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**CURRENT STATUS OF QUOTA PAYMENTS AND PROGRESS IN
THE COLLECTION OF QUOTAS OWED TO THE INSTITUTE**

Montego Bay, Jamaica

I. INTRODUCTION

Member States' annual quotas provide the basic financing for the operation of the Institute in each of its Member States. Facing a history of recurring shortfalls in the payment of these quotas, and the resulting difficulties in its ability to carry out its mandates and work plans, in 2002 and 2003 the Institute presented the quota payment situation to its Governing Bodies.

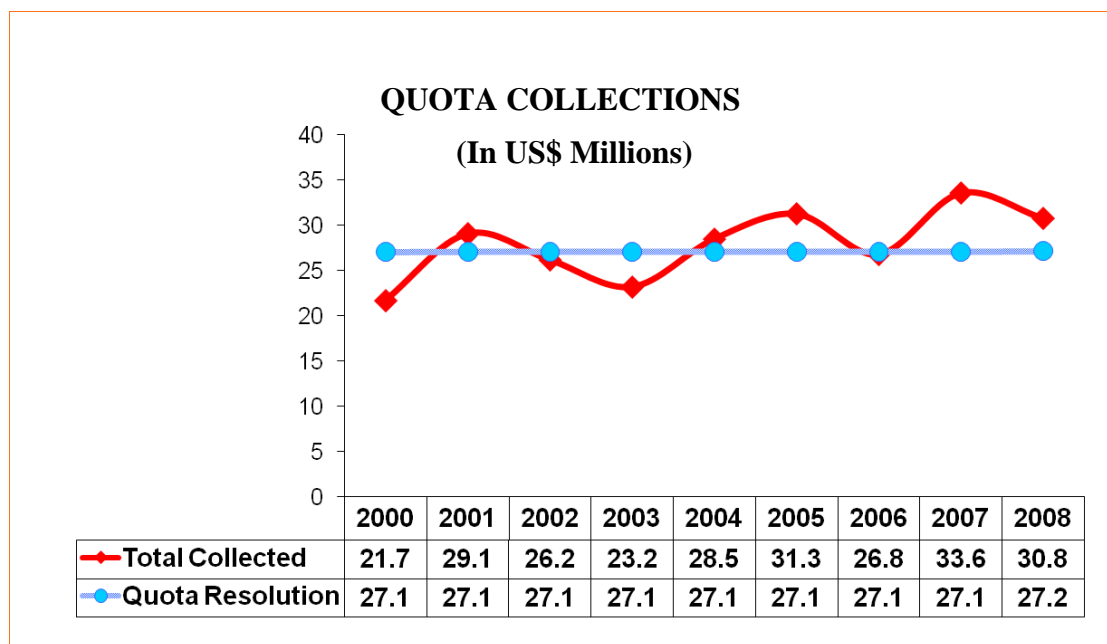
Since 2003, the Executive Committee and the Inter-American Board of Agriculture, supported by the revisions of the Special Advisory Commission on Management Issues (SACMI), have all addressed the serious financial situation IICA faces when Member States do not pay quotas as agreed. The concerns addressed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

- i. IICA/JIA/Res.392 (XII-O/03) "Proposal for the Collection of Quota Contributions Owed to the Institute", approved in Panama, in November 2003.
- ii. IICA/CE/Res.417 (XXIV-O/04) "Progress Report on the Collection of Quotas Owed to the Institute and on Compliance with IABA Resolution 392", approved in Costa Rica, in July 2004.
- iii. IICA/CE/Res.435 (XXV-O/05) "Revised Measures for Collecting Quotas Owed to the Institute", approved in Brazil, in May 2005.
- iv. IICA/JIA/Res.414 (XIII-O/05) "Revised Measures for Collecting Quotas Owed to the Institute", approved in Ecuador, in September 2005.
- v. IICA/CE/Res.451 (XXVI-O/06) "Progress in Collecting Quotas Owed to IICA as of August 31, 2006", approved in San Jose, in September 2006.
- vi. IICA/CE/Res.469 (XXVII-O/07) "Progress in Collecting Quotas Owed to IICA as of May 15, 2007", approved in San Jose, in May 2007.
- vii. IICA/JIA/Res.432 (XIV-O/07) "Progress in Collecting Quotas Owed to IICA as of June 30, 2007", approved in La Antigua, Guatemala in July 2007.
- viii. IICA/CE/Res.488 (XXVIII-O/08) "Progress in Collecting Quotas Owed to IICA as of June 15, 2008", approved in San Jose, in July 2008.
- ix. IICA/CE/Res.503 (XXIX-O/09) "Progress in Collecting Quotas Owed to IICA as of June 30, 2009", approved in San Jose, in July 2009.

