



EXECUTIVE COMMITTEE

Twenty-fourth Regular Meeting
July 22-23, 2004

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Report on Progress in the Collection of Quotas Owed

San José, Costa Rica

I. INTRODUCTION

In the report on its 2003 meeting, the Special Advisory Commission on Management Issues (SACMI) recommended a number of measures intended to facilitate collection of quotas owed to the Institute by the Member States. At its meeting in May 2004 the Commission reviewed the report on progress in the collection of quotas owed, and recommended that this issue should also be reviewed by the Executive Committee in its 2004 meeting.

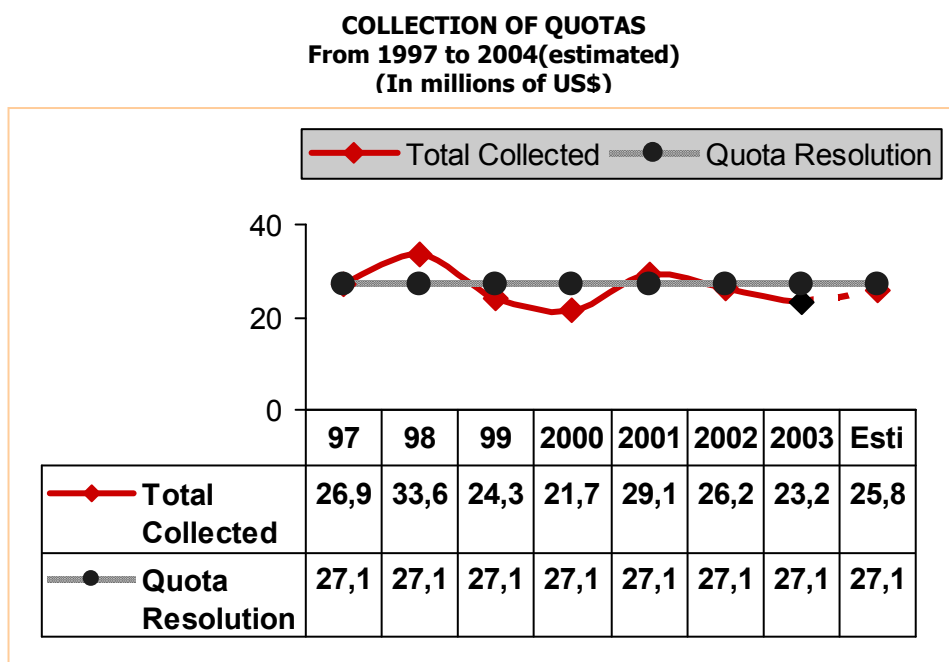
At its Twenty-third Regular Meeting, the Executive Committee, in Resolution IICA/CE/Res.392(XXIII-O/03), urged the Member States to pay their quota arrearages, adopted the measures recommended by the SACMI and instructed the Director General to begin implementation of same.

At its Twelfth Regular Meeting, held in Panama in November 2003, the Inter-American Board of Agriculture (IABA), in Resolution IICA/JIA/Res.392(XII-O/03), ratified the measures, after revision and adjustment to reflect the observations made by the Member States and the General Directorate. Also, it urged the Member States to pay their pending quotas as soon as possible, to enable the Institute to comply fully with its mandates.

In Resolution 392, the IABA defines the “status” of Member States in terms of quota payments, establishes general provisions for encouraging the timely payment of quotas, sets conditions for signing a payment schedule between a Member State and IICA, and establishes special and transitory provisions for Member States that have “in arrears” status.

Since Resolution 392 was approved, three countries have submitted payment schedules: Argentina, Uruguay and Nicaragua (which reformulated its 2001 payment schedule).

The following graph illustrates the collection of quotas from 1997-2004.¹



¹ Estimate for 2004

II. THE CURRENT SITUATION REGARDING QUOTA COLLECTION

In January 2004, the total amount of quotas pending collection was US\$44.6 million.

