stagnant rural economies, and their social and geographic dimensions. As there were 59 million malnourished people in LAC in spite of available food resources, inequitable distribution was to blame. He saw the lower incomes of rural people as the principal negative consequence of less land being farmed. Most of these people, he felt, were untouched by beneficial modernization efforts in their countries. He said that Chile was beginning to confront these issues directly, through its entry into MERCOSUR and other

measures, and that the resulting changes in sectoral policies would rival the land tenure issues of the 1960s in importance.

3.1.15 He emphasized the importance of creating new opportunities for the rural small-scale producer, as prices for their goods were unlikely to rise; transformation was a distant concept for such people. Turning to IICA's responsibility to this social and economic sector, he began to formulate suggestions for changes in relevant Institute policy.

3.1.16 In order to contribute to the modernization of the sector and to the consolidation of its institutions, IICA should consider the following thematic areas: a) institutional development and modernization, b) attraction of resources, and c) target populations as users rather than as beneficiaries of technical cooperation. He stressed that IICA should continue with the pursuit of excellence and the broad coverage that had characterized its actions. In carrying out its technical cooperation activities, the Institute should take into account the significant technical capabilities developed by member countries. Also, it is important to take concrete actions to bring together the supply of and demand for these capabilities.

3.1.17 He pointed out that the technical capacity of the Institute had been weakened over the last few years. In that regard, a core of human resources should be strengthened in each member country, and fora for the exchange of know-how and experiences should be organized. He stressed the energy that IICA had devoted to the process of institutional change. The Regional Centers provided a good

decentralization option; however, they were not fulfilling the objectives for which they had been proposed. It was important to realize that it took time to implement change and deadlines only added anxiety to the process. Nevertheless, initiatives should be taken to strengthen the Regional Centers and transfer to them the necessary decision-making powers and resources.

- 3.1.18 He thanked the Chair and the Director General for the opportunity to reflect on the subject of institutional change by recalling Chile's different experiences.
- 3.1.19 The Representative of Bolivia endorsed the Brazilian proposal on strategic alliances and expressed support for the efforts carried out by the Director General in connection with the process of institutional change.
- 3.1.20 The Representative of Honduras pointed out that the Director General had been speaking for two years about the new role of agriculture and the guidelines for the transformation of IICA. In that regard, bearing in mind the overall situation of agriculture in the Americas, there were bound to be differences within the region, especially in a context of constant and rapid change.
- 3.1.21 He stressed the importance of thinking about a modus operandi that would encourage the member countries to respond to the Director General's appeal and to become more involved in the implementation of the required institutional changes. He agreed with Brazil that a strategic approach would be needed in order to consolidate the process begun with the 1994-

1998 Medium Term Plan and to introduce additional changes in response to the demands of the countries. Such an approach should bear in mind the position of IICA and FAO in Latin America, which should be reconsidered, and the need to link the process of transformation with the sixteen months remaining until the next meeting of the Inter-American Board of Agriculture (IABA). He recalled that IICA had already set up an internal group to support the transformation. The strategic approach could be oriented and discussed at the level of the new Regional Centers, and one or more people from the member countries could be assigned to support the IICA group, with a view to presenting concrete proposals in 1997.

- 3.1.22 He added that the changes must be made not only in the area of technical cooperation, but also in the areas of management, finance and administration. The Institute could hardly be expected to respond to the demands of member countries and achieve substantive changes while quota contributions were frozen. The Audit Review Committee could help the internal IICA group in analyzing financial and administrative changes.
- 3.1.23 In summarizing his intervention, he stressed that the Institute was going through a critical period and that clear conclusions must be reached as to how the countries were to respond to the appeal made by the Director General.
- 3.1.24 The Representative of Argentina expressed his satisfaction at the fact that a considerable portion of the external resources had been allocated to rural development in 1995. He

recalled that in 1994, at the request of certain member countries, an attempt was made to exclude the topic from the IICA agenda, and that both he and the Representative of Chile had firmly stood their ground so that the Institute would continue to recognize rural development as an instrument of contention in the face of trade liberalization and market economies. He identified important events this year, such as Chile's decision to participate in MERCOSUR, which granted recognition to trade liberalization; the honesty with which the Representative of the United States of America stated that his country had budget problems that made it difficult to continue with its contributions to international organizations, and the Director General's statement about transparency in management.

- 3.1.25 He acknowledged that the topic of CATIs was an internal issue which had much to do with the future of IICA. The recent study carried out on CATIs mentioned direct and indirect costs and found that this criterion was normal when structural costs had to be met.
- 3.1.26 He said he disagreed with the opinion expressed by the Representative of the United States of America that obtaining external resources by competing in bidding processes endangered institutional stability. In the new world economic context, the role of international organizations was different. He cited, as an example, the restructuring undertaken in his country by the agricultural sector, which had reduced the number of employees from 16,000 to 8,000 and had to close organizations that no longer played a key role.

- 3.1.27 There was a need to think about what IICA should be like in 1998-1999. In this regard, he supported Brazil's opinion. He said that Seneca's saying should be worded positively, changing it, for IICA, into: "...when you know where you are going, any wind can be favorable..."
- 3.1.28 In conclusion, he expressed Argentina's support for IICA's efforts to date.
- 3.1.29 The Observer Representative from Belize commented that, with IICA's support, his country had obtained major benefits and had been able to improve its food security and the development of its natural resources. Only 5% of the population was involved in agriculture, but 50% was affected by agricultural production. Emphasizing that half of the population was between 17 and 35 years of age, he added that with IICA's support, policies and programs for young people had been defined.
- 3.1.30 IICA, under the leadership of its Director General, should continue with the decentralization process. He said that the process was also occurring in the Ministry of Agriculture and Fisheries of Belize, where there was a certain amount of resistance to change.
- 3.1.31 He added that with the collaboration of IICA, especially in the area of plant protection, Belize had been able to overcome the crises that had affected its main crops, including citrus fruits, bananas and sugar cane. IICA had progressed in bringing about its modernization and had strengthened strategic alliances. The crises that were discussed in

1995 had been turned into challenges and had gradually been overcome to the benefit of the member countries, which must obtain external resources to modernize and become competitive.

- 3.1.32 The Observer Representative of Belize expressed support for the administration of the Director General and endorsed the proposal to establish a working group to support the Institute in its institutional transformation.
- 3.1.33 He cited the case of the Asian countries, which had more resources to acquire goods and services. In contrast, in Latin America and the Caribbean, there was poverty and food bills were rising. Faced with this situation, all the countries should help one another and strengthen their links with IICA, FAO and other organizations that could allow them solve problems of poverty. He believed that Ministries of Agriculture should be at the vanguard of those processes.
- 3.1.34 The Observer Representative from Canada mentioned that, at the Eighth Regular Meeting of the Inter-American Board of Agriculture (IABA), her country's Ministry of Agriculture had asked IICA to increase its extra-quota funds. She recognized the Institute's efforts in that area.
- 3.1.35 She expressed two concerns with regard to the role played by IICA: 1) She recalled that the Institute should contribute to the efforts being made by the member countries in favor of rural development. The most important clients were the member countries and the activities carried out should therefore reflect their priorities; 2) The future of IICA was very important, but technical capability was being

lost by attempting to take on too many projects and cover the costs. IICA should be clear about the projects to be funded and should make every effort not to lose its credibility in regard to its technical capability as a multilateral agency.

3.1.36 The Representative of Guatemala supported the positions of Chile, Brazil, the United States of America and Canada with regard to institutional transformation. He favored the establishment of a working group whose mission would be to bring IICA's activities into line with the needs of the member countries. Efforts should be made during this meeting to clarify the Institute's goals and ensure its financial self-sufficiency.

3.1.37 He supported Chile's proposal to strengthen small technical teams at the country and Regional Center levels. He stressed that the important thing was not the quantity, but the quality of such teams. He added that it was important, as part of the process of institutional transformation, to define monitoring and feedback mechanisms at the country, regional and hemispheric levels. Such mechanisms should be effective in monitoring the attainment of objectives and efficient in assessing financial issues. The member countries should play an active role in that process.

3.1.38 The Representative of Uruguay said that IICA needed to be a flexible, constantly evolving institution focused on the search for alternatives to solve the problem of where, how and what we need to produce, as determined by what the consumer wants. He mentioned some of the challenges that IICA should readdress

in its transformation process: the role of young people, who will be the producers and consumers of the future; the relationship between agricultural production and natural resources; the vision of the rural producer of the future (user, beneficiary, businessperson) and the role of the rural family.

3.1.39 He supported the creation of the working group proposed by the United States and suggested that, in view of the fact that the sessions of the Executive Committee were used for presentations and deliberations, small workshops should be held in the future to address and discuss different issues.

3.1.40 The Representative of Nicaragua stated that the transformation of the institution should be integrated and should define pivotal strategic elements at the regional and national levels. With this in mind, he felt that IICA should strengthen the role of the Representatives in the countries; increase efforts to communicate and disseminate the role of the Institute; further develop its involvement with the private sector, taking into account small and medium-scale producers; and make the institution more active and efficient. He supported the idea of taking concrete actions for monitoring the transformation of the Institute and urged all the member countries to support the process as a means of addressing the difficulties in the agricultural sector.

3.1.41 The Observer Representative of Panama suggested that the idea of strategic alliances proposed by Brazil should be given serious consideration by the Director General and the member countries. She advocated the

strengthening of the Institute and stated that, in the case of her country, the presence of IICA guaranteed the attainment of the objectives of different projects financed by international cooperation funds. She suggested that in the decentralization process, steps should be taken to guard against technical and financial problems being transferred from Headquarters to the Technical Cooperation Agencies.

3.1.42 The Observer Representative of St. Vincent and the Grenadines supported the establishment of the working group proposed by the United States. He recommended that, in the makeup and work of the working group, each region of the hemisphere should be considered separately in view of the different levels of agricultural development of member countries. He also supported the case study requested by the United States on IICA-FAO relations. He added that it was necessary to consider socioeconomic issues in the studies in question. Finally, he stressed that any changes that eventually take place at IICA should be guided by the member countries, which, unless they exercise great caution, may later regret their decisions.

3.1.43 The Representative of Peru acknowledged that resistance to change was one of the weaknesses of the transformation process. He also supported an objective study to analyze the coordination of work between IICA and FAO. He drew attention to the time that remains for the execution of the 1994-1998 Medium Term Plan and felt it advisable that more expeditious mechanisms be created to evaluate the Institute's management and decision making. Based on the above, he supported the

proposal to create a working group for the institutional transformation process.

- 3.1.44 The Observer Representative of El Salvador requested that his country be included in the working group for institutional transformation. He suggested that technical assistance be strengthened in the areas of market research, the WTO, and other important topics related to international trade.
- 3.1.45 The Chairman gave the floor to the Technical Secretary, who asked the participants to submit their observations on the minutes of the preparatory session, the inaugural session and the first plenary session.

3.2 Report on IICA-FAO relations

- 3.2.1 The Chairman proposed that the remaining topics programmed for the third session be transferred to the afternoon agenda and that the meeting address the topic of IICA-FAO relations, which some countries had already mentioned. There being no objections, the Chairman gave the floor to the Director General so that he could make his presentation on the subject.
- 3.2.2 The Director General gave a chronological review of the development of ties between IICA and FAO based on Resolution No. 240 of the Seventh Regular Meeting of the Inter-American Board of Agriculture. This resolution had recommended that the Director General conduct a study to determine what steps would have to be taken to move forward in coordinating activities with FAO and, if possible, to

integrate the operations of the two institutions in the region.

3.2.3 He recalled that a Note of Understanding had been signed between the two institutions on February 4, 1994, defining the procedure for stepping up reciprocal cooperation through the identification of priority technical concerns and potential areas of interest, and the designation by each institution of an inter-agency coordinator and a technical liaison officer for each priority area. In July 1994, the IICA-FAO Joint Collaboration Program was drawn up for the period July 1994 to December 1995, in which the concrete actions and areas to be implemented were identified. At that point, the joint IICA-FAO activities got under way and have since been expanded and strengthened. To coordinate joint action in 1996, meetings were held in December 1995, and March and May 1996, which resulted in the document "Identification of Activities to be Executed Jointly."

3.2.4 He pointed out that, during the Sixteenth Regular Meeting of the Ministers of Agriculture of the Regional Council for Agricultural Cooperation in Central America, a resolution had been adopted requesting that the Director General present to this Executive Committee a report on the background and current status of IICA-FAO relations in Latin America and the Caribbean. The same ministers had also agreed to urge the Committee to reiterate Resolution 240 of the Seventh Regular Meeting of the IABA and to present to the next meeting of the Council of FAO, due to be held in Paraguay in July, a resolution recommending that the study requested in Resolution 240 be conducted in conjunction

with IICA. The Director General stressed that the cooperation between the two institutions had been extensive and that the progress achieved through this relationship had been very positive. Finally, he stated that the study had not been carried out because it might be more advisable for it to be conducted by someone who did not belong to either institution. However, he felt that it was necessary for FAO to be given a mandate similar to the one given to IICA for carrying out the study.

- 3.2.5 The Chairman thanked the Director General for his presentation and gave the floor to the Representative of Honduras, who described some of the events that had led up to IICA and FAO being asked to coordinate their activities. He remarked that the execution of the study suggested by the IABA had been approved during the Twenty-seventh Conference of FAO and that it would be a very useful exercise. He mentioned that the ministers of Central America, Mexico, the Dominican Republic and Belize had asked that the topic be placed on the agenda for the Committee and that a resolution be approved requesting that a proposal be presented to the next meeting of the Council of FAO regarding the execution of the study. He felt it important that the participation of the countries in the study be stipulated in the resolution.

- 3.2.6 The Representative of the United States of America congratulated the Director General on the progress that had been achieved in the cooperation between IICA and FAO. It had only occurred since the present directors of the two institutions had taken office. He regretted the fact that FAO had not been given

a mandate similar to the IABA's. He said that his country had undertaken a series of consultations among the countries in order to ascertain their position regarding the coordination of the work of the two institutions and the contributions that they made. He referred to the management costs of the two institutions' operations throughout the hemisphere, based on a matrix distributed by his delegation, and invited the other representatives to offer suggestions and comments for completing the matrix. He underscored the potential savings in operating and administrative costs if the two institutions worked together.

- 3.2.7 The Representative of Venezuela read out part of the reply that the Minister of Agriculture of his country had sent to the Government of the United States supporting the idea that the two institutions work together to achieve economies, but stressed the fact that Venezuela was not in favor of a merger or the substitution of either organization.
- 3.2.8 The Observer Representative of Belize supported the position of Venezuela and stated that the most important thing was to define the strategic areas in which the two institutions could work together.
- 3.2.9 The Representative of Nicaragua said that important progress had been made and asked the Director General to continue identifying areas of cooperation between the two institutions.
- 3.2.10 The Representative of Argentina confirmed the fact that his country was in favor of a future merger of the two institutions and asked for clear signals to be sent to that effect. The

coordination of joint activities should be the first stage in the process.

- 3.2.11 The Representative of the United States added that cooperation of this kind between two institutions had already occurred in the OAS and PAHO in regard to the execution of regional programs and that it was not a question of a merger, but of how they are executed.
- 3.2.12 The Representative of Honduras suggested that it would be useful to have a copy of the WHO/PAHO Agreement as an example and the Chairman replied that he would endeavor to obtain one.
- 3.2.13 The Observer Representative of Brazil asked to make a comment on the issue. He felt that it was very important to clarify whether there was synergy, what kind of alliance would be involved, and whether it was worthwhile. In his language, there was concern about the use of the word "merger" because, naturally, there were similarities between organizations, but also differences. He counselled great caution and suggested that the issue of the possibilities of cooperation between IICA and FAO be studied in depth. There were many advantages to integration, but the results were not always successful.
- 3.2.14 The Chairman asked the Technical Secretary to prepare a draft resolution on coordination between IICA and FAO containing the points raised by the different representatives.

3.3 Signing of the Cooperation Agreement among IICA, the Polar Foundation and the Agricultural Research Foundation/DANAC

3.3.1 The Chairman gave the floor to the Director General, who informed the meeting of the presence of the Chairman of the Polar Foundation, Mrs. Leonor Gimenez de Mendoza, and the General Manager of DANAC, Mr. Osvaldo Luque. All three signed a general cooperation agreement and Mr. Fernando Ajmad gave a brief presentation on the activities of the Polar Foundation.

3.3.2 The Third Plenary Session was adjourned at 13:30.

FOURTH PLENARY SESSION

4 The Fourth Plenary Session, chaired by the Representative of Bolivia, was called to order at 14:40 on June 27, 1996.

4.1 Reading of Draft Resolutions

4.1.1 The Rapporteur presented Draft Resolution "Second Annual Report of the Audit Review Committee," which was approved.

4.1.2 The Rapporteur read out Draft Resolution "1995 Financial Statements of the Institute and Report of the External Auditors."

4.1.3 The Chairman opened the discussion and gave the floor to the Representative of the United States of America, who expressed his interest in introducing into the whereas clauses the agreement reached the day before concerning

the rearrangement of figures posted under miscellaneous expenses in the financial statements.

- 4.1.4 The Representative of Venezuela said he thought it was erroneous to consider external funds as income of the Institute in the financial statements, and stated that the considerations of the Audit Review Committee should be taken into account before the meeting of the IABA. He therefore requested an addition to operative paragraph 1.
- 4.1.5 The Representative of Guatemala made reference to the Verbatim Report, page 88, section 439, in which the Director General alluded to certain peculiarities of that country's legislation which hindered taking legal action against fraud. He clarified that said peculiarities of Guatemala were similar to those of any other Latin American country.
- 4.1.6 The Director General thanked the Representative of Guatemala for the information.
- 4.1.7 The Representative of Uruguay pointed out that the formulation of accusations was not easy. There must be sufficient evidence to provide grounds for an accusation.
- 4.1.8 The Chairman requested that the Technical Secretariat take notes so that the pertinent changes could be made in the Draft Resolution.

4.2 Technical Presentation, Area of Concentration: Directorate of Socioeconomic Policy, Trade and Investment.

4.2.1 The Chairman gave the floor to the Director of Area of Concentration I: Socioeconomic Policy, Trade and Investment, Mr. Lizardo de las Casas. He explained that his presentation was divided into three parts: I) The Area of Policy, Trade and Investment in the IICA System; II) Agriculture in International Trade; and III) Some Actions of the Directorate of the Area of Policy, Trade and Investment.

4.2.2 Mr. de las Casas outlined IICA's systemic approach in regard to:

1) The thematic dimension: He stated that it encompassed the Areas of Concentration and the Institute's specialized services in the search for a common objective (sustainable development of agriculture and rural areas), while maintaining a balance between equity, competitiveness and solidarity.