This report presents the situation regarding quota collections at year end 2008, a review of the overall progress on quota collections, and the current situation, as of September 16, 2009, with regard to quota payments. Also included in the appendix is Resolution IICA/JIA/Res.414. This Resolution provides the complete "Revised Measures for Collecting Quotas Owed to the Institute", and contains the definitions of the situation of a Member State with regard to the payment of quotas, as approved by the Inter-American Board of Agriculture and used in this document.

II. THE SITUATION REGARDING QUOTA COLLECTIONS IN 2008

In 2008 for the fifth consecutive year, IICA achieved excellent results in the collection of quotas owed, receiving payments at or above the level needed to fund the annual budget, as may be seen in the following graph:



For 2008, the total amount of quotas pending collection as of January 1st was US\$33 million. As a result of the progress in the collection of quotas during the year, as of December 31, 2008, the Institute had received US\$30.8 million in contributions from thirty-three Member States, ending the year with total quotas outstanding in the amount of US\$2.3 million.

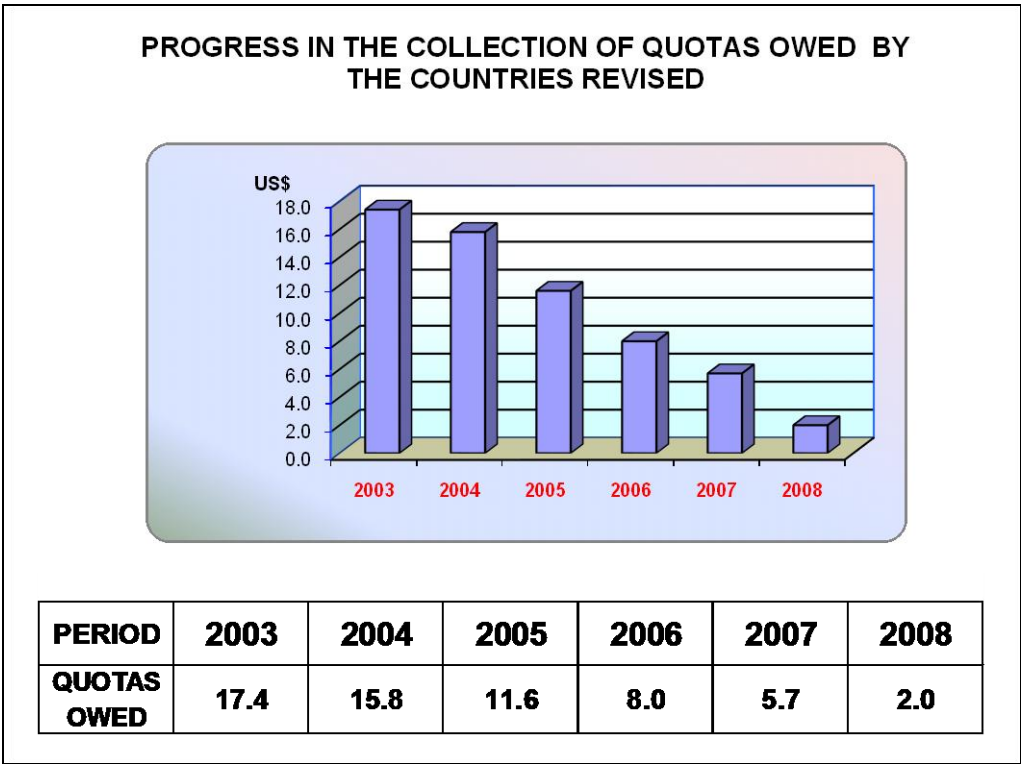
A review of the above figures, representing collection of quotas during the years 2000 to 2008, shows that for the period ending in 2003 the annual collection of quotas was on average US\$25 million, an amount inferior to the annual assignment of quotas of US\$27.1 million. With the implementation of the measures for collecting quotas owed, as set out by the Governing Bodies of the Institute in 2003, and the continual review of the situation of outstanding quotas carried out by the Institute and the Member States since this year, the average collection has been increased to US\$30.2 million, an amount greater than the annual assignment.