As of May 31, 2004, only 17 Member States have made quota payments to the Institute, totaling US\$10.9 million. Of these:

- Eight countries are up to date in the payment of their quotas. One of them figures among the six Member States which are the major contributors to the Institute (Canada).
- Six countries that owe quotas from more than two periods have made partial payments. Two of them (Brazil and Argentina) belong to the group of six Member States which are the major contributors to the Institute.

The quotas owed to the Institute as of today,² total US\$33.6 million, as shown in Table No. 1 below:

INTER-AMERICAN INSTITUTE FOR COOPERATION ON AGRICULTURE
STATEMENT OF UNCOLLECTED QUOTAS BY COUNTRY AND BY YEAR
(AS OF MAY 31, 2004)

COUNTRY	1992-97	1998	1999	2000	2001	2002	2003	SUB-TOTAL	2004	TOTAL
UP-TO-DATE STATUS										
BAHAMAS	0	0	0	0	0	0	0	0	0	0
BARBADOS	0	0	0	0	0	0	0	0	0	0
CANADA	0	0	0	0	0	0	0	0	0	0
ECUADOR	0	0	0	0	0	0	0	0	0	0
EL SALVADOR	0	0	0	0	0	0	0	0	0	0
GRENADA	0	0	0	0	0	0	0	0	0	0
ST. VINCENT & GRENAD	0	0	0	0	0	0	0	0	0	0
TRINIDAD & TOBAGO	0	0	0	0	0	0	0	0	0	0
REGULAR STATUS										
BELIZE	0	0	0	0	0	0	0	0	8,253	8,253
BOLIVIA	0	0	0	0	0	0	0	0	19,256	19,256
CHILE	0	0	0	0	0	0	103,547	103,547	148,547	252,094
DOMINICA	0	0	0	0	0	0	5,502	5,502	5,502	11,004
UNITED STATES	0	0	0	0	0	0	0	0	12,269,412	12,269,412
GUATEMALA	0	0	0	0	0	0	19,286	19,286	35,761	55,047
GUYANA	0	0	0	0	0	0	0	0	5,502	5,502
HAITI	0	0	0	0	0	0	19,256	19,256	19,256	38,512
HONDURAS	0	0	0	0	0	0	-5,780	-5,780	19,256	13,476
JAMAICA	0	0	0	0	0	0	0	0	49,516	49,516
MEXICO	0	0	0	0	0	0	0	0	1,672,528	1,672,528
PANAMA	0	0	0	0	0	0	0	0	35,761	35,761
DOMINICAN REPUBLIC	0	0	0	0	0	0	47,625	47,625	49,516	97,141
ST. KITTS & NEVIS	0	0	0	0	0	0	0	0	5,502	5,502
SAINT LUCIA	0	0	0	0	0	0	0	0	8,253	8,253
SPECIAL STATUS										
URUGUAY	0	0	0	0	0	61,523	71,523	133,046	71,523	204,569
IN ARREARS STATUS										
COUNTRIES OWING + 2										
ANTIGUA & BARBUDA	0	0	0	0	0	4,506	5,502	10,008	5,502	15,510
COLOMBIA	0	0	0	0	0	5,619	258,582	264,201	258,582	522,783
COSTA RICA	0	0	0	0	0	15,216	35,761	50,977	35,761	86,738
COUNTRIES OWING 3										
ARGENTINA	0	0	0	0	1,247,925	1,347,925	1,347,925	3,943,775	1,347,925	5,291,700
BRAZIL	0	0	0	0	1,029,705	2,351,992	2,351,992	5,733,689	2,351,992	8,085,681
SURINAME	0	0	0	0	7,256	19,256	19,256	45,768	19,256	65,024
COUNTRIES OWING 4 or +										
PARAGUAY	0	0	0	35,794	49,516	49,516	49,516	184,342	49,516	233,858
VENEZUELA	0	0	0	70,126	880,278	880,278	880,278	2,710,960	880,278	3,591,238
COUNTRIES OWING 5 or +										
NICARAGUA	96,983	19,256	19,256	19,256	19,256	19,256	19,256	212,519	19,256	231,775
PERU	0	112,786	112,786	112,786	112,786	112,786	112,786	676,716	112,786	789,502
TOTAL	96,983	132,042	132,042	237,962	3,346,722	4,867,874	5,341,813	14,155,437	19,504,198	33,659,635

² May 31, 2004.

