



**INTER-AMERICAN BOARD OF AGRICULTURE - IABA**

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

**Guayaquil, Ecuador**

## **I. INTRODUCTION**

Since 2003, the Special Advisory Commission on Management Issues (SACMI), the Executive Committee and the Inter-American Board of Agriculture 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 have been manifested principally in IABA Resolution 392 from its meeting in Panama in November 2003, in Executive Committee Resolution 417 from its meeting in July 2004 and Executive Committee Resolution 435 from its meeting in May 2005. These Resolutions are included in greater detail in the Appendixes 3, 4 and 5 of this report.

In this report the situation regarding quota collections is presented, with information on compliance with commitments under IABA Resolution 392, the response to the requests of the Executive Committee under Resolution 417, and overall progress on quota collections.

## **II. THE CURRENT SITUATION REGARDING QUOTA COLLECTION**

Based on the progress made as of December 31, 2004 in the collection of quotas owed, at year end 2004 the balance of quotas outstanding was US\$16.1 million. Considering the current annual quota for 2005, the amount of quotas pending collection at January 1, 2005 totaled US\$43.2 million.

As of July 31, 2005, twenty-four Member States have made quota contributions to the Institute for US\$26.5 million, of which US \$8.9 million corresponds to quotas in arrears and US\$17.6 million, to quotas of the current period. Of these:

1. Nine countries that have payment commitments according to Annex A of Resolution 417 have made payments in 2005 (Antigua & Barbuda, Argentina, Brazil, Colombia, Costa Rica, Paraguay, Peru, Suriname and Venezuela).
2. Seven of these are no longer in arrears status (Antigua & Barbuda, Argentina, Brazil, Colombia, Paraguay, Suriname and Venezuela).
3. Nine countries are up to date in the payment of their quotas. Two of these belong to the major contributors of IICA (Canada and Mexico).

As shown in the following table, the quotas owed to the Institute total US\$16.7 million.

**INTER-AMERICAN INSTITUTE FOR COOPERATION ON AGRICULTURE  
STATEMENT OF UNCOLLECTED QUOTAS BY COUNTRY AND BY YEAR  
(AS OF JULY 31, 2005)**

COUNTRY	1993-1999	2000	2001	2002	2003	2004	2005	TOTAL
<b>UP-TO-DATE STATUS</b>								
BARBADOS	0	0	0	0	0	0	0	0
CANADA	0	0	0	0	0	0	0	0
ECUADOR	0	0	0	0	0	0	0	0
EL SALVADOR	0	0	0	0	0	0	0	0
MEXICO	0	0	0	0	0	0	0	0
PANAMA	0	0	0	0	0	0	0	0
ST. KITTS & NEVIS	0	0	0	0	0	0	-5,502	-5,502
ST. VINCENT & GRENADINES	0	0	0	0	0	0	0	0
TRINIDAD & TOBAGO	0	0	0	0	0	0	0	0
<b>REGULAR STATUS</b>								
ANTIGUA & BARBUDA	0	0	0	0	0	1,437	5,502	6,939
BAHAMAS	0	0	0	0	0	0	1,685	1,685
BELIZE	0	0	0	0	0	0	8,253	8,253
BOLIVIA	0	0	0	0	0	19,256	19,256	38,512
CHILE	0	0	0	0	0	82,094	148,547	230,641
COLOMBIA	0	0	0	0	0	0	244,040	244,040
DOMINICA	0	0	0	0	0	5,502	5,502	11,004
GRENADA	0	0	0	0	0	0	8,253	8,253
GUATEMALA	0	0	0	0	0	0	12,766	12,766
GUYANA	0	0	0	0	0	126	5,502	5,628
HAITI	0	0	0	0	0	19,256	19,256	38,512
HONDURAS	0	0	0	0	0	23	19,256	19,279
JAMAICA	0	0	0	0	0	0	49,516	49,516
PARAGUAY	0	0	0	0	0	32,114	49,516	81,630
DOMINICAN REPUBLIC	0	0	0	0	0	47,248	49,516	96,764
SAINT LUCIA	0	0	0	0	0	0	8,253	8,253
SURINAME	0	0	0	0	0	1,956	19,256	21,212
UNITED STATES	0	0	0	0	0	0	4,090,000	4,090,000
VENEZUELA	0	0	0	0	0	0	880,278	880,278
<b>SPECIAL STATUS</b>								
BRAZIL	0	0	0	0	2,205,701	2,351,992	2,351,992	6,909,685
ARGENTINA	0	0	0	0	105,250	1,347,925	1,347,925	2,801,100
<b>IN ARREARS STATUS</b>								
<b>COUNTRIES OWING MORE THAN 2 QUOTAS</b>								
COSTA RICA	0	0	0	0	11,902	35,761	35,761	83,424
URUGUAY	0	0	0	0	61,523	71,523	71,523	204,569
<b>COUNTRIES OWING 3 or MORE QUOTAS</b>								
<b>COUNTRIES OWING 4 or MORE QUOTAS</b>								
<b>COUNTRIES OWING 5 or MORE QUOTAS</b>								
NICARAGUA	121,445	19,256	19,256	19,256	19,256	19,256	19,256	236,981
PERU	1,738	112,786	112,786	112,786	112,786	112,786	112,786	678,454
<b>TOTAL</b>	<b>123,183</b>	<b>132,042</b>	<b>132,042</b>	<b>132,042</b>	<b>2,516,417</b>	<b>4,148,255</b>	<b>9,577,894</b>	<b>16,761,875</b>

Note: Resolution 392 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. Therefore, the status with respect to payment of quotas noted above is based on amounts outstanding as of July 1<sup>st</sup>, 2005.