2) The structural dimension: He explained that this referred to the practical operations of the Institute from a geographical point of view, with a national component (Technical Cooperation Agencies) in charge of day-to-day problem solving, a regional component (Regional Centers) responsible for safeguarding regional integration processes and linking national actions, and an inter-American level (Areas of Concentration Directorates/Headquarters), responsible for safeguarding the inter-American point of view in the world context and the process of integration of the Americas, and extending

support to Regional Centers and Cooperation Agencies in matters of technical training.

4.2.3 . Mr. de las Casas stated that the aim of the Area of Socioeconomic Policy, Trade and Investment was to contribute to the development of private and public technical and institutional capabilities to generate socioeconomic policy proposals and mechanisms for internal trade and international economic integration. He added that this aim was accomplished through four lines of work:

1) at the national level, by gathering economic and market intelligence, conducting analyses of policies and competitiveness, and identifying investment opportunities;

2) at the supranational level, by following up on reforms in world trade and the process of economic integration, and analyzing the impact of economic liberalization and trade negotiations;

3) analyses of the current situation in and outlook for agriculture and rural areas; and

4) information systems.

4.2.4 Mr. de las Casas made special mention of the work carried out in various Latin American countries and gave the floor to Mr. Tom Kerr, who showed examples of commercial analyses of a number of agricultural products.

4.2.5 The Chairman thanked Mr. de las Casas and his team for their presentation.

4.3 Report of the AgriFuture Foundation

At the invitation of the Chair, the Executive Director of the AgriFuture Foundation, Rafael Martí, gave background information on the Foundation, describing its origins and legal framework. He explained that the basic purpose of the Foundation was to provide a channel for donors eager to give funds to nongovernmental organizations. The Foundation's mission and objectives, he stressed, were fully compatible with IICA's own. He went on to describe its means of support and its organizational structure, and detailed the basic mode of operation and means of financing, as well as sources of funds. As an illustration, he described a project that the Kellogg Foundation was supporting through AgriFuture. He outlined the priorities the Foundation had adopted, including relations with universities, rural-urban flight, natural resources, sustainable agriculture, and micro-enterprises for women. He also explained how the Foundation identified and selected projects.

4.3.1 The Executive Director then gave more details about Foundation operations, including overhead funds (some projects generated CATIs, while others did not) and accounting and audit systems. Finally, he shared financial information demonstrating the cost-benefit ratio of the Foundation and showing how the Institute had already benefited from this initiative. He closed by describing in more detail the University Information Service developed by the Foundation as a tool for building strategic alliances with universities in the United States and for encouraging

people from IICA's Member States to undertake graduate studies there.

4.4 Draft Resolution - Financial Statements

4.4.1 The Rapporteur read out Draft Resolution "1995 Financial Statements of the Institute and the Report of the External Auditors."

4.4.2 The Representative of Peru suggested that the preambular section include mention of the Audit Review Committee. He then asked for clarification of point 1 of the operative part, asking who would examine the reservations expressed by the Audit Review Committee and for what purpose.

4.4.3 The Director General replied that the Institute's Senior Management Committee would perform this study for the purpose of following up on suggestions by the Audit Review Committee.

4.5 Draft Resolution - Institutional Transformation and IICA's Future

4.5.1 The Rapporteur then read out Draft Resolution "Institutional Transformation and IICA's Future" and the floor was opened for discussion.

4.5.2 Several omissions had been made in the Spanish version of the Draft Resolution and the Chair asked the Technical Secretary to have the text carefully reviewed so the corrected text could be distributed.

- 4.5.3 The Representative of the United States requested that an additional clause be added to the preambular section, following the fourth paragraph, to stress that, even with the process of decentralization, it was important for IICA Headquarters to maintain accounting and financial control. He also commented on point 1 of the operative part. He strongly agreed that, as the text stated, the Institute should "proceed with the process of transformation and modernization"; but he asked that the text add, "taking into account the comments of this Executive Committee." Moreover, he asked, in the interest of clarity, that operative point 1.a be reworded as "restructuring the budgetary and financial process of the Institute."
- 4.5.4 The Observer Representative of Canada asked for clarification of the meaning of clause 1.b of the operative part.
- 4.5.5 The Director General explained that the clause referred to strengthening the managerial, technical and financial skills of staff members, a process which had already begun. The Institute was supporting staff members by offering training courses and wanted to continue and even bolster this process, so IICA staff would be better equipped to meet the needs of the Member States.
- 4.5.6 The Observer Representative of Paraguay asked that operative point 1.b be reworded to reflect the explanation given by the Director General and suggested a text such as "strengthening the development of technical, managerial and financial skills."

- 4.5.7 The Representative of Uruguay expressed dissatisfaction with the wording of point 2.b of the operative part, which dictated membership of the Special Committee. He felt that it was inappropriate to state that the six countries listed therein were included on the Committee specifically because of their contributions to IICA. His view was that this would set an undesirable precedent by appearing to rate the Member States on the basis of their contributions. He therefore suggested that the phrase "six main contributors to the Institute" be deleted.
- 4.5.8 This comment aroused considerable discussion. The concern expressed by the Representative of Uruguay was shared by the Observer Representatives of Panama, Ecuador, and Chile. The Representative of the United States agreed that the points were well taken and noted that the intention of the General Directorate had been that members of the Special Committee should be individuals deeply familiar with the Institute and very concerned with the subject matter. The Observer Representative of Brazil agreed that the issue was very complex because everyone was interested in being involved. However, he stressed that it was important for the Special Committee to have a very strong technical foundation. Several Representatives suggested mechanisms for selecting members and, in the end, it was agreed that the Special Committee would be made up of two representatives from each of the five Regional Centers. The countries to represent each region would be selected by lot the following day, immediately after the closing of the Executive Committee meeting. All countries would be welcome to send observers to the meetings of the Committee or to meetings of

the working sub-groups, and IICA's Directors of Regional Centers could attend pertinent meetings.

4.5.9 Discussion of clauses 2.c and 2.d of the operative portion of the Draft Resolution centered on the timetable for meetings of the Special Committee and on whether the mandate of the Special Committee should be finite in order to conclude at the time of the subsequent regular meeting of the IABA. Contributions to the discussion were made by the Chair and the Representative of the United States, and by the Observer Representatives of Panama, Paraguay and Brazil. It was agreed that the Special Committee would convene an initial meeting to prepare a plan of action and set a timetable. Invitations to attend subsequent meetings scheduled by the Committee would then be sent out to the other countries and the General Directorate would be responsible for keeping the Member States apprised of the activities of the Special Committee, so they could send observers if they so desired.

4.5.10 This concluded the discussion of the draft resolution, pending submission of the corrected text the following day.

4.6 Proposed Regulations for Application of Article 24 of the Convention of the Inter-American Institute for Cooperation on Agriculture (IICA/CE/Doc.307(96))

4.6.1 The Legal Advisor introduced the topic by explaining the background of the proposal. He pointed out that Article 24 of the Convention, concerning suspension of voting rights for

countries in arrears on quota payments, had never been invoked, but that questions had come up during meetings of the Inter-American Board of Agriculture (IABA) in 1993 and again in 1995. It became clear that, if the Article were to be implemented, the Board stood at risk of losing a quorum and the Institute could well become paralyzed. Thus, it was necessary to have a set of regulations governing the application of Article 24 and the present proposal had been drafted to meet that need. The focus of the proposal was to clarify questions left unanswered in the Convention and, at the same time, to prevent arbitrary use of the provision. The Legal Advisor acknowledged with gratitude the constructive contribution made by the Government of Venezuela, which had submitted a well-reasoned legal opinion on the proposal.

4.6.2 The Rapporteur read out the Draft Resolution and it was placed on the floor for discussion.

4.6.3 The Observer Representative of Canada congratulated the Director General for the clear, cogent proposal and agreed that the contribution by the Venezuelan Government was useful for clarifying points of style and the issue of restoration of voting rights. She then asked why Venezuela had proposed deletion of the second sentence in Article 4.4 of the proposal, listing possible circumstances under which indebtedness could be considered beyond a Debtor State's control. She said that she found the sentence very helpful, and not restrictive, as a guide for the Executive Committee in applying Article 24 of the Convention.

- 4.6.4 The Legal Advisor replied that the intention of the General Directorate was to incorporate the full recommendation of the Government of Venezuela, but added that this point could be left in its original form if the Venezuelan delegation had no objections.
- 4.6.5 The Representative of Venezuela assented and the Draft Resolution carried with this modification.

4.7 Pending Reports

- 4.7.1 In view of the late hour, the Chairman proposed that the presentation of the reports be omitted and that the meeting proceed to the consideration of pending draft resolutions, which was accepted.
- 4.8 The Rapporteur read out the Draft Resolution "Measures to Strengthen the Financial Capability of the Institute during the 1996-1997 Biennium."
- 4.8.1 The Representative of the United States proposed that in operative paragraph 1, the words "implement fully" be replaced by "implement the appropriate measures." The Draft Resolution was approved with the proposed amendment.
- 4.9 The Rapporteur read out the Draft Resolution "Measures for Collection of Quota Arrearages."
- 4.9.1 The Representative of the United States expressed his approval of the documentation presented to address that complex topic. He said he was concerned that the discounts proposed for the payment of quota arrearages

(10%) might be viewed as a reward, and considered that the 5% discount for payment in advance could be excessive from a financial point of view. He suggested that a change be included to the effect that discounts for quota arrearages should be granted on a one-time basis, and should not be applied to future defaults.

- 4.9.2 The Representatives of Bolivia and the United States and the Observer Representatives of El Salvador and Ecuador, as well as the Director General, stated that they favored the imposition of an expiry date to opt for the discounts established. The Director General considered that a term of 10 months from now was appropriate because it made it possible to have a report on the matter by the next meeting to be held in June next year.
- 4.9.3 The Representative of Argentina said he agreed with the Representative of the United States about the interpretation that could be given to the proposed discounts, considered that accepting forms of payment other than in a uniform currency was discriminatory, and believed that a reasonable interest rate at the international level should be used for both advance payments and arrearages.
- 4.9.4 The Legal Advisor clarified about the consultations that would be carried out on discount rates and added that establishing a period of 10 months did not make much sense because it referred to something that would occur in the future. He agreed with the proposal by the Representative of the United States that an expiry date be established for the countries to take advantage of the application of discounts on quota arrearages.

He explained to the Representative of Argentina about cases in which other currencies could be accepted.

- 4.9.5 The Observer Representative of Mexico said he was in favor of eliminating the reference to the six main contributors in subparagraph a) of the operative paragraphs.
- 4.9.6 The Representative of Venezuela agreed with that proposal and considered it important to clarify how a member country with quota arrearages would stand if its payments were credited to the quota of the current year, and how a commitment could be established to ensure payment of arrearages from earlier periods.
- 4.9.7 The Chairman requested the Technical Secretary to prepare a new version of the draft resolution to include the observations made during the discussion.
- 4.10 The Rapporteur read out the Draft Resolution "Annual Study on CATIs - 1995."
- 4.10.1 The Representative of the United States expressed his satisfaction with the report submitted by Price Waterhouse in relation to CATIs. He considered that 3% was a reasonable degree of flexibility for the General Directorate. He stressed that the methodology and variables for calculating CATI rates should be clear, concise, equitable and transparent for the entire organization.
- 4.10.2 The Representative of Argentina said that the system for establishing rates based on costs and expressed as a percentage of the resources administered was inappropriate and

inconsistent with the concept of competitiveness. He believed that in establishing CATI rates, the competition and the Institute's negotiating capability should be taken into account, both at the level of the General Directorate and of the Technical Cooperation Agency in the country.

- 4.10.3 The Observer Representative of Canada made reference to the statement by the previous speaker. She considered that IICA was not in a condition to compete in the resource management market, in terms of prices. She agreed that transparency was necessary in projects, taken individually, and that there should be a certain degree of flexibility, but said that the proposal as stated was not acceptable to Canada.
- 4.10.4 The Observer Representative of Panama suggested that the concerns that had arisen be made known to the proposed working group for the study of IICA's transformation, and considered it advisable for the resources obtained through CATIs to be channeled to the countries in which they were generated.
- 4.10.5 The Representative of Venezuela thought that the rate proposed by the consultancy firm was a little high. He proposed that IICA should carry out actions to increase efficiency and competitiveness. He suggested that the expression "donor institution" in the whereas clauses be replaced by "financial institution."
- 4.10.6 The Director General emphasized the need to analyze the financial base of the Institute with an inter-American perspective and with a spirit of solidarity among countries. He

explained that IICA receives income from quotas, CATI charges, interest earned and others, and it will be impossible to strengthen the institution if each of these sources of incomes is reduced. He proposed that the draft resolution be approved, adding a paragraph that indicates that during the first session of the Special Committee for Institutional Transformation, the financial base of the Institute and the concerns raised be examined.

- 4.10.7 The draft resolution was approved with the inclusion of the proposal of the Director General.
- 4.11 The Rapporteur read out Draft Resolution "FAO/IICA Relations."
- 4.11.1 The Representative Observer of Brazil considered it important to establish opportunities for cooperation and complementary action between IICA and FAO, adding that the study being proposed should make every effort possible to promote greater cooperation between the organizations.
- 4.11.2 The Representative Observer of Belize was concerned that IICA may lose its identity, and that there was a risk that an integration of efforts would be interpreted as a fusion of the organizations.
- 4.11.3 The Representative of Honduras indicated that this topic had been reviewed by other bodies, such as the Council of Ministers of Central America, Mexico and the Dominican Republic, and the IABA. He added that two IABA resolutions had addressed the issue of IICA-FAO relations, and indicated his agreement

with the proposal to carry out the aforementioned study, which could produce enormous benefits. He recalled that the topic of IICA-FAO relations had been discussed during the Twenty-Seventh FAO Conference, and FAO was requested to participate in the study on relations between the two organizations.

- 4.11.4 The Representative of Nicaragua called attention to successful relations between IICA and FAO, and indicated his concern that certain issues not discussed in this forum had been included in the draft resolution.
- 4.11.5 The Representative of Uruguay proposed several changes: to suppress in whereas clause 1, the phrase "inasmuch as the countries are finding it increasingly difficult to provide resources for the operations of the different international cooperation agencies"; to eliminate from operative paragraph 1 the phrase "and, if feasible, to eventually integrate their operations in the region"; in operative paragraph 3, to substitute "with raising" with "with presenting for its information"; and also in operative paragraph 3 to eliminate the phrase "and to urge the countries to provide the support and collaboration required to ensure the success of this initiative."
- 4.11.6 The Representative of Peru stated that he was in favor of conducting the study on IICA-FAO relations and proposed that the recommendation to the Director General of FAO, in operative paragraph 2, be eliminated.
- 4.11.7 The Director General explained that this draft resolution had been presented in compliance with the mandate of the ministers of

agriculture and proposed that the resolution be approved with the omission of the whereas clauses.

- 4.11.8 The Chair instructed the Technical Secretariat to make changes in the draft resolution to reflect all the observations that had been made, and that it be seen again on the following day, prior to the Closing Session.
- 4.12 Signing of the Agreement between the Ministry of Agriculture and Livestock of Venezuela and IICA, for the Establishment of the Hemispheric Training System
- 4.12.1 The Director General of IICA and the Minister of Agriculture and Livestock of Venezuela signed the Cooperation Agreement.
- 4.12.2 Minister Raul Alegrett expressed his satisfaction with the signing of the agreement, which he hoped would benefit all the countries. He requested support to ensure that the objectives of the agreement be fulfilled.
- 4.12.3 The Director General expressed his commitment to putting IICA's best talents to work on the task.
- 4.12.4 The session was adjourned at 20:15.

CLOSING SESSION

- 5 The Closing Session of the Sixteenth Regular Meeting of the Executive Committee was called to order at 17:15, June 28, 1996 in Meeting Room N° 4 of the Hotel Europa Zurqui, under

the chairmanship of Mr. Oscar Ponce Blanco, Representative of Bolivia.

5.1 Approval of Pending Draft Resolutions

- 5.1.1 The Chairman noted that, in point 1 of the English version of the Order of Business, Draft Resolution 1 should read Draft Resolution 4. He asked the Rapporteur to read out Draft Resolution "Measures for Collection of Quota Arrearages," which was done.
- 5.1.2 The Representative of the United States said that he disagreed with two points: in point 6, under Resolves, he thought that granting a discount of up to 10% for the payment of arrearages accumulated to December 31, 1996 was a negative stimulus that would delay quota payments; he said he was strongly against this and suggested eliminating the second half of that paragraph, after the reference to a 5% discount for early payment of the annual quota.
- 5.1.3 He went on to say that he also disagreed with the language of point 1 (a) under Resolves, allowing payment of quotas in local currency. He considered this measure to be dangerous for IICA's financial security, and that payment of quotas in local currency should only be allowed up to a certain percentage of quotas owed, or before a specific date. He concluded by saying his country had not yet produced new language for these points and was open to suggestions from the floor.
- 5.1.4 The Director General observed that, in view of the importance of the issues raised and IICA's recent efforts to collect quotas in a timely

fashion, the points in question should be reserved for consideration by IICA's new Institutional Transformation Committee, to meet for the first time in September 1996. He concluded by noting that IICA might set a precedent for other international agencies in this matter, and suggested withdrawing the Draft Resolution, which, after the Chair had obtained a consensus from the floor, was done.

- 5.1.5 The Rapporteur read out the Draft Resolution "IICA/FAO Relations," which was approved as read.
- 5.1.6 The Representative of the United States asked to re-open consideration of Draft Resolution "Measures for Collection of Quota Arrearages," as he had received new information on the matter. He said that the Director General has the authority to immediately implement the recommendations of the Executive Committee, and therefore he urged that the suggestion put forward by his country for revising points 1 (a) and 6 under Resolves be approved.
- 5.1.7 The Chair asked the plenary for approval of this measure, but then yielded the floor to the Legal Advisor from the OAS, who clarified an issue of parliamentary procedure regarding the requirement of a vote to permit the reconsideration of a measure once it had been withdrawn.
- 5.1.8 The Representative of Uruguay stated that if the draft resolution had not been voted on, then the suggestions of the USA should be submitted to the Institutional Transformation Committee.