III. PROGRESS IN COLLECTING QUOTAS

1. As established in Resolution 392, the Institute has continued its efforts to encourage the payment of quotas, including:
 - a) Delivery of annual reports for 2003 on activities carried out by the Institute in each country:
 - High-level IICA staff were encouraged to visit authorities in the Member States to report on the Institute's activities.
 - b) Competent national authorities contacted, in anticipation of 2004 and for budget purposes, and requested to ensure inclusion of 2004 quota payment in the country's budget.
 - Paraguay, Ecuador, Honduras and Venezuela responded with letters confirming the inclusion of the 2004 IICA quota in their national budgets, and Suriname indicated the payment of an amount equivalent to 125% of one annual quota.
 - Additionally Brazil has verbally indicated its intention to comply with payment of 150% of one annual quota.
 - c) Member States with "in arrears" status invited to reach agreement with the Institute on a payment schedule, as described in point III A. of Resolution 392.
 - Argentina, Uruguay and Nicaragua formulated payment schedules as per Article IV.A. of Resolution 392.
 - Uruguay and Argentina have made partial payments towards their plans.
 - d) Delivery of annual quota letter to the Member States, along with a copy of Resolution 390, in which the IABA establishes the annual quota of each country, a report on the status of its debt to the Institute as of December 31, 2003, and a request for payment of same.
 - Countries up to date: Canada, Bahamas, Barbados, El Salvador, Ecuador, Grenada, Trinidad and Tobago. and St. Vincent and the Grenadines.
 - The following have made payments: Argentina, Brazil, Guatemala, Guyana, Haiti, Peru, United States, Suriname and Uruguay.
 - e) Ongoing conversations with high-level officials in the Member States, and with their representatives on the Executive Committee and the IABA.
 - Discussions with countries have generated more information regarding the likelihood of payment. Discussions must continue on this topic, to ensure the financial sustainability of the Institute.

2. Progress to date

a. Payment schedules and compliance with same:

- i. Presented payment schedule: Argentina, Uruguay and Nicaragua
- ii. Payment schedule in effect: Ecuador, Peru
- iii. Argentina made a partial payment of its payment schedule in 2004.
- iv. Uruguay made the minimum payment called for under its schedule, plus an additional amount equivalent to 50% of one annual quota.
- v. Nicaragua presented a reformulation of its 2001 payment schedule. To date, no payments have been made.
- vi. Peru formalized a payment schedule in 2001; and in 2004 paid the balance of its 1997 quota. Peru has been paying an amount equal to an annual quota, but is not complying with the payment schedule, and has not submitted a proposal for its reformulation. The authorities in Peru have been invited to reformulate it.
- vii. Ecuador, in compliance with the payment schedule formalized in 2001, made 7 payments between 2003 and 2004, totaling an amount equal to 6.6 annual quotas, enabling it to change its status from “in arrears” to “up-to-date.”

b. Countries with “in arrears” status that made payments in 2003 and 2004:

- i. Antigua and Barbuda: paid two quotas, equivalent to 54% of the amount it owed IICA as of December 31, 2003.
- ii. Argentina: made two partial payments, equivalent to 63% of one annual quota and 17% of its accumulated debt as of 2003. According to its payment schedule, it will contribute this year an amount equivalent to 150% of its annual quota; so that it can be given “special situation” status. With the payment made in 2004, it has fulfilled 37% of its commitment under the payment schedule.
- iii. Brazil: made five partial payments, for payment equivalent to 126% of one annual quota and 34% of its accumulated debt as of 2003
- iv. Costa Rica: made three partial payments, for payment equivalent to 76% of one annual quota and 35% of its accumulated debt as of 2003.
- v. Uruguay: made three payments, equivalent to 55% of its accumulated debt as of 2003. This includes the payment of two annual quotas in 2004, changing its status from “in arrears” to “special situation”, and exceeding the 150% required in its payment schedule.
- vi. Ecuador: made seven payments, exceeding the terms of its payment schedule signed in 2001, changing its status to “up-to-date.”
- vii. Suriname: made a payment, for payment equivalent to 21% of its accumulated debt as of 2003 and 62% of one annual quota.

