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**FINANCIAL SITUATION OF THE INSTITUTE:
PROGRESS REPORT ON THE IMPLEMENTATION OF POLICIES AND MEASURES
FOR RESTRUCTURING THE INSTITUTE'S FINANCES**

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**PROGRESS REPORT ON THE IMPLEMENTATION OF POLICIES AND MEASURES
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POLICIES AND MEASURES		STATUS
1	Any topic other than those included in the priorities set out in the current MTP must be financed with special funds.	<p>This policy:</p> <ul style="list-style-type: none"> ○ has been used as the criterion for allocating resources, both in the 2004-2005 Program Budget and in the 2004 Annual Action Plan. The same policy will remain in effect for the 2005 Annual Action Plan, and ○ has been made one of the criteria used by the Programming Subcommittee (in the case of funds administered at Headquarters) and the National Programming Support Groups (for resources administered by the IICA Offices in the Member States) when considering and approving requests for additional funds.
2	Request special contributions from the countries for specific projects and to finance activities of their respective Offices	<ul style="list-style-type: none"> ○ A Project Preparation Unit has been created at Headquarters and Regional Specialists appointed for the Andean, Central, Caribbean, and Southern regions. They work as a cooperation network with the IICA Offices in the Member States, the Regional Specialists, the Directorates of Strategic Areas, and the Directorates of Regional Operations, supporting efforts to identify, formulate and negotiate priority projects at the national, regional, and hemispheric levels. ○ A portfolio of 86 externally funded technical cooperation and investment projects has been created. The projects are at the preinvestment stage.
3	Promote the inclusion of new Associate Members	<ul style="list-style-type: none"> ○ The Directorate of Strategic Partnerships, located in Washington, D.C., USA, has prepared a plan to promote the Institute, aimed at securing new Associate Members. ○ Progress has been made in this regard with the Israeli Ambassador in Costa Rica and other senior Israeli officials.

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4	Gradually abandon the practice of administering external resources without technical responsibility	<ul style="list-style-type: none"> ○ The Director General has established a new policy to govern the mobilization of external resources (memorandum SC/DG-1172 of 10 October 2003). The aim is to make the direct delivery of technical cooperation services the focus of agreements signed for executing projects financed entirely with external resources. In this way, with its partners IICA will contribute to achieving the following types of results: increases or improvements in the capabilities of public and private organizations of the Member States; positive changes in the situation or conditions of their development; and delivery of technical services for managing priority projects covered by the National Technical Cooperation Agenda. This will include technical services such as the contracting and supervision of studies and consulting services, the preparation of invitations to tender, the facilitation of joint activities involving several actors in agriculture and agrifood, and the use of the coverage afforded by the Institute to facilitate international activities. ○ The Programming Subcommittee and the National Programming Support Groups have been using this new policy as a key element when studying and approving new legal instruments that underpin externally funded technical cooperation projects and activities.
5	Share the cost of offices and basic services with other international organizations	<ul style="list-style-type: none"> ○ Talks have been held with other international organizations to offer facilities at IICA Headquarters on a cost-sharing basis. ○ ISNAR/IFPRI currently have an office at Headquarters, under a cooperation agreement signed with IICA, whereby costs are shared.
6	Mobilize external resources: a) the direct costs of externally funded projects are financed by the external fund; and b) externally funded projects pay IICA for indirect costs (INR)	<ul style="list-style-type: none"> ○ The Institutional Net Rate (INR) policy has been implemented to replace CATIs (Director General's memorandum SC/DG-1172 of 10 October 2003). Basically, the new policy: <ul style="list-style-type: none"> ▪ provides a new instrument for reimbursing the Institute for its indirect costs without reducing its competitiveness, ▪ ensures that the external fund covers 100% of its costs and allows the Institute to recover its indirect costs by means of the INR, no part of which is allocated to finance costs of the project, and ▪ establishes that Headquarters allocates the resources generated by the INR, as it does with quota resources, in line with the corporate priorities and not the specific priorities of the Units that generated them.