### III. PROGRESS ON COMPLIANCE WITH RESOLUTIONS ON QUOTA COLLECTIONS

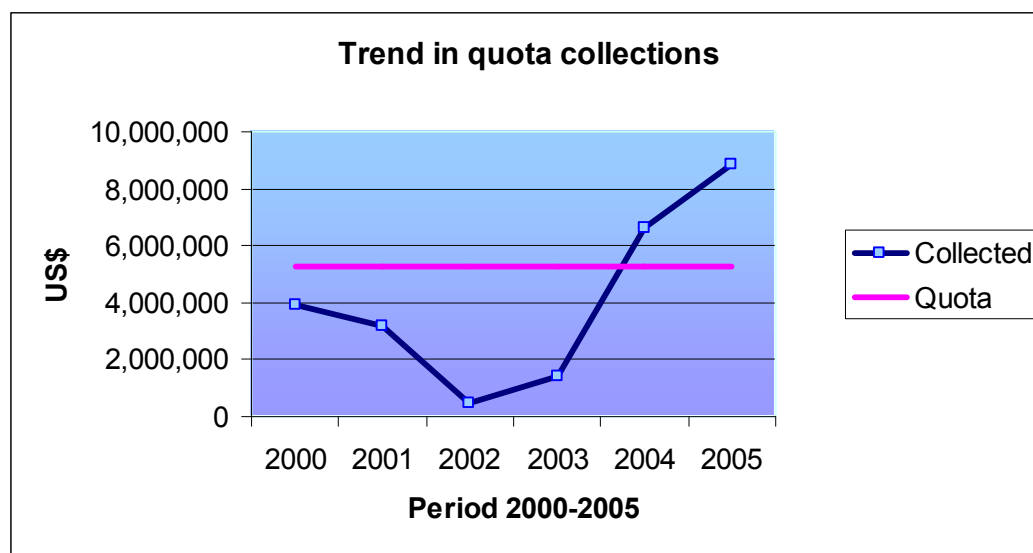
- a. Payment schedules presented by Member States:
- Payment schedule in 2003 or 2004: Argentina, Brazil, Nicaragua and Uruguay
  - Payment schedule in effect: Peru (approved by the IABA in 2001)
  - Payment schedule completed in 2004: Ecuador
- b. The following table shows the progress made in complying with IABA Resolution 392 and Executive Committee Resolution 417. Quota arrearages have been reduced from US\$17.3 million in November 2003, date of the last IABA meeting, to US\$11.9 million, as of July 31, 2005.

#### Analysis of the Situation of Quotas in Arrears

COUNTRY	Status IABA 2003	Years OWED	Status 01-01-04	Total Received in 2004	Status 31-12-04	Years OWED	Status 01-01-05	Total Received in 2005	Current Status 2005	Years OWED
ANTIGUA & BARBUDA	10,008	1.82	15,510	0	15,510	2.82	21,012	14,073	6,939	1.26
ARGENTINA	4,795,850	3.56	6,043,775	1,015,144	5,028,631	3.73	6,376,556	3,575,456	2,801,100	2.08
BRAZIL	8,071,219	3.43	10,423,211	2,337,530	8,085,681	3.44	10,437,673	3,527,988	6,909,685	2.94
COLOMBIA	264,201	1.02	522,783	23,379	499,404	1.93	757,986	513,946	244,040	0.94
COSTA RICA	75,772	2.12	86,738	24,289	62,449	1.75	98,210	14,786	83,424	2.33
ECUADOR	96,668	1.99	81,611	81,611	0		49,516	49,516	0	
NICARAGUA	212,519	11.04	231,775	14,050	217,725	11.31	236,981	0	236,981	12.31
PARAGUAY	217,770	4.40	233,858	50,336	183,522	3.71	233,038	151,408	81,630	1.65
PERU	686,996	6	799,782	123,066	676,716	6	789,502	111,048	678,454	6
SURINAME	57,768	3.00	77,024	44,652	32,372	1.68	51,628	30,416	21,212	1.10
URUGUAY	276,092	3.86	347,615	214,569	133,046	1.86	204,569	0	204,569	2.86
VENEZUELA	2,710,960	3.08	3,591,238	2,710,960	880,278	1.00	1,760,556	880,278	880,278	1.00
<b>TOTAL</b>	<b>17,263,304</b>		<b>22,223,145</b>	<b>6,625,536</b>	<b>15,597,609</b>		<b>20,780,246</b>	<b>8,868,915</b>	<b>11,911,331</b>	

#### IV. PROGRESS IN COLLECTING QUOTAS OWED

The continued extraordinary efforts made by the General Directorate to improve the collection of quotas and the readiness of the Member States to cooperate to resolve the issue of arrearages in quota payments, have contributed to a better financial position of the Institute. The results of these efforts are presented below, showing the evolution in payments for those countries in arrears status during 2003, 2004 or 2005.