Collections include a recovery of previous years' amounts due, improving the Institute's financial situation and allowing execution of the annual budget as well as special budgets. The special budgets approved by the IABA for quota arrearages collected have provided additional funding for priority areas and to make needed infrastructure and technology improvements. Improvements, modernization, and required maintenance were delayed when quota collections did not meet funding commitments for the annual budget, and regular operations were curtailed. For this reason it is important to continue with the actions and efforts necessary to ensure that the Member States honor their commitments to pay quota assessments on a timely basis.

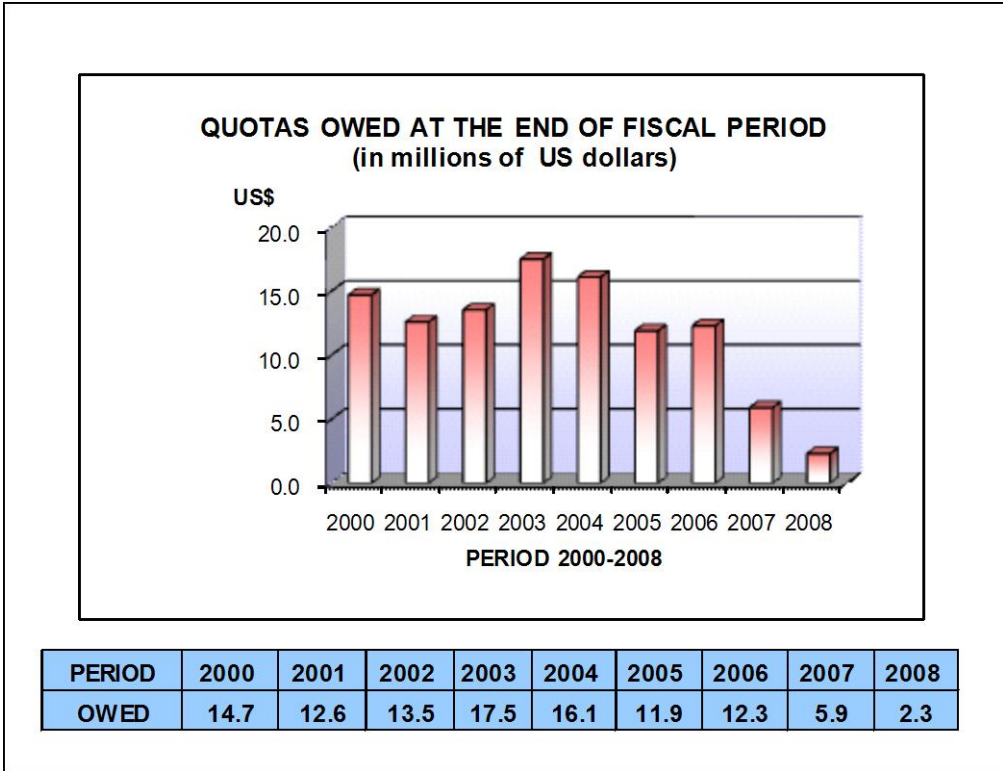
III. PROGRESS IN THE COLLECTION OF QUOTAS OWED

A look at the situation concerning twelve countries which have been in arrears status in the payment of quotas during the periods reviewed by the Governing Bodies of the Institute, shows that the majority have achieved up-to-date status.