- 5.1.9 The Director General reiterated the requirements of parliamentary procedure, as stated by the Legal Advisor, if further discussion was to ensue.
- 5.1.10 The Observer Representative of Canada noted that, in reference to the last intervention by the USA, he had always considered that the Director General could implement the recommendations of the Executive Committee, and that his country was most concerned with point 1 (c). Other points, such as 1 (b) were not new either, as the OAS observed a similar policy. Any progress in these matters should be welcome, he said, and the Executive Committee should not seek contention, but rather move forward. The suggestions of the USA should thus be approved, he concluded.
- 5.1.11 The Legal Advisor, Mr. William Berenson, again took the floor to emphasize that the last IABA had asked the Sixteenth Executive Committee to authorize the Director General to improve quota collection measures like those presently before the Committee, and which were also the products of a working group. Therefore, he continued, the changes suggested by the USA could be approved, leaving only point 1 (a) under Resolves to be later studied by a group designated by the Director General. This, he concluded, would show the progress made on the matter by this Executive Committee.
- 5.1.12 The Representative of Venezuela expressed his confusion, saying that point 1 said "To recommend that the IABA approve..." and that pressure should not be placed on the Director General to implement contentious measures.

- 5.1.13 Mr. Berenson agreed, explaining that by eliminating point 1 (a), leaving it for later study, and approving only points 1 (b), (c) and (d), this would be accomplished.
- 5.1.14 A discussion ensued on the meaning of the paragraphs immediately before and after the Resolves heading, in which Venezuela, Belize and the USA discussed the pertinent wording and the intentions of the IABA.
- 5.1.15 In an effort to resolve the matter, the Chair briefly summarized the various opinions and again called on Mr. Berenson, who clarified that the objective of Resolution IICA/JIA/Res.255(VIII-O/95) was to stimulate action on the problem of quota arrearages and that, by delegating authority on the matter to the Sixteenth Executive Committee, the IABA was effectively expressing its confidence in the Committee, reserving only the right to follow up on the matter. The Director General concurred, reiterating that point 1 (a) and part of point 6 could be eliminated now and studied later by the Institutional Transformation Committee.
- 5.1.16 The Legal Advisor then suggested that point 3 under Resolves also be eliminated and, in response to a query on this from the Representative of Venezuela, justified its elimination by stating that the language under the Considering heading was sufficient to permit the Director General to implement measures suggested by this Executive Committee.
- 5.1.17 The Chair briefly summarized the arguments. The Observer Representative of Brazil suggested that the final words in point 6

regarding reporting back to the next annual meeting of the Executive Committee be retained, to which the Representative of the United States had no objection.

- 5.1.18 The Legal Advisor read the new wording of points 1 (a) and 6, eliminating point 3, and the Draft Resolution was approved.
- 5.1.19 The Rapporteur read out the Draft Resolution "The Process of Institutional Transformation and IICA's Future," and the Chairman opened the floor for discussion.
- 5.1.20 The Representative of Honduras remarked that, given IICA's difficult economic situation, it would be extremely expensive to finance ten members of the Special Committee and, therefore suggested, that five regular and five alternate members be appointed.
- 5.1.21 The Representative of Uruguay suggested that preparatory meetings be held in each Regional Center; this would strengthen their spirit, and each Regional Director would arrive at the meeting of the Special Committee with specific suggestions.
- 5.1.22 The Director General accepted the suggestion of the Representative of Uruguay. He stated that ten members would be invited; IICA would meet the expenses of the regular members and each member country, those of the alternate members.
- 5.1.23 The Observer Representative of Ecuador asked which members would have the right to vote.
- 5.1.24 The Director General replied that the Special Committee would meet by September at the

latest and should establish its own rules of procedure and modus operandi. The important thing, he said, was that this Committee would be supporting the institutional transformation process.

- 5.1.25 The Observer Representative of Ecuador felt that instead of calling them "regular members" and "alternate members," it would be better to refer to them as five members financed by IICA and five by the countries.
- 5.1.26 This proposal was accepted and the draft resolution was adopted.
- 5.1.27 The Representative of Venezuela asked that the following corrections of style be made in the Spanish version of the Draft Resolution approved:
Article 2, sub-paragraph c. replace "permita" with "permitir"
Article 2, sub-paragraph e. replace "establezca" with "establecer"
Article 2, sub-paragraph f. replace "forme" with "formar"
- 5.1.28 The next step was to draw lots to select the members of the Special Committee. The Technical Secretary explained the procedure to be followed. IICA's 33 member countries would be grouped together under their respective Regional Centers. The conference room attendant would draw two countries' names; the first would be the member whose expenses would be met by IICA and the second, the one to be funded by the country. Lots were drawn in accordance with the alphabetical order of the Regional Centers, beginning with the Andean Regional Center, followed by the Caribbean,

Central, Northern and Southern Regional Centers.

- 5.1.29 The countries chosen were:
Andean Regional Center: Peru (first country) and Ecuador (second country)
Caribbean Regional Center: Barbados (first country) and Suriname (second country)
Central Regional Center: Costa Rica (first country) and Guatemala (second country)
Northern Regional Center: Canada (first country) and Mexico (second country)
Southern Regional Center: Chile (first country) and Argentina (second country)
- 5.1.30 The Observer Representative of Costa Rica offered to relinquish to Guatemala the right to be a member funded by IICA when the meeting of the Special Committee was held in Costa Rica.
- 5.1.31 The Chair asked the Rapporteur to read out Draft Resolution "AgriFuture Foundation." The Representative of Peru requested clarification of the word "acoger," to which the Technical Secretary replied that the meaning was "to accept." The draft resolution was then approved.
- 5.1.32 The Rapporteur read out Draft Resolution "Date and Site of the Seventeenth Regular Meeting of the Executive Committee," which stipulated that the meeting would be held at IICA Headquarters in San Jose, Costa Rica, in June 1997. The Draft Resolution was unanimously approved.

5.2 Signing of the Report of the Sixteenth Regular Meeting of the Executive Committee

5.2.1 The Chairman explained the procedure to be followed in reviewing the Provisional Report of this Committee and the Verbatim Record. The Chairman and the Director General then signed the Report of the Meeting.

5.3 Address by the Director General

5.3.1 The Director General thanked all the participants for responding to his call for support for the institutional transformation process. Their suggestions, comments and observations were extremely useful and were reflected in the different resolutions and the minutes of the meeting. He remarked that the creation of the Special Committee was very important for the Administration, in view of the political, moral, economic and diplomatic support that would be provided to this process. He also thanked the many countries that had demonstrated their solidarity and support for the process.

5.3.2 He thanked all the personnel involved in the organization of the meeting, and the Technical Secretary who, despite the fact that it was the first time that he had performed this function, had done an excellent job. He underscored the outstanding role played by the previous Technical Secretary and the importance of the fact that such good replacements were to be found among the IICA staff.

5.3.3 He thanked the Government of Costa Rica, especially the Ministries of Agriculture and

Livestock and Public Security, and the Central American School of Livestock Management, for the services and the support provided.

5.3.4 He asked the delegates to pass on his thanks to their governments for the support he had received on this occasion, as at previous meetings. He congratulated the Chairman on a job well done and remarked that more than ever he was committed to the process of institutional transformation and would continue to support it so as to ensure that it takes place within a framework of participation, decentralization, concentration and flexibility.

5.4 Address by the Chairman of the Executive Committee

5.4.1 The Chair of the Sixteenth Regular Meeting of the Executive Committee, Mr. Oscar Ponce Blanco, Representative of Bolivia, expressed his gratitude to the people and government of Costa Rica and to IICA. He said he was leaving happy and satisfied that the commitment of all to the Institute had been strengthened by the discussions just concluded. An IICA that was transformed, modernized and decentralized could be interpreted as the political will of its Director General, Carlos Aquino. He also congratulated the Technical Secretary, Gerardo Escudero, for his organization of the meeting; the Legal Advisor, William Berenson, for his sage interpretations and advice; the Deputy Director General, Larry Boone, the Rapporteur, Roberto Villeda Toledo, and all the Representatives and other delegations. He expressed his sincere thanks to all IICA staff

who had worked during the meeting, all having done their part to make it a success.

5.4.2 Finally, the Chair declared he was honored, in the name of his country Bolivia, to present the Director General with a gift that would recall its successful completion.

5.4.3 After the Technical Secretary and the Director General had, in turn, presented the Chair with the gavel he used to preside over the meeting, the Closing Session of the Sixteenth Regular Meeting of the Executive Committee was declared adjourned at 18:45 on June 28, 1996.

RESOLUTIONS

IICA/CE/Res.251 (XVI-O/96)
27 June 1996
Original: Spanish

RESOLUTION No. 251

1995 ANNUAL REPORT

The EXECUTIVE COMMITTEE, at its Sixteenth Regular Meeting,

HAVING SEEN,

Document IICA/CE/Doc.300(96) "1995 Annual Report,"

CONSIDERING:

That Article 4.f of the Rules of Procedure of the Executive Committee establishes that the Committee shall examine the Annual Report of the activities of the General Directorate;

That the 1995 Annual Report faithfully reflects the activities carried out by the Institute during the year;

That the Institute, in compliance with the recommendations of the Sixth Regular Meeting of the Inter-American Board of Agriculture (IABA), prepared and published a summarized report to be used as an instrument for dissemination and a smaller number of the full report for the information of the Member States,

RESOLVES:

1. To accept Document IICA/CE/Doc.300(96) "1995 Annual Report," presented by the Director General.
2. To congratulate the Director General on the presentation of the Annual Report.
3. To recommend that the Inter-American Board of Agriculture, at its Ninth Regular Meeting, approve the 1995 Annual Report.

IICA/CE/Res.252 (XVI-0/96)
28 June 1996
Original: English

RESOLUTION No. 252

INSTITUTIONAL TRANSFORMATION AND IICA'S FUTURE

The EXECUTIVE COMMITTEE, at its Sixteenth Regular Meeting,

HAVING SEEN:

Document IICA/CE/Doc.311(96) "The Process of Institutional Transformation and IICA's Future,"

CONSIDERING:

That the 1994-1998 Medium-Term Plan establishes guidelines for the transformation of IICA based on the principles of decentralization, flexibility, participation and concentration;

That at its Eighth Regular Meeting, the Inter-American Board of Agriculture (IABA), in Resolution No. 271, agreed: "To instruct the Director General to continue with the process of internal training and institutional change, based on the guidelines contained in the 1994-1998 Medium Term Plan;"

That during the course of the discussion at this meeting of the Executive Committee, the Member States have expressed general satisfaction with the process of change presently under way in the Institute, and many have stressed that during the transformation process, IICA must take the necessary measures: to retain its technological leadership and expertise; to strengthen its strategic

alliances; to recruit talented young professionals; to remain primarily an inter-governmental agency; to continue its efforts toward an orderly decentralization; to implement effective measures for evaluating the process of change and its results; to transform its institutional culture as a prerequisite for excellence; and to enforce a policy of strong financial and management controls;

That the process of decentralization, which is a central element of the transformation efforts, makes it possible to effectively bring IICA's cooperation efforts closer to users, and to devote a greater share of resources to technical cooperation rather than to bureaucratic requirements, thus facilitating the harmonization of IICA's work programs with the agendas of the Ministers of Agriculture, both at the regional and the country levels;

That the countries represented on this Committee, bearing in mind the need to maintain ongoing communication with the General Directorate in connection with the institutional transformation process and to facilitate decision making, consider it necessary to establish a mechanism for that purpose, as envisaged in the rules currently in force;

That under Articles 4(q) and 57 of its Rules of Procedure, the Executive Committee is empowered to establish temporary or special committees to examine questions of importance to the Institute and make any relevant recommendations,

RESOLVES:

1. To instruct the Director General, taking into account the observations of this Executive Committee, to proceed with the process of transformation and modernization of the

Institute in the terms presented, with a view to:

- a. restructuring the budgetary and financial process of the Institute;
 - b. developing the technical expertise and administrative skills of IICA staff necessary to meet demands for cooperation;
 - c. establishing the new procedures, information and communications systems and rules that characterize modern organization and make its operations more effective.
2. To establish, on the basis of Articles 4(q) and 57 of the Rules of Procedure of the Executive Committee, a Special Committee which shall:
- a. assume responsibility for translating the political support of the Member States for the Institute's transformation process into advice and solutions for the General Directorate, in order to accelerate the process;
 - b. be made up of ten members -- two selected from each of IICA's five Regional Centers by drawing lots, one of whom from each Center, also determined by drawing lots, will receive travel expenses paid by IICA;
 - c. permit other interested Member States to attend and participate in its meetings, and invite Member States which are not members of the Committee

to participate in areas of particular interest or as the technical needs of the Committee require;

- d. have a mandate through to the next Regular Meeting of the IABA;
 - e. establish at its first meeting a work plan and a schedule for its future meetings;
 - f. form sub-working groups to study questions of special concern to the Member States, including, but not limited to, CATIs and the financial structure of the Institute;
 - g. receive administrative and secretarial support from the General Directorate.
3. In view of the importance of continuity of participation to the success of the Special Committee's mandate, to urge each of the Special Committee Members to take every reasonable effort to send the same representative to each of the Special Committee's meetings.
 4. To instruct the Director General to take into account the guidelines of the Special Committee on a continuing basis throughout the institutional transformation process;
 5. To request the Director General to submit to the Executive Committee, at its next Regular Meeting, such amendments to the existing rules as may be considered necessary in order to streamline the institution's work and consolidate the decentralization and institutional transformation process.

IICA/CE/Res.253 (XVI-0/96)
27 June 1996
Original: English/Spanish

RESOLUTION No. 253

1995 FINANCIAL STATEMENTS OF THE INSTITUTE AND
THE REPORT OF THE EXTERNAL AUDITORS

The EXECUTIVE COMMITTEE, at its Sixteenth Regular Meeting,

HAVING SEEN:

The Financial Statements of the Institute and related materials contained in Document IICA/CE/Doc.301(96) "Report of the External Auditors and Comments of the Director General on the 1995 Report of the External Auditors" ("External Auditors' Report"),

CONSIDERING:

That the External Auditors' Report for 1995 concludes that "the combined financial statements referred to above present fairly, in all material respects, the financial position of the INTER-AMERICAN INSTITUTE FOR COOPERATION ON AGRICULTURE - IICA as of December 31, 1994 and 1995, and the results of its activities and its cash flows for the years then ended, in conformity with generally accepted accounting principles;"

That under Article 4 of its Rules of Procedure, the Executive Committee is authorized "to examine the financial status of the Institute, rendering the corresponding report to the Board," and that under Articles 3 and 4 of the Rules of Procedure of the Inter-American Board of Agriculture (IABA), the authority to approve the Institute's Financial Statements lies exclusively with the Board;

That the Executive Committee has duly reviewed the Institute's Financial Statements, considered the Report of the Independent External Auditors, and exchanged views with the Director General and his staff on the Financial Statements and Report, particularly with respect to the need to redirect certain charges found under miscellaneous expenses in future presentations of the financial statements,

RESOLVES:

1. To accept the conclusions of the External Auditors regarding the accuracy of the 1995 Financial Statements of the Institute, with the reservations set forth in the report of the Audit Review Committee, which should be examined by the General Directorate prior to the next regular meeting of the Inter-American Board of Agriculture.
2. To submit the 1995 Financial Statements, together with the External Auditors' Report, to the Inter-American Board of Agriculture for its consideration and approval at its next regular meeting.

IICA/CE/Res.254 (XVI-O/96)
27 June 1996
Original: English/Spanish

RESOLUTION No. 254

MEASURES TO STRENGTHEN THE
FINANCIAL CAPABILITY OF THE INSTITUTE

The EXECUTIVE COMMITTEE, at its Sixteenth Regular Meeting,

HAVING SEEN:

Document IICA/CE/Doc.302 (96) "Measures to Strengthen the Financial Capability of the Institute during the 1996-1997 Biennium,"

CONSIDERING:

That it is unlikely that there will be a reversal in the near term of the negative trend toward a decrease in quota contributions from Member States to finance the Institute's regular activities, given the prevalence of policies aimed at restricting public spending in most of the countries;

That, at its Eighth Regular Meeting, the Inter-American Board of Agriculture (IABA) adopted Resolution IICA/JIA/Res.255 (VIII-0/95), authorizing the Director General to draw up and implement a program to strengthen the financial capability of the Institute that would include, among other measures, efforts to promote the sale of services, the generation of other miscellaneous income and the collection of quotas in arrears;

That document IICA/CE/Doc.302(96) "Measures to Strengthen the Financial Capability of the Institute during the 1996-1997 Biennium" identifies a number of fields in which IICA should develop income-generating capabilities, and proposes specific courses of action, such as participation in international bidding processes;

That during the deliberations of the Sixteenth Regular Meeting of the Executive Committee, the Member States made substantive contributions which should be included in the aforementioned document IICA/CE/Doc.302(96) "Measures to Strengthen the Financial Capability of the Institute during the 1996-1997 Biennium,")

That several members of the Executive Committee, while supportive of the Director General's initiatives, expressed opposition to the Institute's efforts to compete with the private sector in competitive bidding processes for project funds, and strongly indicated that the Institute must carefully examine its budget planning and presentation process and the methodology for computing CATIs in preparation for the next Executive Committee Meeting,

RESOLVES:

1. To accept document IICA/CE/Doc.302(96) "Measures to Strengthen the Financial Capability of the Institute during the 1996-1997 Biennium," submitted by the Director General, to which should be added the observations made by the delegates during the deliberations on this topic; these observations are included in Appendix 1 to this Resolution.
2. To request that the Director General submit to the Executive Committee, for consideration

at its next meeting, a proposal for making such adjustments in the existing regulations as may be necessary in order to allow for implementation of appropriate measures to strengthen the financial capability of the Institute, which should subsequently be presented for consideration by the Inter-American Board of Agriculture (IABA), at its Ninth Regular Meeting.

IICA/CE/Res.255 (XVI-O/96)
28 June 1996
Original: English

RESOLUTION No. 255

MEASURES FOR COLLECTION OF QUOTA ARREARAGES

The EXECUTIVE COMMITTEE, at its Sixteenth Regular Meeting,

HAVING SEEN:

Informational Document No. 2 entitled "Statement of Member States' Quotas as of May 31, 1996" and Document IICA/CE/Doc.303(96), "Measures for Collection of Quota Arrearages,"

CONSIDERING:

That Article 23 of the Convention on the Inter-American Institute for Cooperation on Agriculture provides that "the Member States shall contribute to the maintenance of the Institute through the annual quotas established by the Board," and that Article 24 of the Convention provides that a Member State that is more than two complete years in arrears "shall have its right to vote suspended in the Board and the Committee" unless either, as the case may be, considers that the arrearages are "due to circumstances beyond the control of that State";

That Article 80 of the Rules of Procedure of the General Directorate (RPGD) states that the annual quotas "shall fall due as of the first day of the corresponding fiscal year"; that Article 81 of those Rules provides that the General Directorate "shall receive all resources for

the Institute and must take all necessary steps to receive such contributions on schedule";

That the failure of Member States to make timely payment of quotas affects the execution of the approved Program Budget and is detrimental to the Institute and those Member States which fully comply with their quota obligations;

That a Working Group of the Executive Committee (made up of delegates from Brazil, Canada, Colombia, Costa Rica, Mexico, Peru, Suriname, the United States, and Venezuela) has recommended a series of measures for facilitating the collection of past-due quotas;

That systematic efforts to collect quota arrearages through direct negotiation with the Member States and the establishment of realistic payment schedules have proven successful for reducing those arrearages in other international organizations; and

That by Operative Paragraph 3 of Resolution IICA/JIA/Res.256(VIII-O/95), the Inter-American Board of Agriculture (IABA) instructed the Director General to prepare a study and recommendations for the Sixteenth Regular Meeting of the Executive Committee on:

- (a) the feasibility of accepting alternative forms of payment of past- due quotas, including, but not limited to, payment in local currency, payment in kind (real estate, services, etc.), payment in negotiable securities, and contributions to funds for sustainable development; and
- (b) incentives and sanctions for motivating prompt payment of current quotas and arrearages.