**IICA- DIVISION OF FINANCES**  
**Analysis of quota payments from countries "in arrears"**  
 Period 2000-2005

Country	QUOTA	2000	%	2001	%	2002	%	2003	%	2004	%	2005	%
ANTIGUA & BARBUDA	5,502	10,000	182%	17,349	315%	-	-	12,000	218%	-	-	14,073	256%
ARGENTINA	1,347,925	852,975	63%	347,925	26%	247,925	18%	100,000	7%	1,015,144	75%	3,575,456	265%
BRAZIL	2,351,992	-	-	2,063,290	88%	-	-	627,386	27%	2,337,530	99%	3,527,988	150%
COLOMBIA	258,582	258,000	100%	272,600	105%	-	-	230,353	89%	23,379	9%	513,946	199%
COSTA RICA	35,761	1,139	3%	67,195	188%	33,273	93%	27,360	77%	24,289	68%	14,786	41%
ECUADOR	49,516	959	2%	27,981	57%	86,096	174%	244,616	494%	81,611	165%	49,516	100%
NICARAGUA	19,256	-	-	10,000	52%	-	-	-	-	14,050	73%	0	0%
PARAGUAY	49,516	-	-	79,628	161%	-	-	33,428	68%	50,336	102%	151,408	306%
PERU	112,786	100,522	89%	112,786	100%	112,786	100%	102,506	91%	123,066	109%	111,048	98%
DOMINICAN REPUBLIC	49,516	49,516	100%	145,784	294%	-	-	54,171	109%	-	-	49,893	101%
SURINAME	19,256	-	-	19,256	100%	19,256	100%	-	-	44,652	232%	30,416	158%
URUGUAY	71,523	71,523	100%	-	-	-	-	10,000	14%	214,569	300%	-	0%
VENEZUELA	880,278	2,571,664	292%	-	-	-	-	-	-	2,710,960	308%	880,278	100%
<b>TOTAL COLLECTED</b>	<b>5,251,409</b>	<b>3,916,297</b>	<b>75%</b>	<b>3,163,794</b>	<b>60%</b>	<b>499,336</b>	<b>10%</b>	<b>1,441,819</b>	<b>27%</b>	<b>6,639,586</b>	<b>126%</b>	<b>8,918,808</b>	<b>170%</b>

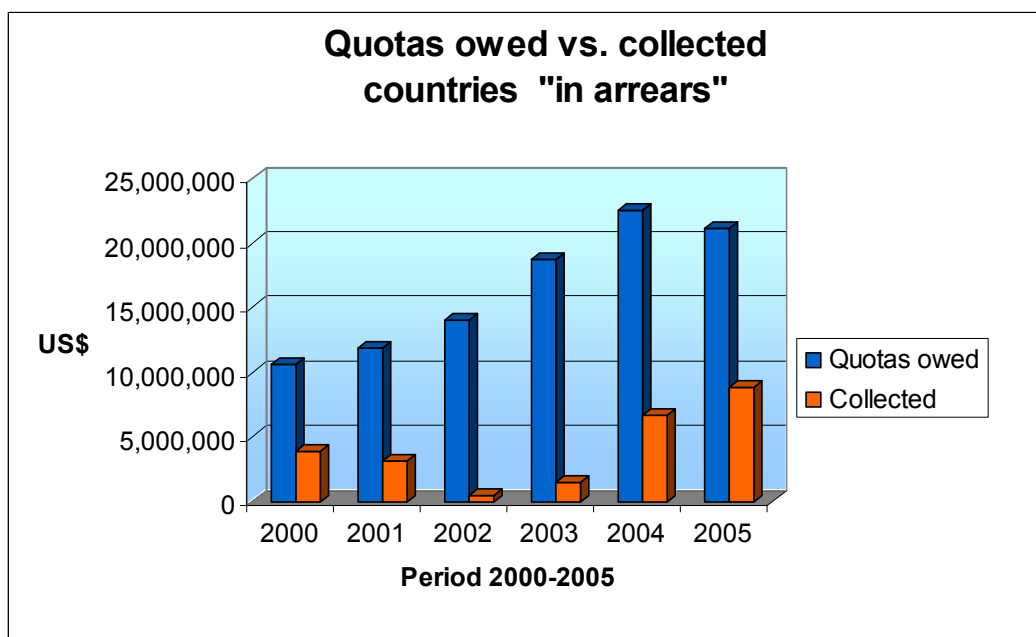
Of an amount of annual quotas of US\$5.2 million for these countries, US\$3.9 million was paid in 2000, an amount that fell to only US\$499 thousand in 2002, which is 10% of the quotas agreed upon for the year. In 2004, US\$6.6 million was received, which is 126% of the annual amount, and as of July 31, 2005, US\$8.9 million, which is 170%, has been received.