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7	CATIs/INR resources are assigned institutionally, in accordance with defined priorities	<ul style="list-style-type: none"> ○ Under the new policy, the INR resources received are to be allocated according to the following priorities: <ul style="list-style-type: none"> ▪ To cover the incremental indirect costs incurred as a result of the increased functions of the Office or the Technical or Administrative Support Units at Headquarters that generated the INR resources, due to the increased number of projects and human, physical and financial resources administered by the Institute ▪ To finance the housing allowance of International Professional Personnel ▪ To finance activities related to technical cooperation, preinvestment, institutional modernization and staff development, in line with the priorities established by the governing bodies (IABA and Executive Committee) and the General Directorate (Director General, Units at Headquarters, Regional Specialists and Offices) ○ INR resources were allocated for the 2004 Annual Action Plan in consultation with the Units at Headquarters, the IICA Representatives in the Member States, and the Directors of Regional Operations, during the Regional Planning Meetings and in line with the new policy.
8	Take steps to secure resources for establishing the Patrimonial Fund	<ul style="list-style-type: none"> ○ Efforts have been made, but without success
9	Request countries that have not done so to provide physical installations for IICA Offices	<ul style="list-style-type: none"> ○ Within the last year premises have been provided to IICA in Uruguay. ○ Of the Institute's 36 Offices (34 in the Member States, plus the Office in Europe and the office of the Inter-American Program for the Promotion of Agricultural Trade, Agribusiness and Food Safety, in Miami, USA), 21 are owned by IICA or provided by the Member States, and 15 require further efforts to secure contributions from the Member States. The 15 offices are in: Guatemala, Honduras, Nicaragua, Panama, Haiti, Trinidad and Tobago, Ecuador, Peru, Brazil, Chile, Paraguay, Canada, the United States of America (Washington and Miami), and Mexico. ○ According to IICA policy, offices provided by the Member States are regarded as additional contributions and not part of a country's quota, and any investment required to fit them out must be recovered within a maximum of three years (investment and increased operating costs vs. savings in rents and in operating costs).

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10	Centralize the procurement of fixed assets and international services	<ul style="list-style-type: none"> ○ Progress has been made to institutionalize a policy for international purchases based on rational procurement principles including: standardization, price comparison, support services and guaranteed prompt delivery. International purchases have been centralized in the Procurement Committee. ○ Actions that illustrate application of this policy are: <ul style="list-style-type: none"> • A licensing agreement with Network Associates Technology Inc. (McAfee) that provides up to 45% discounts in prices, as was the case for the IICA Offices in Chile and Argentina. In addition, corporate purchases were made. • Establishment and renewal of the Microsoft School Agreement 3.0, for a saving of over US\$250,000 per year hemisphere-wide with respect to the standard commercial prices of the products used by the Institute • Establishment and renewal of the corporate agreement with Dell Computer Corporation for the procurement of computer equipment with discounts of between 10% and 20% on the prices published on the company's website • Agreement with IBM for preferential prices throughout the hemisphere, especially for its Domino, Lotus Notes and Informix products • Recognition of the Institute as an academic agency by Sun Micro Systems. This allows IICA to opt for preferential discounts, including the possibility of free software.
11	Promote alliances with academic and research institutions that have volunteer programs	<ul style="list-style-type: none"> ○ The Institute continues to implement a strategy with research and academic institutions to promote exchanges of professionals, especially through its Office in Canada, where exchanges of professionals are taking place between the Canadian Food Inspection Agency and the Animal Disease Research Institute (ADRI) and the Latin American and Caribbean countries. ○ IICA is working to complete the Emerging Professionals Program, in partnership with universities and centers of excellence in the hemisphere.

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12	Review and adjust the per diem policy	<p>The new Executive Order on Official International Travel is in effect, which includes the following provisions:</p> <ul style="list-style-type: none"> ○ More controls and restrictions on travel. The Units must prepare semiannual schedules and justify each trip. The Director General, the Deputy Director General and the Assistant Deputy Director General study the schedules and approve essential travel. ○ Elimination of per diem for night flights when there is no overnight stay. ○ Creation of a single per diem scale, and a special scale for the Director General and the Deputy Directors General.
13	Move in the direction of becoming a paperless organization, optimizing to this end the use of electronic communications	<p>Progress has been made with the following institutional projects:</p> <ul style="list-style-type: none"> ○ Institutional security and VPN project. <p>The Institute is establishing a Virtual Private Network (VPN)¹ that will facilitate communication throughout the hemisphere. The Offices in the countries will be connected and share information securely via the Internet.</p> <p>With the VPN, the Institute’s specialists and technical staff will be able to share files and information systems, regardless of which country they are in.</p> <p>In addition, as the Offices become part of the institutional VPN, their users will have secure access to all the resources of their respective local networks (LAN), from anywhere in the world, if they have an appropriate Internet link, the corresponding access permits and the right software installed for the VPN “client.” Users will have remote access to the files stored in the Institute’s servers and they will be able to use the applications or systems they use on a day-to-day basis without having to be physically in their office (Telecommuting).</p> ○ IP telephony pilot plan. <p>A pilot project involving IP telephony is under way, permitting a maximum of 12 simultaneous calls at Headquarters. It will allow for phone calls to be made via the Internet at no extra cost, to the countries and to mobile users who are part of the VPN. This will improve institutional communications and considerably reduce the cost of international phone services among the IICA Offices.</p>

¹ Virtual Private Network (VPN): a set of secure, interconnected networks that operate via the Internet or any other public network.