That by Operative Paragraph No. 4 of Resolution IICA/JIA/Res.255(VIII-O/95), the Inter-American Board of Agriculture authorized the Director General "to put into effect the measures that will be recommended by the Committee in a Resolution to be adopted in its Sixteenth Regular Meeting, ad referendum to ratification by the IABA at its Ninth Regular Meeting,"

RESOLVES:

1. To recommend that the Director General:
 - (a) offer to Member States without prior-year arrearages a discount of up to two percent on their annual quota provided it is paid in full during the first quarter of the year;
 - (b) credit amounts received from Member States in arrears as payments toward the current year's annual quota payment, provided those Member States first reach an agreement with the Director General on a calendar for payment of their arrearages;
 - (c) negotiate with Member States realistic timetables and methods for the payment of all arrearages owed;
2. To request that the Director General prepare, for consideration of the Executive Committee at its next Regular Meeting and thence to the Inter-American Board of Agriculture (IABA), the text of those amendments and norms.
3. To urge the Director General to continue his efforts:

- (a) to collect past-due quotas and to negotiate a calendar and terms for the prompt payment of same;
 - (b) to inform the Member States of the advancements and limitations encountered in those collections and negotiations; and
 - (c) to send to the Member States each month a statement on the status of quota payments.
4. To request that the Ministers of Agriculture use their good offices to influence their governments to adopt measures which will permit collection of past-due quotas and prompt payment of annual quotas.
5. To request that the delegations to this Meeting consult with the corresponding authorities in their respective governments on the feasibility of permitting the Institute to grant discounts of up to 5% for the early payment of the annual quota, and to report back to the next Regular Meeting of the Executive Committee on the results of those consultations.

IICA/CE/Res.256 (XVI-O/96)
27 June 1996
Original: English

RESOLUTION No. 256

ANNUAL STUDY ON CATI RATES - 1995

The EXECUTIVE COMMITTEE, at its Sixteenth Regular Meeting,
HAVING SEEN:

Document IICA/CE/Doc.304(96), "CATIs,"

CONSIDERING:

That Indirect Technical and Administrative Costs ("CATIs") charged to externally funded and related projects should accurately reflect the actual overhead costs borne by the Institute for such projects and that IICA's quota contributions should not be used to subsidize these costs;

That Rule 3.5.2 of the Institute's Financial Rules requires the General Directorate to conduct an annual study "to ensure that the Institute's CATI rates are commensurate with the actual costs of administering external resources" and further requires that the Institute's external auditors review the study;

That in accordance with the Financial Rules, the General Directorate has contracted the firm of Price Waterhouse, which issued its report on 1995 CATIs by way of a letter to the Director General dated June 5, 1996 ("the CATI Study");

That the CATI study concludes: That IICA should charge an average rate of 9% for projects funded with

external resources, in order to recover all indirect costs it incurs in administering those projects; that the Institute should establish a range of negotiating rates to achieve that average, and that the range of rates established should take into account a number of factors, including the need to remain competitive as an executing agency, the scope of the project to be administered, and the range of responsibilities assumed by IICA in executing the project;

That the Member States have indicated that the Institute should seek to recover through CATIs the full administrative costs for projects funded by external resources and have further suggested that the objective of full administrative cost recovery can be achieved by implementing a flexible range of rates, which will enable the agency to take into consideration, in negotiating each project agreement, the factors mentioned by Price Waterhouse in its study (i.e., IICA competitiveness, project scope and complexity, the nature of IICA's obligations and responsibilities for the project), as well as the specific needs of the target country, the limitations of the financing institution, and the relationship of the project to IICA's program goals and objectives;

That the Director of Finance has reported to the Executive Committee that IICA's External Auditors have informed him that they consider the recommendations in the CATI study to be reasonable,

That the second sentence of Rule 3.5.1 of the Financial Rules states:

The minimum [CATI] rate shall be eight percent, and the actual rate to be charged for specific contracts will be determined by agreement between the parties involved;

That the 8% minimum CATI rate established in Rule 3.5.1 is inconsistent with the consultants' conclusions and hampers the Institute's ability to remain competitive and flexible in negotiating contracts for the administration of external resources;

That Article 3(g) of the Rules of Procedure of the Executive Committee authorizes the Committee to "approve or modify the Staff Rules, Financial Rules, and Classification Standards, provided that no such approval or modification may be inconsistent with or require modification to the Rules of Procedure of the IABA, Executive Committee, or the General Directorate, or a Program Budget Resolution in Force."

RESOLVES:

1. To instruct the Director General to take into account the results and recommendations of the 1995 CATI study, together with the related concerns expressed by members of the Executive Committee, to establish the appropriate CATI rates for externally funded projects negotiated for the remainder of 1996, and until such time as those rates are modified on the basis of the results of future CATI studies.
2. To amend the second sentence of Financial Rule 3.5.1 to permit the Director General to carry out the recommendations set out in the CATI study consistent with the terms of that Rule. The amended text shall state:

For each project, the Director General shall negotiate a rate that: (a) does not fall below the minimum rate recommended in the applicable study provided for under Rule 3.5.2, and (b) is sufficient, in light of

estimates of other CATIs to be negotiated during the corresponding time period, to assure that the average CATIs collected for all projects during that period will cover the Institute's indirect administrative and technical costs.

3. To instruct the Director General to prepare a draft Executive Order that sets out the methodology for calculating CATI rates used in negotiating agreements for external funds, to ensure equity and transparency in the process. The methodology should include the formulas and identification of the variables considered in the calculation. The Director General should present this Executive Order to the next Regular Meeting of the Executive Committee for its information and review.
4. To instruct the Special Committee on the Transformation of IICA, established by Resolution by this Executive Committee, to undertake in its first meeting a thorough analysis of CATIs and related financial concerns of the Institute; that analysis should take into account the observations on CATIs expressed by the Member States during this meeting of the Executive Committee; its conclusions and recommendations on CATIs and related matters will be presented to the next Regular Meeting of the Executive Committee.

IICA/CE/Res.257(XVI-0/96)
27 June 1996
Original: English

RESOLUTION NO. 257

SECOND ANNUAL REPORT OF THE AUDIT REVIEW COMMITTEE

The EXECUTIVE COMMITTEE, at its Sixteenth Regular Meeting,

HAVING SEEN,

Document IICA/CE/Doc.305(96) "Audit Review Committee of the Inter-American Institute for Cooperation on Agriculture, Second Annual Report." ("Second Annual Report"),

CONSIDERING:

That Article 3(j) of the Rules of Procedure of the Executive Committee authorizes the Committee to "receive and approve the Reports and Recommendations of the ARC [Audit Review Committee] and to forward the Reports and Recommendations of the ARC to the Inter-American Board of Agriculture (IABA);"

That the ARC's Second Annual Report contains ten specific observations for consideration by the Director General and the Executive Committee and it cites two instances which, in the ARC's opinion, might have constituted a violation of the Rules of Procedure of the General Directorate for the period under review;

That in their consideration of the Report, members of the Executive Committee and the Director General stressed the need to strengthen the Institute's audit

process, to adopt mechanisms for assuring that audit recommendations are implemented as required, and to implement internal controls to prevent fraud and misuse of funds within IICA's changing structure and operations;

RESOLVES:

1. To approve the Second Annual Report of the Audit Review Committee and forward it to the Inter-American Board of Agriculture (IABA) for its information and review;
2. To congratulate the Audit Review Committee for having achieved, in the short time since its inception in 1994, a grasp of issues of concern to the Institute and to thank the Committee for having made constructive recommendations for addressing those issues;
3. To urge the Director General to strengthen the internal audit process, to adopt mechanisms for assuring that audit recommendations are duly taken into account as required, and to put into force more effective financial controls for the prevention of fraud and the misuse of funds;
4. To ask the Director General to inform the next Regular Meeting of the Executive Committee of the Institute's progress in implementing the measures set out in Operative Paragraph No. 3, above.

IICA/CE/Res.258 (XVI-O/96)

27 June 1996

Original: English

RESOLUTION No. 258

REGULATIONS FOR IMPLEMENTING ARTICLE 24 OF THE
CONVENTION ON THE INTER-AMERICAN INSTITUTE FOR
COOPERATION ON AGRICULTURE

The EXECUTIVE COMMITTEE, at its Sixteenth Regular Meeting,

HAVING SEEN:

Document IICA/CE/Doc.307(96) rev., "Proposed Regulations for Application of Article 24 of the Convention of the Inter-American Institute for Cooperation on Agriculture,"

CONSIDERING:

Article 24 of the Convention on the Inter-American Institute for Cooperation on Agriculture ("IICA Convention") provides that a Member State that is in arrears in the payment of its quotas for more than two complete fiscal years shall have its right to vote suspended in the Board and the Committee, but that the Board or Committee may nonetheless permit the Member State to vote if it considers that the arrearage is due to circumstances beyond the control of that State;

That the underlying purpose of Article 24 is to facilitate the collection of past-due quotas and to discourage Member States from falling into arrears;

That since Article 24 entered into force, no Member State in arrears as specified in that Article has had its right to vote suspended;

That because of the fundamental importance of the voting right to each and every Member State and to the democratic integrity of the Institute, no Member State should have its vote suspended without due process provided under clear and orderly rules of procedure;

That the orderly application of Article 24 requires regulations to clarify the procedural safeguards by which it is to be applied, methods of computing quorum and related voting requirements in those instances when the voting rights of one or more Member States have been suspended under that Article, and the conditions under which suspended voting rights may be restored;

That the Director General, pursuant to his mandate under Resolution IICA/JIA/Res.256(VIII-0/95) to recommend measures for collection of quota arrearages, has proposed draft regulations (attached as Appendix I of this Resolution) which would provide the necessary due process safeguards and procedural clarity necessary for the fair and orderly application of Article 24.

That the delegation of Venezuela has presented a document recommending editorial changes which would improve the clarity of the proposed regulations, particularly in the Spanish language text, and that other delegations have offered similar observations.

RESOLVES:

To recommend that the Inter-American Board of Agriculture approve the Proposed Regulations for Application of Article 24 of the Convention on the Inter-American Cooperation on Agriculture, as set out in Appendix I of this Resolution, as modified

in accordance with the recommendations set out in the document presented by the Government of Venezuela and the other observations of the Member States expressed at this meeting.

**PROPOSED REGULATIONS FOR APPLICATION OF ARTICLE 24
OF THE CONVENTION ON THE INTER-AMERICAN INSTITUTE FOR
COOPERATION ON AGRICULTURE¹**

**ARTICLE I
DEFINITIONS**

- 1.1 "The Board" shall mean the Inter-American Board of Agriculture.
- 1.2 "The Committee" shall mean the Executive Committee.
- 1.3 "The IICA Convention" shall mean the Convention of the Inter-American Institute for Cooperation on Agriculture.
- 1.4 "Debtor State" shall mean any Member State that is more than two years in arrears in its quota obligations to IICA sixty days prior to the date of the corresponding Board or Committee Meeting.
- 1.5 "Member" shall mean a member of the Executive Committee in the case of meetings of the Executive Committee, and a Member of the Board in the case of the meetings of the Board.

¹ Article 24 states:

Article 24: A Member State that is in arrears in the payment of its quotas for more than two complete fiscal years shall have its right to vote suspended in the Board and the Committee. However, the Board or the Committee may permit the Member State to vote if it considers that the failure to pay is due to circumstances beyond the control of that state.

The corresponding provisions are Article 67 of the Board's Rules of Procedure and Article 73 of the Executive Committee's Rules. Those Articles are virtually a verbatim repetition of Article 24 of the IICA Convention.

- 1.6 "Meeting" shall mean a meeting of the Board or the Executive Committee, as the case may be.
- 1.7 "Plenary" shall mean the Plenary Sessions of the Board or the Committee.
- 1.8 "plenary" shall mean the plenary sessions of any committee or working group of the Board or the Committee.

ARTICLE II

PURPOSE

- 2.1 The purpose of these Regulations are:
 - 2.1.1 Given the importance of the fundamental right to vote in the institutions of the inter-American system, to provide an orderly and exclusive due process procedure for the suspension and restoration of voting rights in the Board and the Committee under Article 24 of the IICA Convention and the corresponding provisions of the Rules of Procedure of the Board and the Committee;
 - 2.1.2 To provide rules for determining the number of Member States that constitute a quorum in the Board and the Committee in the event the voting rights of one or more Member States are suspended under Article 24;
 - 2.1.3 To provide rules for determining the number of States that constitute a majority of the Member States, a two-thirds majority of the Member States, and a majority of the Member States present for purposes of satisfying voting requirements in the Committee and the Board in the event the voting rights of one

or more Member States are suspended under Article 24.

ARTICLE III

NOTICE OF POSSIBILITY OF SUSPENSION

- 3.1 No earlier than 60 days prior to each Meeting of the Board and the Committee, but no later than 45 days prior to such Meeting, the Director General shall send to each Member State: a) a current statement showing the status of quota payments of all the Member States for each of the last five fiscal years, including the current fiscal year; b) a list of Debtor States; c) notice that there will be a hearing on whether to suspend or restore the voting rights of Debtor States in the Preparatory Session of the Meeting in accordance with Article 24 of the IICA Convention and these Regulations; and d) a copy of these Regulations.
- 3.2 Within the time frame set out in Paragraph 3.1 above, the Director General shall notify in writing each Debtor State whose vote is not already in suspension as a result of the prior application of these Regulations: a) that its right to vote might be suspended at the meeting; b) that the suspension will be considered in the Preparatory Session in accordance with Article 24 of the IICA Convention and these Regulations; c) that the Board or Committee, as the case may be, may decide not to suspend the Debtor State's voting rights if it considers that the State's arrears are due to circumstances beyond the control of that State; d) that the Debtor State is urged to send to IICA within 25 days prior to the meeting for prior distribution to the Member States an explanation of why it is in arrears and any circumstances justifying the arrearages; and e) that failure to

provide an explanation or failure to make a payment of quotas sufficient to remove Debtor State status is likely to result in suspension of the Debtor State's voting rights.

ARTICLE IV

PROCEDURE FOR THE SUSPENSION AND CRITERIA FOR DETERMINING WHETHER TO SUSPEND THE VOTING RIGHTS OF A DEBTOR STATE

- 4.1 The Preparatory Session of the Board or the Committee, as the case may be, shall include on its agenda the suspension of the voting rights of all Debtor States.
- 4.2 The Director General shall inform the Preparatory Session of any Debtor States whose status has changed since publication and transmission of the notice set out in Paragraph 3.1 of these Regulations.
- 4.3 The Preparatory Session shall provide each Debtor State that does not wish to have its vote suspended, or that wishes to have previously suspended voting rights restored, the opportunity to show cause why its right to vote should either not be suspended or should be restored, as the case may be.
 - 4.3.1 The Preparatory Session shall decide by a vote on whether it will conduct the show cause proceedings in its plenary session or whether it shall appoint a Special Working Committee for that purpose.
 - 4.3.2 If a Special Working Committee is so appointed, it shall conduct a show cause hearing for each Debtor State and make the

corresponding recommendations on suspension for the approval of the Plenary Sessions of the Board or of the Committee, as the case may be. Any Debtor State whose right to vote is already in suspension as a result of the prior application of these Regulations shall not be eligible to participate in the Special Working Committee. All other Members are eligible to participate, provided, however, a majority of Non-Debtor States on the Special Working Committee is maintained.

- 4.3.3 Because a Member State has the right to vote until the Board or Committee votes to suspend that right, a Debtor State whose right to vote is not already in suspension as a result of the prior application of these Regulations may vote or otherwise participate in the decision on whether its vote is to be suspended.
- 4.3.4 The decision to suspend or restore a Debtor State's voting rights requires the approval of at least a majority of the Members present (of the Board or of the Committee, as the case may be).
- 4.4 The decision on whether to suspend or restore the voting rights of the Debtor State must be based on whether the cause of the indebtedness is due to circumstances beyond the Debtor State's control. Examples of circumstances where indebtedness may be considered beyond a Debtor State's control, include, but are not limited to: natural disasters within the last twenty-four months having a substantial and unforeseen impact on the State's capacity to generate revenue to satisfy public obligations; a state of war caused by another State within the last twenty-four months requiring the Debtor State to divert an unforeseen and

substantial amount of its revenues to self-defense; circumstances of a similar nature which in the judgment of the Member States prevent a Member State from satisfying its debt to the Institute without creating severe and undue hardship for that State. Each case shall be examined on its own merits. Past precedents established by the Institute, while not binding, shall be taken into account.

- 4.5 No binding obligation may be imposed on the Institute or the Member States by the Board or by the Committee, as the case may be, until either the corresponding Preparatory Session or Plenary has taken a decision on whether the voting rights of each and every Debtor State are to be suspended or restored for the Meeting.

ARTICLE V

DETERMINING QUORUM AND VOTING REQUIREMENTS ONCE THE VOTING RIGHTS OF ONE OR MORE MEMBERS HAVE BEEN SUSPENDED

- 5.1 For purposes of computing the quorum requirements of the sessions of the Board and Committee under their respective Rules of Procedure, only Member States whose voting rights are not suspended shall be counted.
- 5.2 For the purposes of computing a majority of the members, a majority of the Members present, and a two-thirds majority of the Members, only Member States whose voting rights are not suspended shall be counted.