Countries with “in arrears” status that made payments during 2003 - 2005:

- a. Antigua and Barbuda: In 2003 paid amounts equivalent to 218% of an annual quota. No payments were made in 2004, and in 2005 has paid 256%.
- b. Argentina: In 2003 made payment of 7% of an annual quota and formalized a payment schedule to contribute annually with an amount equivalent to 150% of its annual quota, in order to maintain “special situation” status. In 2004 made payments equivalent to 75% of one annual quota, and in 2005 completed the 75% payment pending from its 2004 commitment according to its payment schedule. In 2005 has paid the equivalent of 190% of an annual quota, exceeding the payment required for 2005 according to its payment schedule.
- c. Brazil: In 2003 made payment equivalent to 27% of one annual quota, and in 2004 made payment equal to 99% of an annual quota and formalized a payment schedule to contribute with an amount equivalent to 150% of its annual quota, in order to maintain “special situation” status. In 2005 completed the 51% of the annual quota according to its payment schedule for 2004 and has paid 99% of an annual quota as partial payment of the 150% agreed to according to its payment schedule for 2005.
- d. Colombia: In 2003 made payment equivalent to 89% of one annual quota. In 2004 made a minimum payment on its payment commitment of 9%. In 2005 paid an amount equivalent to 199% of an annual quota, with this payment gained “regular” status. Owes 94% of its current annual quota.
- e. Costa Rica: In 2003 made payment equivalent to 77% of one annual quota and in 2004 made payments equivalent to 68% of one annual quota. The additional payment requested in Resolution 417 for 2004 was not made. In 2005 has made payments equivalent to 41% of one annual quota.
- f. Ecuador: In 2003 made five payments, exceeding the terms of its payment schedule signed in 2001, changing its status to “regular”. In 2004 made payments equal to 165% of an annual quota, changing its status to “up-to-date”. In 2005 paid the annual quota maintaining its “up-to-date” status.
- g. Nicaragua: In 2003 reformulated its payment plan signed in 2001; no payments were made. In 2004 made a minimum payment, in compliance with the request by the Executive Committee Resolution 417. No payments have been received in 2005.
- h. Paraguay: In 2003 made payment equivalent to 68% of one annual quota and in 2004 made payment equivalent to 102% of an annual quota. In 2005 has paid 305% of an annual quota changing its status from “in arrears” to “regular” status.
- i. Peru: In 2003 made a payment equivalent to 91% of one annual quota and completed the 9% of the quota payment in early 2004. It continued in 2004 with payment of one annual quota, but is not in compliance with its payment schedule. In 2005 made payment of 98% of one annual quota. The authorities have presented a proposal for the use of a building for the IICA Office in exchange for partial outstanding quotas. This proposal is currently under review by government authorities.
- j. Dominican Republic: In 2003 made payment equivalent to 109% of one annual quota. In 2004 no payment was made. In 2005 has paid 101% of an annual quota.

- k. Suriname: In 2003 no payment was made. In 2004 made payments equivalent to 232% of an annual quota, changing its status from “in arrears” to “regular” status. In 2005 has paid 158% of an annual quota maintaining its “regular” status.
- l. Uruguay: In 2003 made payment equivalent to 14% of its annual quota, and in 2004 paid three annual quotas, exceeding the 150% of an annual quota required in its payment schedule and changing its status from “in arrears” to “regular” status. In 2005 has not made payments in accordance with the payment schedule, reverting to “in arrears” status with 2.86 annual quotas outstanding.
- m. Venezuela: In 2003 no payment was received. In 2004 made payments equivalent to 308% of an annual quota changing its status from “in arrears” to “regular” status. In 2005 paid an annual quota maintaining its “regular” status.

In the following graph the quotas owed by countries with “in arrears” status are compared with the amounts collected from those countries during the last five and a half years.



## **V. IMPLICATIONS OF PROVISIONS AND IMPLEMENTATION OF MEASURES APPROVED IN RESOLUTIONS 392, 417 AND 435**

Discussions with authorities in the Member States and the request for compliance with commitments formed under Resolutions 392 and 417 have been successful in some cases. Results have been achieved in collection of some quota arrearages. Additionally, the exchange of information related to payment of quotas has increased, allowing the Institute to improve its financial planning.

However, the IICA continues to face a difficult financial situation 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 cannot fully implement plans of action as scheduled, as it does not have assurance of receipt of the resources it needs to cover its operating costs.

Due to this situation in 2004, the Institute temporarily suspended the allocation of additional resources to short term actions, pre-investment and horizontal cooperation activities and training. Also, the Offices were instructed to limit the use of resources, making only those expenditures that are absolutely necessary and that are a priority. Specifically, this restricted expenditures on travel and purchases of computer equipment. Also, the budgets for operational costs of the Units were cut back by approximately 20%, hindering operations of the Institute. The restrictions on operational costs were maintained for 2005. Continued progress on the collection of arrearages is necessary to stabilize the Institute's financial situation.

Measures under Resolutions 392, 417 and 435 that will have to be taken if collection of quotas is not further improved:

- a. Continuation of efforts to secure payment of the quota arrearages.
- b. Suspension of the right to vote, in accordance with Article 24 of the Convention on IICA.
- c. Application of the general provisions approved in Resolution 392 and revised in Resolution 435 for Member States with "in arrears" status,<sup>8</sup> according to degree of arrearages.
- d. Reduction in the annual quota budget allocated to the Office in the country for Member States with "in arrears" status that have not complied with payment schedules and commitments.
- e. Consideration of a reduction in IICA actions in the countries, engaging in dialogue with the Member States on the future of the Offices, which could constrain technical cooperation.