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		<ul style="list-style-type: none"> ○ Documents in electronic format E-mail has been adopted as the medium for exchanging documents within the Institute, and will considerably reduce the printing of hard copies of documents, photocopying, and the mailing of packages to the Offices in the countries. An institutional system has been put in place for locating official electronic information, with direct access from all the countries, to simplify communication procedures for Headquarters and the IICA Offices in the Member States. Email is the principal tool used to simplify and facilitate communications. Its use has grown exponentially in the last two years, facilitating internal communications that underpin management's analysis and decision-making process. ○ The Institute's Web Portal This has been improved and modernized to incorporate and standardize the Web pages of the IICA Offices in the Member States and to provide institutional information and information on IICA's cooperation, by strategic area (trade and agribusiness development, technology and innovation, agricultural health and food safety, sustainable rural development, education and training, and information and communication), and by region.
14	Keep the duration of meetings to a minimum, eliminating field trips and programs for accompanying spouses	<ul style="list-style-type: none"> ○ The agendas of the meetings of the governing bodies have been modified. Meetings are now shorter, procedures have been enhanced, electronic media are being used, and costs have been cut. ○ The country hosting the meeting may choose to organize programs for spouses, but the Institute will not contribute to funding same.
15	Consider the possibility of holding IABA meetings at Headquarters, or that the host country cover the extra costs generated by holding them away from Headquarters	In the agreements for holding the next IABA meeting, the budget lines and amounts to be covered by the Institute have been reduced. The host country covers a large portion of the costs of the activity and of any parallel event or additional activity that may be proposed.

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16	Support from the governments to make IICA the principal technical executing arm of multilateral financial institutions	<ul style="list-style-type: none"> ○ The General Directorate, through the Directorate of Strategic Partnerships (in Washington, D.C., USA) and the Technical Cooperation Secretariat, is working to implement a strategy for IICA's relations with international organizations. The aim will be to complement cooperation efforts and achieve synergies with financial and cooperation institutions, and with countries that provide international cooperation. ○ The strategy is being focused primarily on the following agencies: Organization of American States (OAS), Economic Commission for Latin America and the Caribbean (ECLAC), International Fund for Agricultural Development (IFAD), U.S. Agency for International Development (USAID), World Bank (WB), Inter-American Development Bank (IDB), Central American Bank for Economic Integration (CABEI), Tropical Agriculture Research and Higher Education Center (CATIE), Andean Development Corporation (ADC), Caribbean Development Bank (CDB), U.N. Food and Agriculture Organization (FAO), Pan American Health Organization (PAHO), European Union, and bilateral agencies of donor countries.
17	Redirect financial contributions to other institutions and cooperative programs toward the design and implementation of joint programs and projects, and strengthen the Institute's participation in managing said funds, without prejudice to the obligations already established in agreements in force	<ul style="list-style-type: none"> ○ The 2004-2005 Program Budget approved by the IABA reduces the Institute's direct contributions to the cooperative programs; support is being limited to technical personnel and to the use of operating capacity in the Member States. ○ The funds that IICA contributes to the Caribbean Agricultural Research and Development Institute (CARDI) are allocated mainly for the implementation of joint projects. ○ A joint program is being drawn up with the Tropical Agriculture Research and Higher Education Center (CATIE) to achieve complementarities and build on strengths, respecting the mission and mandate of each institution.
18	Review and adjustment of the current organizational structure with Offices and Representatives in the Member States	<ul style="list-style-type: none"> ○ Consultations are under way to prepare a study that will be presented to the governing bodies.

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19	Invest in information and communications systems	<ul style="list-style-type: none"> ○ A proposal for modernizing the information systems was submitted to the consideration of the Executive Committee, at its Twenty-third Regular Meeting (San Jose, July 2003) and to the IABA, at its Twelfth Regular Meeting (Panama, November 2003). ○ The proposal for developing and adopting the ERP System for planning the organization's resources was endorsed at the aforementioned Regular Meeting of the Executive Committee, in Resolution 401. The decision was subsequently ratified by the IABA, at its Twelfth Regular Meeting, in Resolution 391. ○ A strategy has been prepared for implementing the ERP system in stages that take into account the Institute's liquidity. In 2004-2005, basic module for finance, procurement and reports will be installed at Headquarters in 2004, and in the IICA Offices in the Member States in 2005. In the next stages, the other modules will be installed, including: financial intelligence, projects, human resources, self-service, etc. This implementation strategy takes into account the savings realized by the Institute as of 2006, in management information systems currently in use and being maintained.