ARTICLE VI**RESTORATION OF VOTING RIGHTS**

- 6.1 A Debtor State's voting rights shall remain suspended until they are either restored automatically in accordance with Paragraph 6.2 below or restored by a vote of the Board or Committee, as the case may be, in accordance with Paragraph 6.4 below.
- 6.2 A Debtor State's voting rights shall be restored automatically when it ceases to be a Debtor State in accordance with these Regulations.
- 6.3 The Director General shall promptly notify the Members of the Board or Committee, as the case may be, of those States whose voting rights have been restored automatically.
- 6.4 Any Debtor State whose voting rights have been suspended in a Meeting of the Committee or Board and is still a Debtor State at the next Meeting of the Committee or Board may petition that next Meeting of the Committee or Board to restore its voting rights. That request shall be considered under the same procedure and criteria set out in Article IV above.

ARTICLE VII**EXCLUSIVITY**

- 7.1 No voting rights of any Member State shall be suspended or restored under Article 24 of the IICA Convention by any procedures other than those established in these Regulations.

ARTICLE VIII

AMENDMENT

- 8.1 These Regulations may be amended only by a majority vote of the Members of the Board.

ARTICLE IX

PRECEDENCE

- 9.1 In the event of any conflict between these Regulations and the Rules of Procedure of the Board and the Committee, these Regulations shall govern.

ARTICLE X

PUBLICATION

- 10.1 These Regulations shall be published with the other Basic Rules of the Institute in Official Documents Series No.22.

A I D E M E M O I R E

Suspension of the Right to Vote under Article 24
of the IICA Convention

I. THE PROBLEM

Article 24 of the IICA Convention¹ states:

A Member State that is in arrears in the payment of its quotas for more than two complete fiscal years shall have its right to vote suspended in the Board and the Committee. However, the Board or the Committee may permit the Member State to vote if it considers that the failure to pay is due to circumstances beyond the control of that state.

The text of this Rule gives rise to several questions. The first is whether suspension of the voting privilege is immediately automatic once a country has fallen into two years of arrears or whether there is a requirement of a prior hearing or other procedure guaranteeing due process to the affected State prior to the suspension of its voting privileges. Second, if there is a procedure required, what is it? Third, may a country which has fallen into more than two years of arrearages vote on whether its privileges may be suspended. Fourth, may a Member State whose voting privileges have been suspended be counted for purposes of computing the quorum for conducting a meeting or for determining the number of "members" necessary to constitute a majority or the members, a qualified majority of the members, or a

¹ This provision is virtually repeated verbatim in both Article 67 of the Board's Rules of Procedure and Article 73 of the Rules of Procedure of the Executive Committee.

majority of the members present. It is to a discussion of these questions that we now turn.

II. ANALYSIS

A. Is Suspension of Voting Privileges Automatic?

There is a reasonable argument for the position that the suspension of voting privileges under Article 24 is not automatic. That position finds support in the following considerations: (1) the inherent ambiguity of the text; (2) the lack of definitive legislative history; (3) logic, because the automatic application of the rule in the event that half the Member States owed more than two years arrears could paralyze the organization; and (4) the paramount importance of the right to vote in a democratic community, together with the principle that such fundamental rights should not be removed without due process.

1. The Plain Meaning of the Text of Article 24

The plain meaning of the text of Article 24 does not necessarily support the conclusion that the loss of the right to vote is automatic when a country falls into more than two years of arrearages. It states that the defaulting country "shall have its right to vote suspended in the Board and the Committee." That wording gives rise to the interrogatories "how, and by whom shall a Member State have its vote suspended?" Will the suspension occur automatically as soon as the country falls in two years' arrearages? Will it occur only after there has been a hearing? Who will suspend the right and how and when shall notification of the suspension proceed? Will it be by the Board? the Credentials Committee? the Director General in the notice of convocation?

To avoid the ambiguity, the draftsmen could have used other language. For example, they could have inserted

the word "automatically" after the word "suspended" to alleviate any doubt. Or they could have simply stated that any country that is two years in arrears "is ineligible to vote." In contrast, the words "will have its right to vote suspended" implies that the suspension of the right to vote could require a process. Moreover, the second sentence of Article 24, which states that the Board or Committee may permit a state in arrears to vote, further suggests that there must be a hearing or similar procedure in connection with the suspension of a Member State's right to vote.

2. Analysis Based on the Purposes of Article 24

The clear purpose of Article 24 is to enable the Institute to use the threat of loss of the vote as a means of assuring that the Member States will promptly comply with their quota obligations. Nonetheless, to date, we have not been able to locate any legislative history² which would facilitate a conclusive determination as to whether the Member States, in adopting the Convention, intended the suspension of the right to vote to occur automatically.

Nonetheless, to the extent that practice is an indicator of intent, it would seem that the intent was that the loss of the vote should not be automatic. The problem of arrearages has existed at IICA since the Convention went into force in 1980 and well before that date. Notwithstanding widespread knowledge of Article 24 and the regular distribution to the Member States of information on the status of quota payments prior to Board and Committee meetings, no Member State's right to vote has ever been suspended automatically. Thus, practice

² To date, efforts to locate legislative history on this provision of the Convention have proved futile. A diligent search of IICA's archives have revealed nothing. Further investigation is pending in the OAS archives.

supports the conclusion that suspension of the vote does not occur without some prior due process proceeding.

3. The Logical Extension of a Rule Requiring Automatic Suspension Could Paralyze the Institute

It is hornbook law that laws must be construed to make sense, not nonsense. The reason is that there is a presumption, absent proof in the legislative history to the contrary, that the legislature was guided by reason and logic in promulgating the law.

In this instance, adoption of the position that suspension of the vote under Article 24 is automatic could result in a situation where it is impossible to satisfy the requirements under Article 12 of the IICA Convention and Article 68 of the Board's Rules of Procedure for a two-thirds vote of "the Member States" on the budget and other issues of critical importance to the functioning of the Institute³. The inability to satisfy those requirements for decision making at IICA could paralyze the Institute⁴.

³ Under Article 68 of the Board Rules, "a two-thirds vote of the Member States shall be required to vote on: membership of non-OAS Member States; the program budget; removal of the Director General; Convocation of Special Meetings of the Board; inclusion of special urgent measures on the agenda; reconsideration of a Board decision already taken; amendments to the Convention; use of the method of voting by correspondence; approval of any issue by which voting by correspondence is used." To elect the Director General, convene special meetings of the Board, and resume discussion of a proposal previously accepted or rejected, an affirmative vote of "the majority of the Member States" is required. All other decisions require a "majority of the Member States present."

⁴ We use the word "could" here instead of "would" because this entire line of analysis is based on a "plain meaning" textual analysis of the IICA Convention and relevant Board Rules. A purposive analysis, as pointed out in Section D below, however, might result in a different conclusion
(continued...)

Such a situation is not simply hypothetical. At this moment it is real. Presently there are fourteen countries that are more than two years in arrears. That constitutes more than one third of the Institute's membership. Thus, if the automatic suspension rule were to be applied, those countries would be barred from voting and the Board would be unable to adopt a budget resolution at its upcoming meeting.

Similarly, automatic suspension of the vote under Article 24 could have the effect of foreclosing any possibility of the Institute's governing bodies from making any decisions, including the decision to restore the vote to those countries whose vote had been automatically suspended. The reason is that the decision to restore the vote requires a decision of a majority of the members present, and to conduct any business requires a majority of the members under the Articles of the Convention. Thus, if 33 members were present and 17 were disenfranchised, it would be impossible to accumulate a majority vote of the members present -- 17 votes -- necessary to restore the vote to the members whose vote had been suspended. It should be presumed that such a prejudicial result for the Institute was not intended by the Member States in adopting Article 24, and that therefore, suspension of the vote is not automatic.

4. The Importance of the Right to Vote and the Requirements of Due Process

There is no right more fundamental to a Member State in a multilateral organization than the right to vote. That right recognizes the equality of all sovereign Member

⁴(...continued)

as to how quorum requirements and the number of countries that constitute a majority or qualified majority are computed, and therefore, the paralysis explained in this Section A(3) would not occur if a purposive analysis were adopted.

States under the law. International organizations are multinational fora in which Member States are able to take joint decisions on issues of common concern. The vote is the essential element of the democratic decision-making process by which international organizations manage their affairs. Removal of the vote from any Member State jeopardizes the multinational nature of those decisions and threatens the very rationale underlying an international organization's existence. For that reason, the removal of the right to vote by the Institute, like the removal or deprivation of any fundamental right of a citizen of a Member State, should not be automatic. Rather it should proceed only with due process which assures that the right will not be denied arbitrarily and without a right to be heard. Removal of the right to vote without due process would be inconsistent with the democratic principles which lie at the core of the inter-American system.

B. The Current Procedure for Applying Article 24

Although the Convention has been in force for fifteen years, the Institute has not adopted written rules for the procedure of suspending a Member State's voting rights. The drafting of such Rules for the Board's consideration is a specific task which the Board could entrust to the Director General as part of his mandate to study the means of decreasing arrearages and making the corresponding recommendations to the next Executive Committee.

Notwithstanding the absence of a written procedure, it cannot be said with certainty that there is no procedure for applying Article 24. Rather since the adoption of Article 24, IICA has followed a practice regarding the application of that Article, which constitutes the current procedure in force. That practice is that unless the question of suspension of the vote of a Member State is raised by another Member State in the

Board or Committee, it can be assumed that the members of the Board or Committee, as the case may be, consider that the State which is eligible to have its vote suspended for nonpayment of quota was not able to make the payments for reasons beyond its control and is therefore permitted to vote.

Under general principles of administrative and international law, a practice which does not contradict a written norm has the force of law until it is either modified by a change in that practice or the publication of the pertinent written regulations. In the case of Article 24 and the derivative provisions in the Rules of Procedure of the Board and Executive Committee, there is nothing in the text which directly contradicts this practice. Therefore, up until now, the practice has served as IICA's procedure for applying Article 24.

It should be noted, however, that the current practice or procedure is incomplete. Because no Member State has ever objected to the exercise of the vote by a Member State more than two years in arrears, there is no history of practice to guide the Institute on the following questions: When must the objection be made? In the Credentials Committee? In the Preparatory Session? Before the first vote? Can a Member State challenge a vote after it has been taken if it did not object prior to the vote? Should States that have lost the vote be considered as members of the deliberative bodies for the purpose of considering the number of States necessary to form a quorum? Should States that have lost the right to vote be included in computing the total number of Member States for determining the number which constitutes a majority of the Member States or a two-thirds majority of the Member States under the rules of the Board and Committee? If Article 24 is to be applied, there is a need for regulations which answer those questions.

C. Whether A Country More Than Two Years in Arrears Can Vote on Issues Pertaining to the Suspension of its Vote

If one takes the position that suspension of the vote is automatic for any country that is more than two years in arrears it is clear that the country has lost its vote and cannot vote in the Board's decision on whether, notwithstanding the country's arrears, it may be permitted to vote. If, on the other hand, one takes the position that Article 24 requires a prior hearing in which the country has a chance to explain why it is in arrears prior to losing its vote, then it may vote in the procedure.

D. Whether A Country That Has Lost Its Right to Vote Should Be Considered Present for Purposes of Determining a Quorum or for Determining the Number of Votes Needed to Constitute a Majority or Qualified Majority Under the Institute's Rules

In the absence of explicit regulations on the application of Article 24 and its impact on the meetings of the Board and Committee, there are no precise answers to these questions. A plain meaning analysis of the related provisions in the IICA Convention and the Rules of Procedure of the Board and Committee on one hand, and a purposive analysis of those provisions on the other, support opposite conclusions.

1. Plain Meaning Analysis

A plain meaning analysis suggests that a Member State whose right to vote has been suspended should be included for determining quorum requirements and the number of States that constitute a majority or qualified majority in the voting process. Article 7 of the IICA Convention states that "all the Member States" are members of the Board. Article 24 permits suspension of the right

to vote, not suspension of the right to membership. Thus, even a member that has lost its right to vote still remains a member of the Board. Moreover, Article 11 of the IICA Convention states: "The presence of the representatives of a majority of the Member States shall constitute a quorum," and Article 40 of the Board's Rules states that a majority of the Board's members shall constitute a quorum. Similarly, Article 8 of the IICA Convention and Article 68 of the Board's Rules of Procedure describe the voting requirements for Board decisions in terms of a majority vote of the "members" or of "the members present," or of the "Member States," not a majority of the Member States, members, or members present "with the right to vote." Thus, in the absence of further clarification in those provisions, it follows that a Member State is a member of the Board, regardless of whether it has the right to vote, and should be included for purposes of computing quorum requirements and the number of States necessary to constitute a majority or qualified majority of the Board's members⁵.

2. A Purposive Analysis

Use of purposive statutory analysis, however, which is an equally respected method of statutory interpretation, yields the opposite conclusion -- i.e., that Member States should not be included in determining quorum requirements and the necessary number of States necessary to constitute a majority or qualified majority vote.⁶ Under purposive analysis, the argument is as

⁵ A similar plain meaning analysis can be made for determining satisfaction of quorum and voting requirements for the Executive Committee based on Article 15 of the IICA Convention and the corresponding provisions in the Executive Committee's Rules.

⁶ Purposive analysis looks beyond the plain meaning of the text of a statute in order to determine the legislative intent. Under that method of analysis, the statute must be construed in accordance with its
(continued...)

follows: The purpose of a quorum requirement is to assure that there are a sufficient number of countries in the meeting to take a vote. Article 68 of the Board's Rules of Procedure states that "the decisions of the Board are taken by a majority of the members present, unless the Convention or these Rules of Procedure provide otherwise." Thus, to include Member States without voting rights in the quorum makes little sense and distorts the intended purpose of the quorum requirement producing the institutional paralysis described in Section A(3) above. Moreover, Article 7 of the Convention states that each Member of the Board shall have one vote. Because the purpose of membership is to vote in the decisions of the Institute, a Member State that loses that right implicitly loses its right to membership for any act that relates to the voting process. Thus, under a purposive analysis, one could conclude that non-voting Members are not members for purposes of determining the number of States necessary to constitute a quorum or for determining the number of States that constitute a majority or qualified majority.

III. CONCLUSION

From the following analysis, the following conclusions are evident:

1. Although Article 24 is open to conflicting interpretations, there is considerable support for the position that Article 24 does not require automatic suspension of the right to vote of a Member State that is more than two years in arrears without a prior hearing. That support is found in the very language of the statute, logic, and the democratic principle that the fundamental right to vote should not be removed without due process.

⁶(...continued)

apparent purpose, as reflected in legislative history, contemporaneous interpretation, and common sense.

2. Notwithstanding past practice in the Institute regarding the application of Article 24, there are a number of legal questions outstanding as to how that Article should be applied and the impact it will have on other Rules of the Institute -- particularly those for determining quorum requirements and the number of Member States necessary to constitute a majority or qualified majority of the members in the Board and Committee.

3. The fundamental importance of the voting right to each and every Member State and to the democratic integrity of the Institute suggests that no action should be taken to suspend the vote of a Member State without assurances of due process, and one essential element of due process is clarity in the rules governing the removal or suspension of fundamental rights.

4. It would be unfair to suspend the vote of a Member State without some prior notice that the practice in the Institute has changed, without giving that State sufficient prior notice to prepare its defense, and without giving that State notice of the rules to be applied.

5. As part of the mandate to implement measures to assure prompt payment of quotas and arrearages, the Director General should prepare for presentation to the next Executive Committee proposed rules for the application of Article 24 of the Convention. Those Rules should be incorporated into the Rules of the Board and Committee. Among the issues they should address are the following:

- (a) Is suspension of voting rights automatic or is it to occur only after a hearing on the matter before the Board or Committee or a Sub-Committee of either formed for the purpose of considering the suspension issue?

- (b) If suspension is to be automatic, how and when is notice to be given to the Member State that its right has been suspended? Similarly, if suspension is not to be automatic, how and when should a Member State be notified that there will be a hearing on the suspension of its voting rights at the next meeting of the Board or Committee, as the case may be?
- (c) If the vote is to be suspended automatically, where and when should the proceeding take place for determining whether a Member State whose vote has been suspended automatically shall be permitted to vote. Should it be in the Preparatory Session? The Credentials Committee? The First Plenary Session before any vote is taken? Similarly, if the vote is not automatically suspended, where will the hearing for determining whether to suspend the vote take place? The Preparatory Session? The Credentials Committee? The First Plenary Session before any vote is taken?
- (d) What considerations or criteria should be used to determine whether a Member State that is two years in arrears should be permitted to vote? What are examples of "circumstances beyond the control of that State" as contemplated by the Convention for permitting a State that is more than two years in arrears to vote?
- (e) Are voting rights restored automatically once payment is made, or is there the need for notice or a procedure? If so, what is the notice and procedure required?
- (f) Will a Member State whose vote has been suspended be counted for determining the

number of members necessary to constitute a quorum? A majority of the members? A qualified majority of the members? The number of members present?

If the Member States are intent on applying Article 24 as a mechanism for assuring prompt payment of quotas and arrearages, the drafting and approval of Regulations addressing these questions should be a priority of the Institute over the next year. To facilitate that process, we are attaching draft Regulations and a draft Resolution for the Executive Committee's consideration.

7

Indeed, the number of questions over the application of Article 24 that cannot easily be answered unless the Institute adopts regulations for that purpose suggests that the State Parties to the Convention never intended Article 24 to be self-executing. Thus, Article 24 is like a non-self-executing treaty, which under the international law of treaties, does not go into force until the contracting parties adopt the necessary implementing legislation.

IICA/CE/Res.259 (XVI-O/96)

28 June 1996

Original: Spanish

RESOLUTION No. 259

FAO-IICA RELATIONS

The EXECUTIVE COMMITTEE, at its Sixteenth Regular Meeting,

HAVING SEEN,

Resolutions IICA/JIA/Res.240 (VII-O/93) "Coordination of FAO-IICA Activities" and IICA/JIA/Res.264 (VIII-O/95) "IICA-FAO Technical Cooperation";

Paragraph 237 of the Report of the Twenty-seventh session of the FAO Conference, held in Rome, Italy, from November 6-24, 1993,

Agreements 4 and 5 of the Sixteenth Regular Meeting of the Council of Ministers of the Regional Council for Agricultural Cooperation in Central America, the Dominican Republic and Mexico (CORECA), of April 26, 1996;

CONSIDERING:

That in the aforementioned Resolutions the Ministers of Agriculture of the Americas recommend that a study be conducted to determine what steps would have to be taken to move toward greater coordination of the activities that FAO and IICA execute in Latin America and the Caribbean;

That the Director General of IICA submitted a report on the efforts made by the management and technical staffs of the two institutions and the progress made in reaching

agreement on joint efforts, but agreement has not yet been reached on the execution of the study called for by the governing bodies of IICA and FAO,

RESOLVES:

1. To establish a Technical Group of experts of the Member States for the purpose of conducting a study of the opportunities, advantages and limitations for achieving greater coordination of the activities executed by FAO and IICA in Latin America and the Caribbean.
2. To request the Director General of IICA to provide the information, logistical support and facilities for carrying out the study, as needed by the Technical Group, and to authorize him to identify the source of funds for financing its part of the corresponding costs.
3. To recommend that the Director General of IICA continue and intensify the coordination and execution of joint activities agreed to with FAO, in order to provide better services to the Latin American and Caribbean countries.
4. To entrust the Director General of IICA with providing the Director General of FAO full information on the matters covered in this Resolution and to communicate the interest of the governing bodies of IICA in this regard.
5. To charge the Chair of the Sixteenth Regular Meeting of the Executive Committee of IICA with presenting for the information of the Regional Meeting of FAO for Latin America and

the Caribbean, to be held in Paraguay in July 1996, operative paragraphs 1, 2 and 3 of this Resolution and to request the Conference for similar FAO support as that to be provided by IICA.