## VI. PERSPECTIVES

The Institute has continued its efforts to encourage the payment of quotas, including:

- a. Delivery of annual reports on activities carried out by the Institute in each country.
- b. Contacting competent national authorities for purpose of requesting inclusion of the quota payment in the country's budget.
- c. Member States with "in arrears" status were invited to reach agreement with the Institute on a payment schedule, as described in Resolution 392, and were invited to comply with specific payment requests made by the Executive Committee per Annex A of Resolution 417.
- d. Delivery of quota letters to the Member States, accompanied by 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, 2004, and a request for payment of same.
- e. Notification to Member States of implications of IABA Resolution 392 and Executive Committee Resolution 417, and Article 24 of the Convention.
- f. Ongoing conversations with high-level officials in the Member States, and with their representatives on the Executive Committee and the IABA.

The evolution of quota arrearages clearly illustrates the progress that has been made in the last two years in increasing payment of quotas. The Institute ended the year 2004 with a reduction in quota arrearages for the first time in five years.

Continued attention must be paid to ensure quota commitments are honored in order to provide for the smooth operation of the Institute. The financial base of the Institute must be strengthened so that operations are not contingent on the arrival of the next quota payment. Continued commitment from the Member States is necessary to ensure the Institute is able to carry out the mandates of the Member States.

## **APPENDICES**

**Appendix 1: Actions by the Governing Bodies**

**Appendix 2: IICA/JIA/Resolution 392**

**Appendix 3: IICA/CE/Resolution 417**

**Appendix 4: IICA/CE/Resolution 435**

## **Appendix 1: Actions by the Governing Bodies**

In the last three years, the Special Advisory Commission on Management Issues (SACMI) has reviewed the situation of arrearages in Member State quota payments. In 2003, the Advisory Commission recommended a number of measures intended to facilitate collection of quotas. In its 2004 meeting, the SACMI noted that it is essential that all the Members States meet their financial obligations to the Institute in a timely manner and acknowledged the efforts being made to pay quota arrearages.

At its Twenty-third Regular Meeting in July 2003, the Executive Committee passed Resolution IICA/CE/Res.392 (XXIII-O/03) urging the Member States to pay their quota arrearages. It also adopted the measures recommended by the SACMI and instructed the Director General to begin implementation of same.

At its Twelfth Regular Meeting in Panama in November 2003, the Inter-American Board of Agriculture (IABA) adopted Resolution IICA/JIA/Res.392 (XII-O/03). The resolution 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 also defines the “status” of Member States in terms of quota payments, establishes general provisions for encouraging the timely payment of quotas, sets conditions for accepting a payment schedule proposed by a Member State, and establishes dispositions for Member States that have “in arrears” status.

At its Twenty-fourth Regular Meeting in July 2004, the Executive Committee adopted Resolution IICA/CE/Res.417 (XXIV-O/04). After discussion in the plenary sessions of advances on the issue of quota payments, a Working Group on quotas was formed by the Executive Committee, charged with reviewing the status of quota payments by each Member State in arrears status.

The Quota Working Group reviewed payments and commitments made by each country and requested that the representative of each country brief the group as to actions underway to secure payment of quotas. The Working Group presented its findings to the Executive Committee with recommendations for specific actions to be requested of each Member State. These recommendations were discussed and adopted by the Executive Committee, and the specific actions requested of each Member State in arrears status was set out in Annex A of Resolution 417.

The Executive Committee, at its Twenty-fifth Regular Meeting, held in May 2005, approved Resolution IICA/CE/Res.435 (XXV-O/05), calling for the derogation of the Appendix to Resolution 392 and its replacement with the document entitled “Revised Measures for Collecting Quotas Owed to the Institute,” attached hereto, prepared in response to recommendations issued by the Special Advisory Commission on Management Issues at its meeting in March 2005. The purpose of the revised measures is to 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 IICA and the Institute's other rules and regulations.

**RESOLUTION No. 392**

**PROPOSAL FOR THE COLLECTION OF QUOTA  
CONTRIBUTIONS OWED TO THE INSTITUTE**

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

HAVING SEEN:

Document IICA/JIA/Doc.275a “The Financing of IICA: Recommendations from the Executive Committee on the Collection of Quota Arrearages”

CONSIDERING:

That the Institute continues to face serious financial difficulties as a result of the failure of some Member States to pay their quota contributions for the maintenance of the Institute through the timely payment of their quotas, thereby seriously affecting IICA’s financial viability and the cooperation it provides in the Americas;

That this deficit limits the Institute’s ability to fulfill its mandate and launch new programs consistent with the implementation of the Declaration of Bavaro, the AGRO 2003-2015 Plan of Action, the Institute’s 2002-2006 Medium Term Plan and other priority actions requested by the Member States;

That, during its meeting held May 29-30, 2003; the Special Advisory Commission on Management Issues (Advisory Commission) recommended a set of measures to facilitate the collection of quota arrearages;

That, by Resolution IICA/CE/Res.392(XXIII-O/03), the Executive Committee adopted the measures recommended by the Advisory Commission attached to said resolution and instructed the Director General to implement them;

That the IABA has reviewed and adjusted these measures in order to reflect the observations made by the Member States and the General Directorate, as set out in the Appendix to this resolution,

RESOLVES:

1. To urge the Member States that owe quotas to IICA to pay their pending quotas as soon as possible, to enable the Institute to fully comply with its mandates.
2. To adopt the measures contained in the Appendix to this resolution.