Thanks to the effectiveness of the measures adopted, the support of the authorities in the Member States and the efforts of the General Directorate, an important reduction has been achieved in the total amount of quotas owed by these twelve countries, decreasing from US\$17.4 million to US\$2 million as may be seen in the graph below:



Also, a review of quotas owed by all Member States at the end of each fiscal period shows, as may be seen in the following graph, that the balance of quotas owing had decreased from 2000 to 2001, but then continued increasing, from US\$12.6 million in 2001, to US\$17.4 million two years later. Since 2003, the year in which the IABA established the Measures for the Collections of Quotas Owed via Resolution No. 392, the quotas owing have been reduced to US\$2.3 million as of December 31, 2008. This is mainly attributable to the major strides made by the Institute in working with Member States in arrears to honor their payments to the Institute.



IV. FULFILLMENT OF PAYMENT PLANS

In IABA Resolution No. 392 the Member States requested that those who were in arrears with accumulated quotas owing commit to payment plans to reduce those quota arrearages, and set out specific guidelines for these plans. Of the Member States that have been in arrears situation and executing a payment plan, four have reached up-to-date status, one regular status and one special status, as shown in the table below:

MEMBER STATES WITH PAYMENT PLANS				
COUNTRY	Situation at IABA 2003		Situation as of December 31,2008	
	Years arrearages Owed	Situation	Years arrearages Owed	Situation
ARGENTINA	3.56	In arrears	-	Up-to-date
BRAZIL	3.43	In arrears	0.92	Regular
ECUADOR	1.99	Regular	-	Up-to-date
NICARAGUA	11.04	In arrears	2.68	Special
PERU	6.00	In arrears	-	Up-to-date
URUGUAY	3.86	In arrears	-	Up-to-date

V. FUNDS PROVIDED FROM THE COLLECTION OF QUOTAS

Due to the efforts and support of all Member States, during the last five years the quota amounts collected have allowed the Institute to continue operating, as well as take steps to recover from the effects of shortfalls of previous years, meeting its financial obligations and executing the program budgets approved by the IABA, with additional funds covering:

- a. Repayment of line of credit - US\$1.5 million
- b. Execution of Special Budgets - US\$3.5 million
 1. Agricultural Health and Food Safety activities, development of SPS capabilities.
 2. Biotechnology and biosafety
 3. Modernization:
 - i. Management Information System
 - ii. Investments and repairs –infrastructure and technology
- c. Payment of accounts payable, funding of reserves and liabilities, and continuation of the execution of special budgets – US\$ 10.2 million

VI. THE CURRENT SITUATION OF MEMBER STATES' QUOTAS

The quotas owed to the Institute as of September 16, 2009, total US\$6.9 million, as shown in the table below:

COUNTRY	2006	2007	2008	2009	TOTAL
UP-TO-DATE STATUS					
ARGENTINA	0	0	0	0	0
BAHAMAS	0	0	0	0	0
BARBADOS	0	0	0	0	0
BELIZE	0	0	0	0	0
CANADA	0	0	0	0	0
DOMINICA	0	0	0	0	0
ECUADOR	0	0	0	0	0
EL SALVADOR	0	0	0	0	0
GUATEMALA	0	0	0	0	0
GRENADA	0	0	0	0	0
HONDURAS	0	0	0	0	0
MEXICO	0	0	0	0	0
PANAMA	0	0	0	0	0
PERU	0	0	0	0	0
SAINT KITTS AND NEVIS	0	0	0	0	0
SURINAME	0	0	0	0	0
TRINIDAD & TOBAGO	0	0	0	0	0
REGULAR STATUS					
ANTIGUA & BARBUDA	0	0	0	6,104	6,104
BRAZIL	0	0	0	1,094,912	1,094,912
BOLIVIA	0	0	0	16,505	16,505
CHILE	0	0	4,401	305,897	310,298
COLOMBIA	0	0	0	221,995	221,995
COSTA RICA	0	0	0	12,870	12,870
DOMINICAN REPUBLIC	0	0	45,389	45,389	90,778
GUYANA	0	0	0	372	372
HAITI	0	0	16,505	16,505	33,010
JAMAICA	0	0	0	44,839	44,839
PARAGUAY	0	0	0	43,687	43,687
SAINT LUCIA	0	0	0	6,602	6,602
ST. VINCENT & GRENADINES	0	0	550	6,052	6,602
UNITED STATES	0	0	0	4,089,853	4,089,853
URUGUAY	0	0	0	61,344	61,344
VENEZUELA	0	0	0	755,663	755,663
SPECIAL STATUS					
NICARAGUA	8,411	19,256	16,505	16,505	60,677
IN ARREARS STATUS					
TOTAL	8,411	19,256	83,350	6,745,095	6,856,112