IICA/CE/Res.260 (XVI-O/96)

28 June 1996

Original: Spanish

RESOLUTION No. 260

AGRIFUTURE FOUNDATION

The EXECUTIVE COMMITTEE, at its Sixteenth Regular Meeting,

HAVING SEEN,

Document IICA/CE/Doc.310(96) "AgriFuture Foundation,"

CONSIDERING:

That the AgriFuture Foundation is an autonomous, nonprofit organization committed to preserving the future of agriculture, rural development and natural resource conservation in the Americas, through support to education, applied research, training, communications, strategic alliances and mutual cooperation;

That AgriFuture is an independent foundation affiliated with the Inter-American Institute for Cooperation on Agriculture, an intergovernmental organization of the inter-American system that operates under the umbrella of the Organization of American States (OAS);

That the 1994-1998 Medium Term Plan calls for the establishment of the Foundation in order to secure public and private resources with which to expand the scope of IICA technical cooperation activities, especially in the neediest countries;

That the Foundation was created in order to establish a mechanism whereby IICA could benefit from resources from donors that prefer not to contribute directly to government entities (such as IICA), but rather to NGOs and other private organizations. The mission and basic objectives of the Foundation are, therefore, similar to those of IICA;

That in its short period of existence the Foundation has begun the process of securing resources from nontraditional sources to support IICA projects, demonstrating that it will produce benefits for the Institute and the member countries, and that the securing of additional resources for IICA is at an advanced stage of negotiation,

RESOLVES:

1. To accept Document IICA/CE/Doc.310 (96) "AgriFuture Foundation."
2. To request that the Director General of the Institute present an annual report describing the benefits achieved by the Foundation for the action of the Institute.
3. To request that the Director General of the Institute include the AgriFuture Foundation within the sphere of responsibility of the Audit Review Committee.

IICA/CE/Res.261 (XVI-O/96)
27 June 1996
Original: Spanish

RESOLUTION No. 261

AMENDMENTS TO THE REGULATIONS FOR CONFERRING
THE INTER-AMERICAN AWARDS IN THE RURAL SECTOR

The EXECUTIVE COMMITTEE, at its Sixteenth Regular Meeting,

HAVING SEEN,

Document IICA/CE/Doc.308(96) "Amendments to the Regulations for Conferring the Inter-American Awards in the Rural Sector,"

CONSIDERING:

That the Regulations for Conferring the Inter-American Awards in the Rural Sector were approved in 1990 when the Institute was divided into four Regions, namely, the Andean, Caribbean, Central and Southern Regions;

That the Northern Regional Center was created following the approval of the 1994-1998 Medium Term Plan;

That it is necessary to amend the second sentence of Article 9 of the Regulations for Conferring the Inter-American Awards in the Rural Sector, in order to incorporate the Northern Regional Center and bring the Regulations into line with the 1994-1998 Medium Term Plan,

RESOLVES:

To recommend that the Inter-American Board of Agriculture amend the second sentence of Article 9 of the Regulations for Conferring the Inter-American Awards in the Rural Sector, so that it reads:

Each nominee shall represent one of the areas of IICA (Central, Caribbean, Andean, Southern and Northern).

IICA/CE/Res.262 (XVI-O/96)

27 June 1996

Original: Spanish

RESOLUTION N^o. 262

REPORT ON THE STATUS OF THE RESOLUTIONS OF THE
EIGHTH REGULAR MEETING OF THE INTER-AMERICAN
BOARD OF AGRICULTURE

The EXECUTIVE COMMITTEE, at its Sixteenth Regular Meeting,

HAVING SEEN,

Document IICA/CE/Doc.312(96) "Report on the Status of the Resolutions of the Eighth Regular Meeting of the Inter-American Board of Agriculture (IABA),"

CONSIDERING:

That the Executive Committee, at its Sixteenth Regular Meeting, examined Document IICA/CE/Doc.312(96) "Report on the Status of the Resolutions of the Eighth Regular Meeting of the Inter-American Board of Agriculture (IABA),"

RESOLVES:

To accept with satisfaction Document IICA/CE/Doc.312(96) "Report on the Status of the Resolutions of the Eighth Regular Meeting of the Inter-American Board of Agriculture (IABA)," since the General Directorate of the Institute has complied with the recommendations of the IABA.

IICA/CE/Res.263 (XVI-O/96)

27 June 1996

Original: Spanish

RESOLUTION No. 263

REPORT ON THE STATUS OF THE RESOLUTIONS OF THE
FIFTEENTH REGULAR MEETING OF THE EXECUTIVE COMMITTEE

The EXECUTIVE COMMITTEE, at its Sixteenth Regular Meeting,

HAVING SEEN,

Document IICA/CE/Doc.313(96) "Report on the Status of the Resolutions of the Fifteenth Regular Meeting of the Executive Committee,"

CONSIDERING:

That after examining the aforementioned document, it was noted that the General Directorate of the Institute has satisfactorily complied with the recommendations of the Executive Committee,

RESOLVES:

To accept Document IICA/CE/Doc.313(96) "Report on the Status of the Resolutions of the Fifteenth Regular Meeting of the Executive Committee."

IICA/CE/Res.264 (XVI-O/96)
28 June 1996
Original: Spanish

RESOLUTION No. 264

DATE AND SITE OF THE SEVENTEENTH REGULAR MEETING
OF THE EXECUTIVE COMMITTEE

The EXECUTIVE COMMITTEE, at its Sixteenth Regular Meeting,

HAVING SEEN,

Document IICA/CE/Doc.314(96) "Date and Site of the Seventeenth Regular Meeting of the Executive Committee,"

CONSIDERING:

That is necessary to set the date and site of the Seventeenth Regular Meeting of the Executive Committee;

That, in accordance with Article 19 of the Rules of Procedure of the Executive Committee, this governing body must hold one regular meeting annually;

That, in accordance with Article 22, if no site for the meeting is offered by one of the Member States, the meeting will be held at Institute Headquarters,

RESOLVES:

1. To hold the Seventeenth Regular Meeting of the Executive Committee at IICA Headquarters in San Jose, Costa Rica, during the month of June 1997.

2. To request the Director General to issue the call to the meeting and to invite the Member States and other participants, in compliance with the rules in effect.

SIGNING OF THE FINAL REPORT




**SIGNING OF THE REPORT OF THE SIXTEENTH REGULAR MEETING
OF THE EXECUTIVE COMMITTEE**

In compliance with the provisions of Article 91 of the Rules of Procedure of the Executive Committee, the Report of the Sixteenth Regular Meeting of the Executive Committee is hereby signed in Spanish and English, the official languages of the meeting, at 18:00 hours on the twenty-eighth day of June of the year nineteen hundred ninety-six, at the Headquarters of the Inter-American Institute for Cooperation on Agriculture.

These Reports will be edited by the Secretariat and the changes approved during the Closing Session will be included before they are published in the four official languages of the Institute in the Official Documents Series, the texts being equally authentic and valid.

The Secretary shall file the original texts in the archives of the Inter-American Institute for Cooperation on Agriculture, and the General Directorate shall send copies of the official version of this report to the Governments of the Member States, the Permanent Observers of the Institute and other participants in this meeting.

San Isidro de Coronado, Costa Rica

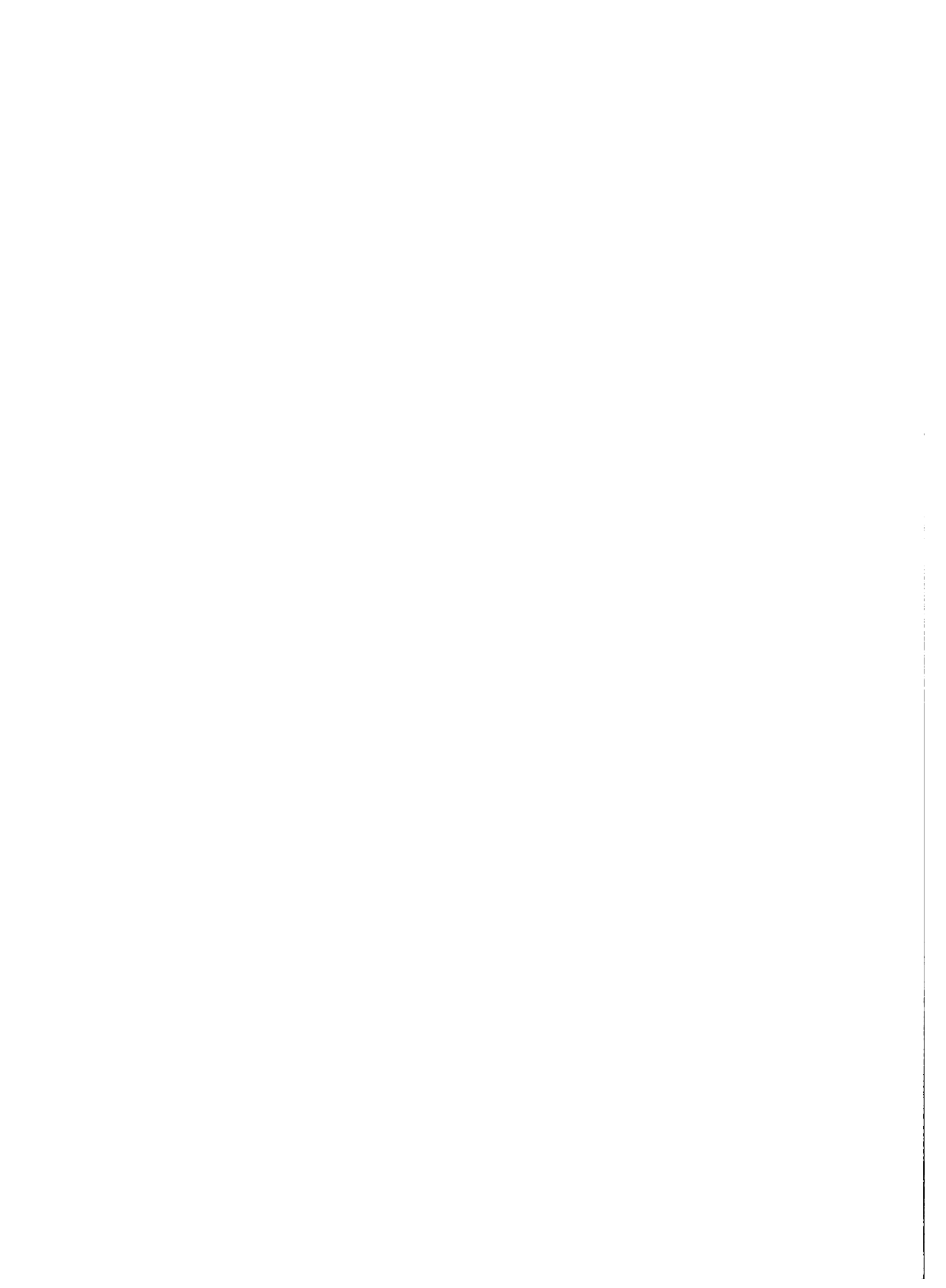


Carlos E. Aquino G.
Director General and
Secretary ex-officio



Oscar Ponce Blanco
Chairman

REPORT OF THE CREDENTIALS COMMITTEE



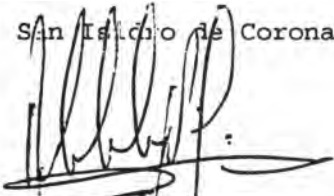
**REPORT OF THE CREDENTIALS COMMITTEE OF THE SIXTEENTH
REGULAR MEETING OF THE EXECUTIVE COMMITTEE**

Pursuant to Article 50 of the Rules of Procedure of the Executive Committee, the Preparatory Session of the Sixteenth Regular Meeting of the Executive Committee designated a Credentials Committee composed of representatives from Grenada, Nicaragua, Peru and Uruguay.

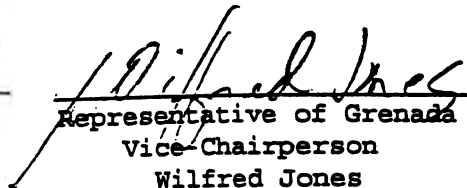
Meeting on the morning of June 26, 1996, the Credentials Committee elected its officers and proceeded to review the credentials of the representatives to the Executive Committee.

The Credentials Committee concluded that the credentials were in order and that there was no reason to doubt their authenticity. It also wishes to recognize the efforts of IICA and its Member States in presenting the credentials documents, and suggests that emphasis continue to be placed on fulfilling formal requirements.

San Isidro de Coronado, Costa Rica, June 26, 1996.



Representative of Uruguay
Chairperson
Roberto Rodríguez Pioli



Representative of Grenada
Vice-Chairperson
Wilfred Jones

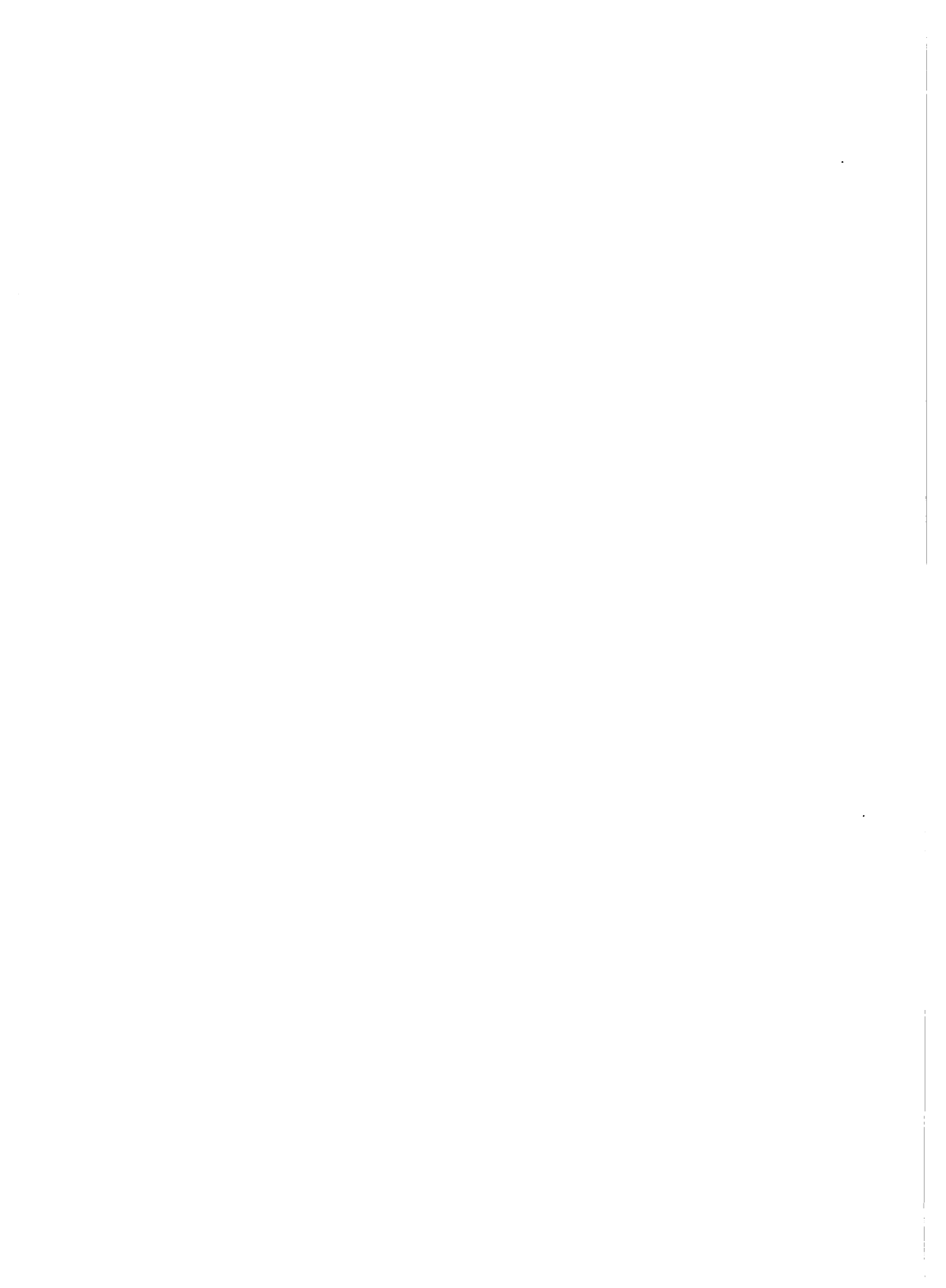


Representative of Perú
Rapporteur
William Arteaga Donayre

P.P.