## APPENDIX

### MEASURES FOR COLLECTING QUOTAS OWED TO THE INSTITUTE

#### I. DEFINITION OF THE STATUS OF MEMBER STATES WITH REGARD TO QUOTA PAYMENTS

##### A. Up-to-date status:

A Member State's status is considered "up to date" when it has paid the entirety of the payments in accordance with its assigned quota. Pursuant to Article 70 of the IABA, quotas are considered to fall due on the first day of each fiscal year. As an exception to this rule, and for purposes of this definition, Member States that have paid the totality of their quotas by 30 June of the current year, shall be considered "up to date".

##### B. Regular status:

A Member State's status is considered "regular" when it owes quotas for no more than two fiscal years. For purposes of this provision, Member States that owe no more than two full quotas as of June 30 shall be considered "regular."

##### C. Special situation:

A Member State's status is considered "special" when it has agreed to a payment schedule with the Director General, and that schedule is being met. For purposes of this provision, Member States that by June 30 owe the quota for the current year plus more than the amount of one full quota from previous fiscal years, and that have agreed to a payment schedule with the Director General, which is being met and for which at least one payment has been made in the current year, shall be considered to have "special status." Once a Member State in "special" status has reduced its arrearages to two or less than two full quotas it will be considered "regular."

##### D. In arrears:

A Member State's status is "in arrears" when it owes the quota for the current year plus more than the amount of one full quota from previous fiscal years. For purposes of this provision, Member States that by June 30 owe the quota for the current year plus more than the amount of one full quota from previous fiscal years, have not agreed to a payment schedule and are not meeting one, shall be considered to be "in arrears."

## II. GENERAL PROVISIONS TO ENCOURAGE THE TIMELY PAYMENT OF QUOTAS

- A. Applicable to Member States that have up-to-date or regular status:
- a. They will have the right to vote in the Executive Committee and the IABA.
  - b. They can host IICA meetings.
  - c. They can nominate candidates for the position of Director General.
  - d. They can nominate candidates to positions on Committees.
  - e. Nationals of these Member States will be given preference in IICA hiring.
  - f. The IICA Office in the country may be allocated additional quota resources, as a result of the application of budgetary reductions to IICA Offices in Member States that have in-arrears status, quota collection permitting.
  - g. They are eligible to serve as members of the SACMI.
- B. Applicable to Member States that have special status:
1. They will have the right to vote in the Executive Committee and the IABA.
- C. Applicable to Member States that have in-arrears status, in accordance with the degree of delay:
1. Member States that owe quotas for more than two complete fiscal years.
    - i. Suspension of the right to vote, in accordance with Article 24 of the Convention on IICA.<sup>1</sup>
  2. Member States that owe the quotas of three complete fiscal years:
    - i. Suspension of the right to vote, in accordance with Article 24 of the Convention on IICA.<sup>1</sup>
    - ii. 20% reduction in the annual quota budget allocated to the Office in the country.
  3. Member States that owe the quotas of four complete fiscal years:
    - i. Suspension of the right to vote, in accordance with Article 24 of the Convention on IICA.<sup>1</sup>
    - ii. 40% reduction in the annual quota budget allocated to the Office in the country.
    - iii. Additional charge for managing projects financed with government resources, in partial payment of quotas owed.

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<sup>1</sup> Article 24 of the Convention on the Institute, Article 69 of the Rules of Procedure of the IABA, and Article 77 of the Rules of Procedure of the Executive Committee establish the rules regarding the suspension of the right to vote. For details on the enforcement of these rules, see the aide-mémoire included in the document: *Convention and Basic Rules of Procedure of IICA*, Official Documents Series N° 22, pp. 23-31.

4. Member States that owe quotas for five or more complete fiscal years:
  - i. Suspension of the right to vote, in accordance with Article 24 of the Convention on IICA<sup>1</sup>
  - ii. Reduction of IICA actions in the country
  - iii. Closing of the IICA Office in the country (as a last and extreme measure, not to be taken without considering the costs involved in re-opening the Office, and that the country must cover such costs should it pay its arrearages or arrange a payment schedule with the Institute).
5. The SACMI recommends that the General Directorate consider other alternatives for encouraging payment of quotas.

### III. CONDITIONS FOR THE PAYMENT SCHEDULE OF A MEMBER STATE

- A. A minimum initial payment of one annual quota, and a maximum term of 24 months for paying the accumulated debt.
- B. The plan should take into account the payment of quotas for following fiscal years, so as not to generate new debts.
- C. Submit a payment plan to IICA, signed and formalized by the government and the Institute.
- D. Not to accept special contributions in the form of personnel, office space, communications facilities, etc., as payment for overdue quotas, but rather as an alternative form of support for IICA's finances.
- E. Other proposals submitted by the member countries, subject to evaluation by the Institute.