IV. IMPLICATIONS OF PROVISIONS AND IMPLEMENTATION OF MEASURES APPROVED IN RESOLUTION 392

Discussions with authorities in the Member States, and the invitation to formalize payment schedules, have been successful in some cases, making it possible to collect some quota arrearages and increasing the exchange of information related to payment of quotas. However, the Institute continues to face serious financial difficulties as a result of the failure of some Member States to live up to their commitment to contribute to the maintenance of the Institute through the timely payment of quotas. Delays in the payment of quotas seriously affect IICA's financial viability and the technical cooperation it provides throughout the Americas. As a result of uncertainty regarding the receipt of quota contributions, the Institute is unable to implement plans of action as scheduled, and does not have the resources it needs to cover its operating costs.

Due to this situation, the Institute has suspended temporarily the allocation of additional resources to preinvestment and horizontal cooperation activities, short-term actions and training. Also, the Offices have been instructed to limit the use of resources, making only those expenditures that are absolutely necessary and restricting, in particular, expenditures on travel, consultancies and purchases of equipment and vehicles. Also, the budgets for operational costs of the Units have been cut back.

- A. Measures that will have to be taken if collection of quotas does not improve:
1. To continue efforts to secure payment of the quota arrearages
 2. To apply the general provisions approved in Resolution 392 for Member States with "in arrears" status, according to degree of arrearages:
 - i. Suspension of the right to vote, in accordance with Article 24 of the Convention on IICA.
 - ii. Reduction in the annual quota budget allocated to the Office in the country, for countries with "in arrears" status, in accordance with years in arrears, for countries that have not submitted a payment schedule, and for countries that are not adhering to a schedule previously formalized.
 - iii. Consider a reduction in IICA actions in the country, and engage in dialogue with the Member States on the future of the Offices, in the interest of keeping them open, for countries with "in arrears" status that owe quotas from five or more complete fiscal years and have not presented or renewed their payment schedule.
 - iv. To execute technical cooperation actions, in countries with "in arrears" status, through another IICA Office in the region.
 - v. To reduce office staff to a minimum, limiting their responsibilities to handling procedural matters and providing information.

B. Analysis of reduction of budgetary allocation in accordance with years in arrears:

**INTER-AMERICAN INSTITUTE FOR COOPERATION ON AGRICULTURE
ANALYSIS OF RETENTIÓN OF BUDGETARY ALLOCATION
USING PAYMENT SITUATION AS OF MAY 2004**

COUNTRY	PRIOR YEARS	2004	TOTAL DUE	BUDGETARY RETENTION		
				% RETENTION	ANNUAL RETENTION	RETENTION JUL-DIC
COUNTRIES OWING 3						
ARGENTINA	3,943,775	1,347,925	5,291,700	20%	114,200	57,100
SURINAME	45,768	19,256	65,024	20%	60,600	30,300
BRAZIL	5,733,688	2,351,992	8,085,680	20%	166,600	83,300
COUNTRIES OWING 4						
PARAGUAY	184,341	49,516	233,857	40%	156,000	78,000
VENEZUELA	2,710,960	880,278	3,591,238	40%	204,680	102,340
COUNTRIES OWING 5 o +						
NICARAGUA	212,519	19,256	231,775	up to 100%	351,000	175,500
PERU	676,716	112,786	789,502	up to 100%	448,200	224,100
TOTAL	13,507,768	4,781,009	18,288,777		1,501,280	750,640