Representative of Nicaragua
Tomás H. Argüello Chamorro



AGENDA

AGENDA

1. Provisional Schedule IICA/CE/Doc.299 (96) rev.
2. 1995 Annual Report IICA/CE/Doc.300 (96)
3. Financial and Administrative Issues
 - 3.1 Report of the External Auditors and Comments by the Director General on the 1995 Report of the External Auditors IICA/CE/Doc.301 (96)
 - 3.2 Measures to Strengthen the Financial Capability of the Institute during the 1996-1997 Biennium IICA/CE/Doc.302 (96)
 - 3.3 Measures for Collection of Quota Arrearages IICA/CE/Doc.303 (96)
 - 3.4 CATIs IICA/CE/Doc.304 (96)
 - 3.5 Report of the Audit Review Committee IICA/CE/Doc.305 (96)
4. Technical Issues

Issues related to Technical Co-operation: A Case Study IICA/CE/Doc.306 (96)

5. Amendments to the Rules of Procedure of the Institute

- | | | |
|-----|---|--------------------------|
| 5.1 | Proposed Regulations for Application of Article 24 of the Convention of the Inter-American Institute for Cooperation on Agriculture | IICA/CE/Doc.307(96) rev. |
| 5.2 | Amendments to the Regulations Governing the Inter-American Awards in the Rural Sector | IICA/CE/Doc.308(96) |

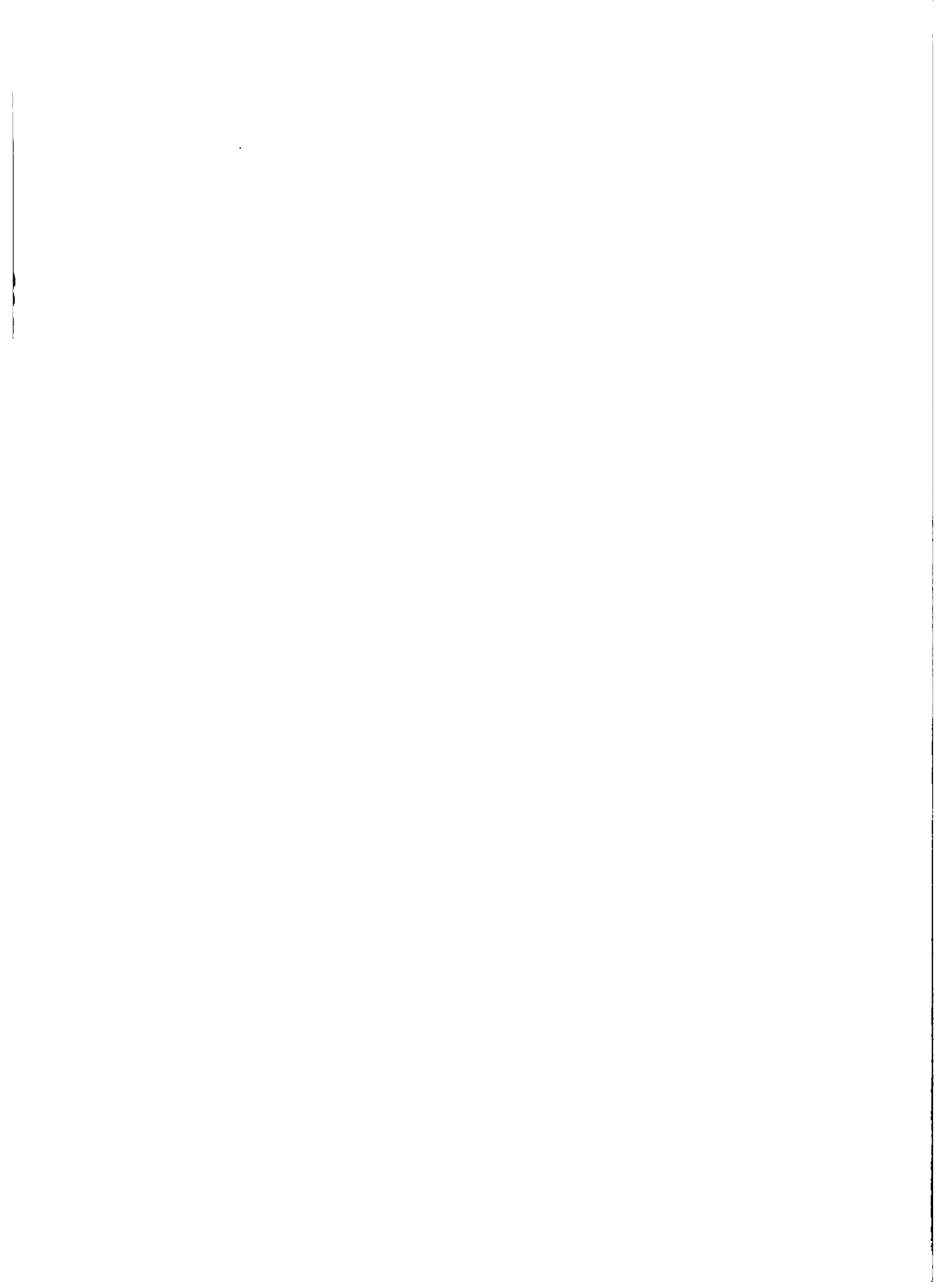
6. Special Reports

- | | | |
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| 6.1 | IICA/FAO Relations | IICA/CE/Doc.309(96) |
| 6.2 | AgriFuture Foundation | IICA/CE/Doc.310(96) |
| 6.3 | The Process of Institutional Transformation and IICA's Future | IICA/CE/Doc.311(96) |

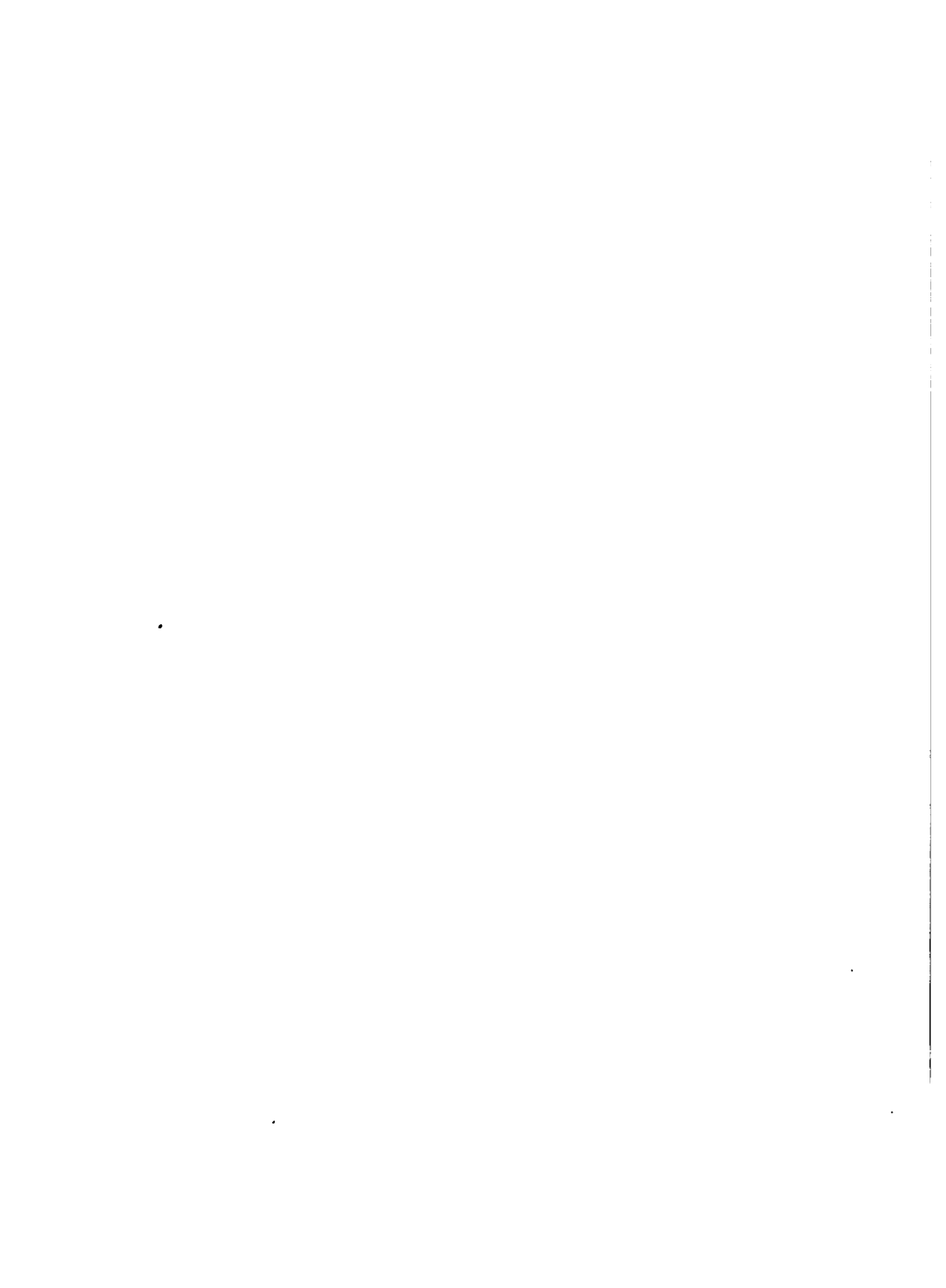
7. Reports on the Meetings of IICA's Governing Bodies

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|-----|--|---------------------|
| 7.1 | Report on the Status of the Resolutions of the Eighth Regular Meeting of the Inter-American Board of Agriculture | IICA/CE/Doc.312(96) |
| 7.2 | Report on the Status of the Resolutions of the Fifteenth Regular Meeting of the Executive Committee | IICA/CE/Doc.313(96) |

8. Date and Site of the Seventeenth Regular Meeting of the Executive Committee IICA/CE/Doc.314(96)
9. Other Business
- 9.1 Report on the Activities of the General Directorate of the Tropical Agriculture Research and Training Center (CATIE) No Document
- 9.2 Priorities for Agricultural Development in the Caribbean: Roles for CARDI and CARDI/IICA Cooperation No Document



LIST OF PARTICIPANTS



MEMBER STATES OF IICA ON THE EXECUTIVE COMMITTEE

ARGENTINA

Jesús Leguiza
Subsecretario de Producción Agropecuaria
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Secretaría de Agricultura, Pesca y Alimentación
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Ministry of Agriculture and Rural Development
Bridgetown

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Secretario Nacional de Agricultura y Ganadería
Secretaría Nacional de Agricultura y Ganadería
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ST. VINCENT AND THE GRENADINES

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Subdirector Regional del Caribe
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Rodrigo Santa Cruz
Representante de la FAO en México y Guatemala
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Paloma López
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Agricultural Institute of Canada
Ontario

Ellen Glew
Coordinadora
GROWTECH 96

Ronald Berg
Coordinador
GROWTECH 96

Leonor Giménez de Mendoza
Presidenta
Fundación Polar
Venezuela

Oswaldo Luque
Gerente General
Fundación Polar y Fundación
para la Investigación Agrícola (DANAC)
Venezuela

IICA STAFF

| | |
|----------------------|--|
| Carlos E. Aquino G. | Director General |
| Larry M. Boone | Deputy Director General |
| Guadalupe Belloc | International Legal Counsel |
| Theresa Bernardo | Acting Director of Area of Concentration for Agricultural Health |
| Chelston Brathwaite | Director of Administration |
| Lizardo de las Casas | Director of the Area of Concentration for Socio- economic Policy, Trade and Investments |
| Margarita Castillo | Administrative and Financial Auditor |
| Arlington Chesney | Director of the Caribbean Regional Centre |
| Finn Damtoft | Director of the Specialized Service for Information, Documentation and Informatics |
| Gustavo Enríquez | Representative of the Technical Cooperation Agency in Costa Rica |
| Gerardo Escudero | Advisor to the Director General and Coordinator of External Relations |

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|--------------------------|---|
| A. Paulo M. Galvão | Director of the Area of Concentration for Science and Technology, Natural Resources and Agricultural Production |
| Roger Guillén | General Secretary of the Regional Council for Agricultural Cooperation in Central America, Mexico and the Dominican Republic (CORECA) |
| Roberto U. Hernández | Director of Human Resources |
| Jan Hurwitch | Coordinator for Institutional Development |
| Gordon J. Mair | Director of Finance |
| Rafael Martí | Executive Director of the AgriFuture Foundation |
| Rodolfo Martínez Ferraté | Director of the Area of Concentration for Sustainable Rural Development |
| Mariano Olazábal | Director of the Central Regional Center |
| Manuel Otero | Director of the Andean Regional Center |
| Fernando del Risco | Director for Planning, Programming, Projects, and Technical Audit |

| | |
|----------------------|---|
| Rodolfo Quirós G. | Director of the Center for Integration and Agri- business Development |
| Eduardo Salvadó | Director of the Northern Regional Center and Director of External Relations |
| Clara Solís de Araya | Director of the Executive Technical Secretariat |
| Arnaldo Veras | Director of the Southern Regional Center |
| Jaime Vifias-Román | Director of the Specialized Service for Training, E d u c a t i o n a n d Communications |

MEETING STAFF

MEETING STAFF

| | |
|--|---|
| Director General | Carlos E. Aquino G. |
| Deputy Director General | Larry M. Boone |
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| Precis writers | Henry Benavides Silvia Delgado Manuel Jiménez Elizabeth Lewis Oscar Quesada Michael Snarskis |
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| Nurse | Eunice Zamora |
| Financial Services | Carmen Salazar |
| Food Services | Vilma Camacho |
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| Security | Ramón Villalobos |
| Communications | Cristina Rodríguez |
| Travel Agency | Oscar Castillo |

LIST OF DOCUMENTS

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| | |
|---------------------------|---|
| IICA/CE/Doc.298 (96) rev. | Agenda |
| IICA/CE/Doc.299 (96) rev. | Provisional Schedule |
| IICA/CE/Doc.300 (96) | 1995 Annual Report |
| IICA/CE/Doc.301 (96) | Report of the External Auditors and Comments by the Director General on the 1995 Report of the External Auditors |
| IICA/CE/Doc.302 (96) | Measures to Strengthen the Financial Capability of the Institute during the 1996-1997 Biennium |
| IICA/CE/Doc.303 (96) | Measures for Collection of Quota Arrearages |
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| IICA/CE/Doc.305 (96) | Report of the Audit Review Committee |
| IICA/CE/Doc.306 (96) | Issues related to Technical Cooperation: A Case Study |
| IICA/CE/Doc.307 (96) | Proposed Regulations for Application of Article 24 of the Convention of the Inter-American Institute for Cooperation on Agriculture |

| | |
|----------------------|--|
| IICA/CE/Doc.308 (96) | Amendments to the Regulations Governing the Inter-American Awards in the Rural Sector |
| IICA/CE/Doc.309 (96) | IICA/FAO Relations |
| IICA/CE/Doc.310 (96) | AgriFuture Foundation |
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| IICA/CE/Doc.313 (96) | Report on the Status of the Resolutions of the Fifteenth Regular Meeting of the Executive Committee |
| IICA/CE/Doc.314 (96) | Date and Site of the Seventeenth Regular Meeting of the Executive Committee |

List of Informational Documents

| | |
|------------|--|
| Info No. 1 | Summary of Consultancies, by Duty Station, January 1995 to December 1995 |
| Info No. 2 | Statement of Member States' Quotas as of May 31, 1996 |
| Info No. 3 | Consolidated Budget Statement as of May 31, 1996 |

APPENDICES

**ADDRESS BY MR. OSCAR PONCE BLANCO,
CHAIRMAN OF THE SIXTEENTH REGULAR MEETING OF THE
EXECUTIVE COMMITTEE, AT THE INAUGURAL SESSION**

Mr. Director General, Mr. Deputy Director General, Mr. Technical Secretary, Representatives of the member countries of the Inter-American Institute for Cooperation on Agriculture (IICA), distinguished Observers, ladies and gentlemen:

I feel very moved and honored by the designation of my country, Bolivia, through myself, to chair this Sixteenth Regular Meeting of the Executive Committee.

I appreciate this designation because I believe that during this meeting we will address topics of major importance which are intrinsically related to the work that all the member countries have been carrying out to rethink our views on and reposition agriculture under new principles, which the countries have undertaken within a framework of sustainable development.

I think the steps being taken by IICA are essential for assuming true leadership in these processes to modernize agriculture being undertaken by all the countries of the hemisphere.

I am confident that this meeting will take place in a cordial atmosphere and that after the meeting we will be strengthened, with an Institute that can continue to support the modernization processes and efforts to redefine roles in which all our countries are engaged, as we believe it is fundamental to put new life into agriculture in the context of sustainable rural development in all the countries.

I would like to express gratitude on behalf of my country for this designation and I hereby declare the Sixteenth Meeting of the Executive Committee inaugurated. Thank you very much.

**ADDRESS BY MR. CARLOS E. AQUINO G., DIRECTOR GENERAL OF
IICA AT THE INAUGURAL SESSION**

I would like to begin by extending a very cordial welcome to all participants in the Sixteenth Regular Meeting of the Executive Committee. IICA Headquarters, which calls Costa Rica home and is known as the House of Agriculture of the Americas, hosts the annual meetings of this body which is made up of twelve of its Member States, acting on behalf of the Inter-American Board of Agriculture in adopting decisions in various spheres of competence that do not fall within the sole jurisdiction of the IABA.

The functions of the Executive Committee, for those representatives who have not previously attended meetings of this body, are of particular importance to the Institute. It is in these meetings that the member countries have the opportunity to review, in some detail, the implementation and evaluation of IICA's Medium Term Plan, to provide the Director General with orientation as to the priorities of the countries in regard to future actions, and to establish the bases for the following Meeting of the Inter-American Board of Agriculture.

This year, the Meeting of the Executive Committee holds particular significance. As you will see from the provisional agenda that was sent to you prior to the meeting together with the corresponding documentation, in addition to the regular agenda items, there are four areas that are of great importance in facilitating the process of implementing the Medium Term Plan. The first, concerns the achievements of, and the problems encountered during, the past two years of activities. The second, concerns the analysis of financial and administrative issues, with a view to establishing measures to strengthen the financial capability of the Institute in order to continue the process of transforming IICA for the future.

Thirdly, we will present a case study of technical cooperation within the framework of the Institute's new system of decentralization, in the hope that joint reflection will give rise to comments, suggestions and recommendations on your part that will help us to improve the strategies we are applying as part of this new approach to the Institute's organization. Lastly, we will have an opportunity to present important special reports that will enable our countries to become involved in the institutional changes required for sustainable agricultural development in light of increasing integration in the Americas.

In presenting the Annual Report, I shall try to provide a general overview of the Institute's activities during the past two years, the approaches and fundamental measures that we have adopted, and our achievements and the limitations we face. I shall try to highlight the main problems we foresee in the Institute's future development, so as to make sure the Committee is fully informed and so that we can receive guidance in regard to some of these problems.

Our aim in regard to the contents of the agenda, and in placing emphasis on some of the items under consideration, is to inform the member countries of our current situation, of what we have done and where we are headed, in order to reach consensus on any corrective actions that may be necessary and to ensure that the institutional re-engineering process we have undertaken achieves its goal to transform this institution into a genuine pillar of agricultural activities in this hemisphere.

The idea is for the Committee, as a body for providing guidance, support and advice, to provide the Administration with guidelines on how to improve IICA's actions and to provide us with the support we need to improve our management of same given the new demands that

are becoming a priority in the program of current activities.

This Regular Meeting of the Executive Committee, which is being held in the period between two meetings of the Inter-American Board of Agriculture, affords an opportunity to engage in deeper discussion of the performance of the Institute, from the point of view both of technical cooperation and IICA's financial, administrative and external resources situation.