### IV. SPECIAL AND TRANSITORY PROVISIONS FOR THE YEAR 2003 FOR MEMBER STATES THAT HAVE "IN ARREARS" STATUS

- A. Notwithstanding the requirements for a Payment Plan established in Part III, any Member State that owes more than two years of assessed quotas and that concludes a Payment Plan with the Director General before December 31, 2003, that satisfies the conditions indicated below, shall be exempt from these measures with respect to the debt for the period up to December 31, 2003, provided it complies with that Plan. The conditions are:
  1. For 2004 and every year thereafter, the debtor Member State shall pay to IICA an amount equal to or greater than 150% of the annual quota approved by the IABA until the debt is paid in full;
  2. For 2004, the Member State shall pay before June 30 at least 50% of the 2004 quota in accordance with the above point;

3. The Payment Plan shall be signed by the appropriate authorities of the debtor Member State;
  4. Failure to comply with the Payment Plan will result in the immediate imposition of the measures established in this Document.
- B. For those Member States that are not able or otherwise willing to take advantage of the transitory provisions set out in Part IV(A) above, the following incentives shall apply:
1. As an exception and a special incentive for establishing payment schedules, and for the purposes of Article 24, payment of one complete quota may be applied to the current year, provided that the Member State has agreed to a payment schedule and is meeting it.
  2. Before proceeding to close an IICA Office in a Member State that owes quotas for five or more complete fiscal years, an additional extension to December 31, 2003 will be granted for beginning to execute the payment schedule, so that it may apply for special status.
  3. With payment of one annual quota and the establishment of a schedule for paying at least 50% of the debt within a period of 24 months, as an exception, other proposals by the Member States may be considered, such as payments in national currency, in kind or in marketable securities, in payment of the other 50% of the debt.
- V. SPECIAL CONSIDERATION FOR THE CONTRIBUTIONS MADE BY MEMBER STATES THAT HOST MEETINGS OF THE EXECUTIVE COMMITTEE OR THE IABA
- A. Even though many Member States are interested in hosting meetings of the Executive Committee and the IABA, they cannot do so due to the additional costs often incurred in connection with holding same. The Executive Committee and the IABA could consider the possibility of covering a portion of said costs for those countries that are up to date in the payment of their quotas, or are complying with a payment plan.



### Appendix 3: Resolution 417

IICA/CE/Res.417(XXIV-O/04)  
22-23 July 2004  
Original: Spanish

#### **RESOLUTION No. 417**

#### **PROGRESS REPORT ON THE COLLECTION OF QUOTAS OWED TO THE INSTITUTE AND ON COMPLIANCE WITH IABA RESOLUTION 392**

The EXECUTIVE COMMITTEE, at its Twenty-fourth Regular Meeting,

HAVING SEEN:

Documents IICA/CE/Doc.445(04) “Financial Situation of the Institute” and IICA/CE/Doc.446(04), “Progress Report on the Collection of Quotas Owed to the Institute,”

CONSIDERING:

That the timely payment of quotas to IICA is essential to enable the Institute to operate normally and to generate the products that the Member States require, making it a matter of urgency that countries in arrears bring their quota payments to the Institute up to date;

That IABA Resolution 392, “Proposal for the Collection of Quota Contributions owed to the Institute,” establishes “Measures for Collecting Quotas Owed to the Institute” (“Measures”);

That, since the adoption of those measures, Ecuador has brought itself up to date in the payment of its quotas by making a contribution equivalent to seven quotas, an example worthy to be followed by other Member States; and Argentina, Brazil and Uruguay have complied with the payment plans that they agreed to with the Institute;

That, despite these exemplary cases and the extraordinary efforts of the General Directorate to collect quota arrearages, some Member States are still in arrears and subject to the application of the aforementioned Measures;

That, in response to a request from the Director General, this Executive Committee set up a Working Group to make recommendations to the plenary concerning the application of the Measures;

That the Working Group, having carefully studied the cases of all the Member States that owe quotas to the Institute, made recommendations regarding the application of the Measures and recommended that this Executive Committee submit to the consideration of the next regular meeting

of the IABA a proposal to facilitate a more balanced application of the Measures, in keeping with the best interests of the Institute;

That, in the Working Group and in the sessions of the Executive Committee, the Member States have demonstrated their readiness to cooperate in the search for creative and pragmatic solutions to improving the Institute's financial and operational viability;

That several Member States have offered to use their good offices to assist the Director General in his efforts to collect the quotas owed to the Institute.

RESOLVES:

1. To thank all the Member States that, pursuant to Resolution IICA/JIA/Res.392, are “up to date,” enjoy “regular status” or are in a “special situation”.
2. To thank the Working Group set up by this Committee for its efficiency, creativity and willingness to propose practical recommendations to facilitate the fair and logical application of the Measures.
3. To adopt the recommendations made in Annex A of this Resolution and instruct the Director General to put them into effect.
4. To thank the countries in arrears that, as a result of the efforts of the Working Group, have pledged to sign payment plans and make the corresponding payments.
5. To recommend that, at its next regular meeting, the Inter-American Board of Agriculture amend, retroactive to 1 January 2004, the Measures for Collecting Quotas Owed to the Institute established in Resolution IICA/JIA/Res.392 (XII-O/03), adding a new Section VI, attached to this resolution as Annex B.
6. To urge the Director General to continue the efforts to collect the quotas owed to the Institute and to take advantage of offers from the Member States to assist him, individually and collectively, in this endeavor.