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

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

VII. PERSPECTIVES

The support of all Member States is necessary for the Institute to operate effectively. The Institute is committed to continuing its efforts to encourage the payment of quotas. In this regard, the Institute's actions are focused on providing information on the work being carried out by the Institute, coordination of agendas with Member States, and on maintaining dialogue and providing information on quotas. These actions include the following:

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

VIII. CONCLUSION

The Institute has advanced from a financial situation which hindered its ability to carry out its work plans, to one in which it is able to meet its obligations through more effective planning, based on its Member States honoring their quota commitments. The practice of continually monitoring the status of quota payments has contributed to this improved situation, despite the fact that the quota budget, fixed at the same level since 1995, must be committed in full if the Institute is to maintain its operations in today's more challenging economic context.

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

Having achieved an improved financial base and the regularization of quota financing thanks to the efforts of its Member States, it is necessary to maintain these achievements in order to allow the Institute to continue financing its priority programs to carry out the mandates of its Governing Bodies, and promote issues and actions that hold interest for agricultural and rural development in the Americas.

IX. Appendix I

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

RESOLUTION No. 414

REVISED MEASURES FOR COLLECTING QUOTAS OWED TO THE INSTITUTE

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

HAVING SEEN:

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

CONSIDERING,

That in Resolution IICA/JIA/Res.392 (XII-0/03), the Inter-American Board of Agriculture (“IABA”) adopted “Measures for Collecting Quotas Owed to the Institute;”

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

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

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

RESOLVES:

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

APPENDIX I

REVISED MEASURES FOR COLLECTING QUOTAS OWED THE INSTITUTE

I. DEFINITIONS

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

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

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

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

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

- A. The rights and privileges of IICA Membership for Member States in Up-to-Date Status include, among others, the following:
 - 1. The right to vote in the meetings of the Executive Committee and the Inter-American Board of Agriculture;
 - 2. The right to nominate candidates for the position of Director General;
 - 3. The right to have their nationals serve in the position of Director General;
 - 4. The right to nominate candidates to serve on Committees and to serve in leadership positions on those Committees;

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

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

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

V. RIGHTS AND PRIVILEGES OF MEMBER STATES IN ARREARS

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

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

- e. The right to an Office of the Institute in their territory, funded by IICA's Regular Fund; however, the amount authorized will be reduced by 20%;
 - f. The right to serve on the SACMI;
 - g. The right to receive an allocation from the IICA Regular Fund Budget for in-country projects.
3. Four full fiscal years in arrears, but less than five:
- a. The right to hiring preferences for their nationals;
 - b. The right to an Office of the Institute in their territory, funded in part by IICA's Regular Fund; however, the amount authorized will be reduced by 40%;
 - c. The right to serve on the SACMI;
 - d. The right to receive an allocation from the IICA Regular Fund Budget for in-country projects.
4. Five or more full fiscal years in arrears: None of the rights and privileges set out in Part III(A) above.

VI. THE SUSPENSION OF THE RIGHT TO VOTE

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

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

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

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

VIII. GUIDELINES FOR PAYMENT PLANS

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

IX. NOTICE OF STATUS PRIOR TO ELECTIONS AND MEETINGS

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