There can be no doubt that the agenda of this Regular Meeting is wide-ranging. We will have to work effectively and rapidly and make the best possible use of our time in order to discuss all the agenda items in depth and on schedule. I hope that by the end of the meeting, we will all be satisfied and pleased with the conclusions reached, and the decisions taken to strengthen IICA and agriculture in the Americas.

In closing, I would like to thank you all for your participation in this Committee, both member countries and those that are not full members of the committee this year, but that have nevertheless sent delegations as an expression of their interest in, and support of, IICA and the Institute's activities. We -- myself, the other officials and the staff of IICA -- are at your disposal to clear up any doubts you may have on the different topics we will be discussing and to ensure that the meeting accurately reflects the participation process and democratic spirit that this Administration promotes and encourages. We also wish you a very enjoyable stay in Costa Rica.

Thank you very much.

**REPORT OF THE DIRECTOR GENERAL
AND PRESENTATION OF THE 1995 ANNUAL REPORT**

I. INTRODUCTION

Last January marked the second anniversary of the current Administration of the Institute. It seemed appropriate to me, therefore, to make a joint presentation of the Report of the Director General and of the 1995 Annual Report.

In 1994, when I assumed my duties as Director General, I announced that during that year of transition our central task would be to draw up the 1994-1998 Medium Term Plan, that 1995 would be for implementing key changes, and 1996 and 1997 would be to consolidate the institutional transformation of IICA.

With this as background, I shall give a summary of what we have accomplished over the past two years. Likewise, we shall review some of the limitations that we have encountered that affect the process of institutional transformation now under way.

It is my hope that this presentation will help to generate a process of analysis, participation and reflection that will enable all of us to offer specific proposals and recommendations for strengthening the action of the Institute and successfully consolidating the institutional transformation we have set as our goal.

II. BACKGROUND AND POLICY FRAMEWORK FOR ACTION

Based on the framework developed by the evaluation group known as G.6, the 1994-1998 Medium Term Plan and our own proposals set out in the document "Guidelines for IICA Action," we have undertaken a review of the mission, vision, and values of our Institute, and its organization

and *modus operandi*, in light of new conditions in the countries.

This process has been characterized by the full participation of all our staff and a close relationship with the representatives of our member countries, such as the Group of 33, during the formulation of the 1994-1998 Medium Term Plan, and stronger relations with representatives of the private production sector linked to the development of agriculture.

Both reflection and action have enabled us to move ahead in designing and establishing the new institutional framework we require. We can now say that we are well on the way to achieving the transformation necessary for us to be able to meet the needs of today.

IICA is moving away from a technical cooperation model based on both the quota contributions of its Member States and external resources, toward another based on a combination of financial resources that will enable it to carry out its mandate and, at the same time, become more sound financially. This means, as we all know, that there will be a real reduction in quota resources as of this year.

The new scenario in which we are operating calls for a new system of resource allocation in which institutional competitiveness becomes the key to survival. This means that IICA finds itself in a context in which it must develop closer alliances and, on occasion, compete for resources with many other public and private, national, regional and international agencies and organizations.

We realize that the days of "donating" technical cooperation services are coming to an end. IICA must establish itself in areas that are important and necessary for the countries and others that request our cooperation and services.

Given the enormous challenges we face, we must quicken the pace of our reflection and the transformation of IICA as well. The immediate future is promising but also gives cause for concern; it calls, especially, for new activities and attitudes, as part of a systemic vision within and outside of the organization.

Everyone knows that as a result of the globalization and regional integration processes that are rapidly gaining ground in all the countries of the world, world production is expected to increase by three per cent a year and world trade by six per cent a year over the next ten years, fuelling growth and acting as the linchpin around which the rest of the world economy and, therefore, the economies of the countries, will be structured.

The Asian countries, and China in particular, are emerging very strongly on the world stage. Sustained growth of 7.5%, 5.3% and 8.5% in GDP is predicted for Eastern Asia, Southern Asia and China, respectively.

In order to visualize this phenomenon more clearly, it should be noted that the overall growth of these countries has a very strong impact on their inhabitants, as the theoretical per capita GDP will grow to 6.2% and 4.2% per year for the countries of Eastern and Southern Asia, respectively. No data is available on the per capita growth for China, but judging by what Dr. Lester Brown has to say in his book "Who will feed China?," the per capita growth in GDP will also be substantial.

Taking our region as a whole, the growth of the countries of Latin America and the Caribbean will not be so vigorous: their economies are expected to grow by an average of 3.4%, with a theoretical distribution of GDP of barely 1.7% per inhabitant.

Since the scenario for the next ten years is at any rate favorable, especially because of the growth in world production accompanied by a much larger increase in world

trade, and integration processes and the creation of free trade areas, the agriculture of our countries must position itself as one of the cornerstones of a successful strategy for entering international markets and opening domestic markets.

Most of our countries are once again reporting large deficits in their trade and current account balances, which exceeded US\$20 billion and US\$50 billion, respectively.

Given this situation, the agriculture of our countries could play an important role in raising export levels to offset the current account deficits. Agriculture, in its broadest sense, could generate the US\$50 billion in foreign exchange that the countries of the region need.

Contrary to what some people think, agriculture is undoubtedly a key component of any effective strategy designed to enable the region to continue the economic recovery that has been under way since 1991, and contribute to truly sustained development.

This is feasible, in part, because of the region's potential in terms of biodiversity and the favorable economic outlook for agriculture based on multilateral agreements and the commitments assumed under the Uruguay Round of GATT and the FTAA negotiations.

In short, all the problems that are faced in this process of globalization and opening are also challenges and opportunities. However, attention should be drawn to two facts that are part of a single phenomenon: first, the recognition that in many of our countries agriculture is in difficulties despite the structural adjustment programs that have been implemented in recent years.

Secondly, the decreased attention being paid to agriculture in many of our countries. Given its undeniable and ever-increasing importance, the low

priority attributed to it in many of our countries is something of a paradox.

This, undoubtedly, is an obstacle (perhaps self-imposed) to the development of policies that would make it possible to harness the enormous potential of our agriculture in a sustainable way, for the good of all.

III. STRATEGY FOR CHANGE

For all the above reasons, we realized that we had to bolster our capabilities in order to be able to support the Member States in their efforts to develop sustainable agriculture capable of competing in world markets, and at the same time devote time, resources and efforts to supporting producers' organizations so that they could become more competitive and maintain viable production units or successfully modernize their productive structure.

We also realized that the governments of the Member States attach high priority to finding solutions to the problems of rural poverty, especially in areas affected by violence and social upheaval.

It was in the process of recognizing these facts that we gradually developed the basic elements that must be present in an institution like IICA, whose fundamental responsibility is to support the efforts of its Member States to achieve sustainable agricultural development and rural well-being.

To this end, we have set out, on the one hand, to strengthen the management and administrative capabilities that the institution requires in this new stage, and, on the other, to promote the new technical capabilities needed to meet the demand for the Institute's services at the inter-American, regional and country levels.

On the basis of these efforts, we have effected changes in the organization of the Institute, in order to contribute to the development of an appropriate professional profile, a responsive and decentralized structure, the technical capabilities required in strategic areas, and the regulations and mechanisms of articulation necessary to effectively mobilize such capabilities.

These efforts have been carried out during a period of belt-tightening, limited resources and financial restraint, always seeking to make the best possible use of the resources and capacities available.

Now, I would like to refer, albeit in general terms and briefly, to the progress that has been made and the difficulties that have been encountered in the transformation process we have undertaken, which, given its complexity and the fact that the institution must continue to provide cooperation services, cannot be completed in the near future.

The transformation strategy that has been applied, characterized by an ongoing process of consultation and dialogue with the Member States, has been based principally on:

- I) The decision to set up a management and technical team made up of Institute staff members, which has called for a major training effort for staff at all levels. Staff training is a key element in any public or private organization if it wishes to be competitive and provide quality services.
- II) The redefining of the role of the former IICA offices in the countries, converting them into Technical Cooperation Agencies; this has entailed a change in the role of our offices, focusing more on the provision of services and giving them greater decision-making powers and freedom to act.

- III) The establishment of the five Regional Centers, to articulate the work of the Technical Cooperation Agencies and respond to the needs of the organizations responsible for integration processes in agriculture.
- IV) Decentralization, defined as the progressive and gradual process of transferring responsibilities and resources from Institute Headquarters to the Regional Centers, with a view to ensuring the maintenance of an integrated institutional vision and systemic action that will preserve the identity of the institution and offer differentiated demand-based services.
- V) The modernization of information management and communications systems as a key element in institutional articulation and an essential component of effective decentralization and of efforts to enhance the capability to provide services, aimed at the establishment of a platform for communications systems.
- VI) The transformation of the institutional management systems, required to administer a decentralized organization, so that resources are managed and controlled in such a way as to ensure that they are used in accordance with the priorities, policies and norms of the institution.
- VII) The development of monitoring, evaluation and auditing mechanisms that will serve the needs of the new institutional structure and facilitate the timely adoption of preventive decisions and corrective measures.
- VIII) The implementation of a policy designed to strengthen the Institute's financial capability and assets, in such a way as to preserve the institutional mandate while securing complementary

resources and developing mechanisms that will ensure greater financial stability.

- IX) The provision of technical cooperation services that are characterized by quality and excellence and geared to the new needs of the Member States, which are now characterized by specific requirements, and of the private production sector and nongovernmental organizations, in which issues such as trade, agricultural health, technology and sustainable development are key considerations.
- X) The implementation of a policy of strategic alliances at the hemispheric, regional and country levels, striving for a real complementarity of capabilities and resources with other institutions and enterprises, especially in the field of technical cooperation projects, training activities and participation, via consortia, in competitive bidding processes.
- XI) The establishment of the Center for Integration and Agribusiness Development (CIDAE) to support direct linkages with the private agribusiness sector in the Americas. This unit links the institution with the public and private agribusiness sector, e.g. agricultural commodity exchanges.
- XII) Support for integration processes and the creation of regional and hemispheric agricultural technology systems.
- XIII) The decision to set as one of our goals to make the organization truly inter-American in scope, with the new role being played by the United States and Canada, especially now that the Northern Regional Center is operational.

- XIV) The establishment of the Sustainable Development Committee (CODES) to articulate the concept of sustainable development within the institution.
- XV) The creation of the Senior Management Committee as a mechanism to support the process of participatory management and monitor administrative and technical activities.

IV. LIMITATIONS

Every modern institution that endeavors to transform its organization in order to bring it into line with new needs must overcome enormous difficulties in the process. Although such difficulties are an inherent part of the changes and the uncertainty they create, they demand an enormous amount of energy, time, perseverance and, particularly, considerable flexibility to adjust to the change.

The efforts at IICA has been no exception, especially when we have tried to change long-standing paradigms that are deeply rooted in the culture of the organization and in the behavior of the staff.

In carrying out this process, which we feel cannot be postponed, we have had to contend with the limited availability of the financial resources needed for the normal execution of the Institute's activities and a process of change, as a result of the approval of a no-growth quota budget for 1996-1997 and the difficulties the countries face in meeting their obligations on time.

The institutional culture is another constraint that has been encountered. At a seminar held in March 1994 with the senior management of the

institution entitled "In search of excellence," our institutional culture was defined as a "frozen bureaucratic culture."

In addition, the decision to transform this institution primarily with its own staff has entailed additional efforts to overcome the normal resistance to change and skepticism vis-a-vis the new roles, given the predominance of the conventional approach to technical cooperation that has prevailed in the Institute. My experience in processes of institutional change has been that, unless the entire staff and all levels of the institution are involved in order to ensure that the changes are assimilated and internalized, they will not be lasting. In an institution such as IICA, it is absolutely essential that the internal labor force and the external management be involved.

At this point in the process, we feel that a large proportion of the staff are committed to, and support, the change and the objectives and methodology of the institutional transformation process under way.

As a result of the changes, which are also taking place outside the institution, we are witnessing a transformation in the expectations of our clients, manifest in new demands and calls for levels of performance different from conventional standards.

Certain weaknesses in the financial, administrative and monitoring systems expose us to difficult situations that affect us economically and impair our effectiveness and efficiency.

Finally, because of the changes that are occurring, the existing rules and regulations are often inadequate to meet the new demands of the

organization and the operating dynamics of the Institute, and therefore need to be revised and adjusted.

In our view, if all these efforts to transform the institution are to be successful, they require, in addition to the time and perseverance needed for them to mature and produce the expected results, the support and effective backing of the governing bodies of the institution, so that the administration can continue to promote the process, which is irreversible.

At this point in the process, it is vital that our governing bodies play a direct and decisive role in supporting the transformation.

This means that, first and foremost, the countries must recognize the usefulness of their Institute and the need to preserve it as a valuable instrument in bringing about changes in production, trade, institutions and human beings, and as an effective and flexible mechanism of the inter-American system capable of helping them to articulate the agricultural sector and support it as it grapples with the enormous challenges involved in hemispheric integration in those areas identified in the political decisions adopted by the governments at the Summit of the Americas.

With your permission, I would like to ask our Director of Planning, Programming, Projects and Technical Audit to make a very brief presentation of some tables and figures that will help you to grasp more clearly the institutional strategy that we have been implementing and the progress that has been made thus far.

V. ANNUAL REPORT

Finally, I would like to turn to the 1995 Annual Report that you received prior to the meeting and, as you will see, shows that the Institute, as well as being involved in a process of sweeping transformation and change, has also continued to provide cooperation and support services to all its member countries.

Distinguished delegates and friends:

In order to continue, speed up and consolidate the process of institutional change, it is up to the member countries and the administration to review what has already been done and provide orientation so as to continue with the changes that the institution needs. This calls for decisions that cannot be adopted unilaterally by the administration, either by legal provisions, existing rules or because it is the responsibility of the governing bodies to approve and amend them.

Hence it is important that a commitment be made to completing and consolidating the process. Therefore, one of the key items on the agenda of this Committee is an intensive analysis of the institutional transformation process and the future of IICA.

In this regard, I would like to point out that it would not have been possible to achieve what has been accomplished so far without the support of the Executive Committee and the IABA and the Ministers of Agriculture, which individually and repeatedly have encouraged me to continue with this difficult task, and also the willingness of a large proportion of the personnel of the institution. I hope that together we will continue to carry out the institutional transformation. I invite all of

you to share and discuss your ideas, comments, questions and suggestions at this meeting of the Committee.

May this meeting be an accurate reflection of a system of joint decisions, transparency and openness, a spirit of cooperation and teamwork, and lead to success in the efforts to strengthen and transform this, your institution, which I have the responsibility of overseeing at this time with the collaboration of all the staff of the Institute.

Thank you very much

**ADDRESS BY MR. OSCAR PONCE BLANCO, CHAIRMAN OF THE
SIXTEENTH REGULAR MEETING OF THE EXECUTIVE COMMITTEE,
DURING THE CLOSING SESSION**

Esteemed Delegates. I must admit that, as we adjourn this meeting, I am feeling a bit more nervous. I want to begin by saying, on your behalf, that we are grateful to the Government of Costa Rica and President Jose Maria Figueres for a very pleasant stay in this country. I believe that all of us have a sense of satisfaction as we depart because we have accomplished what we set out to do. We said we wanted to come out of this meeting feeling better about the Institute, and I think we do. IICA is moving ahead with transformation, modernization and decentralization, and will go on to do even more after the conclusion of this meeting.

I think that is one of our most important accomplishments. We have given the Director General the full political support of our countries to continue this effort, which we all believe will benefit the member countries in the near future.

I also want to congratulate and thank the Technical Secretary, Gerardo Escudero, for all his support and for having organized this meeting so successfully. My congratulations also to the Legal Advisor, the Deputy Director General, the Rapporteur and, of course, all the Delegates.

I also wish to express my gratitude to each and every member of the IICA staff who in some way contributed to the success of this event. Before adjourning the meeting, and on behalf of the Government of Bolivia, I would like to present this keepsake to the Director General, Carlos Aquino, as a symbol of friendship and in recognition of his efforts on behalf of the member countries.

Again, congratulations to all. Better yet, I believe we should congratulate one another on the success of this meeting. I hereby declare the meeting adjourned.

**ADDRESS BY THE DIRECTOR GENERAL OF IICA,
MR. CARLOS E. AQUINO,
DURING THE CLOSING SESSION**

Thank you, Mr. Chairman. I want to take just a few moments to tell the Delegates, Observers and other participants how pleased the General Directorate is with the response we received to our special invitation to attend this meeting. To the Member States on the Committee this year, and to those not officially on the Committee this year but that joined us nonetheless, my gratitude for your support in connection with the topic of the institutional transformation and the future of IICA. Your suggestions, comments and recommendations, which are recorded in a number of resolutions and the verbatim report, will be given serious consideration as we develop this topic further.

The creation of the Special Committee on Institutional Transformation is an event of great importance to the Institute. As we mentioned at the outset of the meeting, it is extremely important that an external group, made up of Member States, be involved in this process of modernization and transformation if we are to receive full political, economic, moral and diplomatic backing.

We want to thank all the Delegates for their constructive suggestions and comments. In our judgement, this Committee meeting has been truly participatory, providing the Institute with valuable guidance for action in the future.

We are also grateful for the support we have received, as expressed by your attendance and statements of approval of the process under way within the Institute. My thanks to the IICA staff and those who work so hard behind the scenes, such as the translators and interpreters, meeting room attendants and secretaries. Of course, I want to mention our Technical Secretary, who,

although this was his first assignment in that capacity, successfully ensured that the meeting staff and our technical personnel were prepared in all ways. As you know, Eduardo Salvado occupied this position last year and did an excellent job. It is encouraging to see that such qualified replacements can be found among our staff.

We believe the Technical Secretary deserves our respect since, in our opinion, he has performed his duties with enthusiasm, interest and professionalism. We are also indebted to the Government of Costa Rica, the Ministry of Agriculture, the Ministry of Public Security and the Central American School of Livestock Management for their support of this meeting. Our sincere thanks to all those agencies and units that helped us make this meeting a reality.

We hope to convene the Special Committee for the first time as soon as possible. By September, we will have prepared some interesting materials that will serve to orient the members in how to proceed. Mr. Ponce Blanco, we want to express our gratitude for your support to this topic as Chairman of the Executive Committee. Also, I would like to ask the Delegates to convey to their governments our sincere thanks for the support we have received on this and previous occasions.

In concluding, I want to state that my commitment to carrying out the mandate you have given me grows stronger by the day. I am here to serve you and to see that my immediate staff, and all the personnel of the Institute, contribute to the process of modernizing and reforming IICA and putting into practice the principles of flexibility, concentration and decentralization. Thank you very much, Mr. Chairman.

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