## ANNEX A

<b><i>Antigua &amp; Barbuda</i></b>	To request that Antigua & Barbuda pay US\$5,502, one annual quota, during the second semester of 2004 as an indication of commitment to pay, and present to the Director General of the Institute by May 2005 a plan for payment of quota amounts past due.
<b><i>Argentina</i></b>	To recognize compliance by Argentina with commitments made under its payment plan, and its “special status,” and to request that Argentina pay US\$1,006,744 during the second semester of 2004, to complete payment of 150% of an annual quota and maintain its “special status.”
<b><i>Brazil</i></b>	To recognize compliance by Brazil with the commitment signed in accordance with Resolution 392, the written formalization of the commitment to pay, and its “special status,” and to request that Brazil pay US\$1,190,458, during the second semester of 2004, to complete payment of 150% of an annual quota and maintain its “special status.”
<b><i>Colombia</i></b>	To ask Colombia to proceed with the payment of its accumulated quotas due of US\$522,783 by October 31, 2004, and, if necessary, to formalize via official letter to the Director General by December 31, 2004 its commitment to pay any remaining amounts.
<b><i>Costa Rica</i></b>	To request that Costa Rica proceed with the payment of US\$35,761, one annual quota, by October 31, 2004, and present a plan for payment of accumulated quota arrearages to the Director General of the Institute by December 31, 2004.
<b><i>Nicaragua</i></b>	To request that Nicaragua pay an advance on amounts due under its payment plan by October 31, 2004, as an indication of its intention to pay under that plan, and to inform the Director General of the Institute by October 31, 2004, on expectations for additional payments.
<b><i>Paraguay</i></b>	To recognize the commitment made by Paraguay to pay its accumulated arrearages of US\$233,858, paying 50% of this amount (US\$116,929), by December 31, 2004, and the remaining 50% (US\$116,929) by December 31, 2005; to request that Paraguay pay at least half of the US\$116,929 for the year 2004 by October 31, 2004, for Special Status, and the balance of the 2004 commitment by December 31, 2004; and to request that it formalize via official letter to the Director General its commitment to pay US\$116,929 in 2005 in order to maintain its “special status.”

<i>Peru</i>	To acknowledge the presentation by Peru of a proposal for reduction or cancellation of its arrearages, in exchange for providing IICA with use of a building. To request that the proposal be reviewed with the Director General of the Institute to study the details of the proposal; to authorize the Director General, in accordance with Rule 4.20 of the Financial Rules, to accept the use of the building as part of the payment of arrearages, if he determines that it is in the best interests of the Institute; and to request that Peru pay the amount of US\$112,786, one annual quota, by October 31, 2004.
<i>Suriname</i>	To recognize partial compliance of Suriname with its commitment, to merit “special status,” and to request that Suriname proceed with the remaining payment of US\$24,000 per its commitment for 2004, and present to the Director General of the Institute by December 31, 2004 a plan for payment of accumulated quota arrearages, to maintain this status.
<i>Venezuela</i>	To request that Venezuela proceed with payment of the commitment made for US\$1,830,000 by October 31, 2004, and formalize via official letter to the Director General of the Institute, before December 31, 2004, its commitment to pay at least 150% of its annual quota in coming years to cancel accumulated arrearages.
<i>General</i>	<ul style="list-style-type: none"> <li>• Request that the Director General inform each Member State that owes three or more quotas and is not in compliance with their payment plan of the possible implications of the application of Resolution 392.</li> <li>• For any Member State that owes three or more quotas and is not in compliance with its payment plan, there will be a reduction in 2005 either of 20% of the quota budget assigned to the IICA office in that Member State, or of an amount equal to its annual quota assessment, whichever is less.</li> </ul>

## ANNEX B

### VI. IMPLEMENTATION OF MEASURES

If, in any particular case, in the judgment of the Director General, implementation of any or all of the measures put in place for collecting quotas owed the Institute would not be in the best interests of the Institute, the Director General may consult with the Executive Committee or the Inter-American Board of Agriculture for guidance before applying them. The Executive Committee or the Board, as the case may be, may consider the proposals of the Director General and authorize suspension of any or all of the measures or such alternative action as it deems appropriate. During the process, the Debtor State, with due notice, shall have the opportunity to explain its position to the other Member States before the Executive Committee or Board authorizes any such action. For the 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 objectives.

## Appendix 4: Resolution 435

IICA/CE/Res. 435 (XXV-O/05)  
13 - 14 May 2005  
Original: English

### RESOLUTION No. 435

#### REVISED MEASURES FOR COLLECTING QUOTAS OWED TO THE INSTITUTE

THE EXECUTIVE COMMITTEE, at its Twenty-fifth Regular Meeting,

HAVING SEEN,

The Report of the 2005 Meeting of the Special Advisory Commission on Management Issues, IICA/CE/Doc.457(05),

CONSIDERING,

That by, 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, by Resolution IICA /CE/Res. 417 (XXIV-O/04), the Executive Committee recommended that the IABA amend 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 those 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 (“SACMP”), 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,

RESOLVES:

To Recommend that the IABA adopt, at its Thirteenth Regular Meeting, a resolution derogating the Appendix to Resolution IICA/JIA/Res. 392, entitled “Measures for Collecting Quotas Owed to the Institute,” and replacing 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.<sup>1</sup>
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.

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<sup>1</sup> 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.



## 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;
    - 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; however, the amount authorized will be reduced by 10%.
  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;
    - e. The right to an Office of the Institute in their territory, funded by IICA’s Regular Fund;
    - 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, reduced, however, by 20% of the amount authorized.
  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;
    - 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, reduced, however, by 40% of the amount authorized.

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 INSTITUTE<sup>2</sup>

- 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.

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<sup>2</sup> 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.