

DECISION N° 440

RESTRUCTURING SELA

THE LATIN AMERICAN COUNCIL,

HAVING SEEN:

The mandate contained in the Conclusions of the Final Report on the XXVII Regular Meeting of the Latin American Council, held at SELA's headquarters from 8 to 10 October 2001;

The Report of the Chairman of the Reflection Group on the Role of SELA in the Future of the Region, created at the XXVII Regular Meeting of the Latin American Council;

CONSIDERING:

That SELA was created with the purpose of providing Latin America and the Caribbean with a permanent forum of their own, for consultation, coordination, cooperation and joint economic and social promotion, and that its fundamental purposes, as set forth in the Panama Convention, are still valid;

That the Panama Convention, establishing SELA, is a flexible instrument with a broad scope that allows Member States to adapt the objectives and functions of the organisation to the new realities faced by the region, and to establish priorities in accordance with their present needs;

That it is important to provide answers to the challenges posed by the present dynamics of international relations and by the growing economies difficulties faced by the countries of the region;

That it is necessary for the organisation to regain its power to draw countries together, so as to enable the region to have a stronger presence in the international arena;

That the political will and commitment of Member States are fundamental factors to strengthen SELA, in order to speed up and deepen the integration process and the regional cooperation;

That it is necessary to redefine the work priorities of SELA, adopting measures that allow it to contribute in an effective way to the goals of integration and cooperation among Member States and their insertion into the international economy;

That the preparation of the annual budget of the Permanent Secretariat should be based on criteria favouring rationality and maximisation of efficiency in terms of expenses, while complying with the re-dimensioning of SELA stemming from the restructuring exercise of the organisation;

That it is necessary to create a mechanism to ensure greater transparency in the execution of the budget and the annual work programme of the Permanent Secretariat, through follow-up and specific evaluations of their implementation;

That it is necessary to take into account the economic difficulties faced by the countries of Latin America and the Caribbean, in adopting a solution to the problem of the payment by Member States of the quotas owed to SELA, in order to give the organisation more financial strength and to avoid non-payment problems in the future.

DECIDES:

Article 1.- Guidelines for the Restructuring of SELA

- a. SELA's activities and Work Programme shall follow a clearly regional approach, which serves the common interests of all Member States, while avoiding duplication of efforts and overlapping of agendas with respect to other regional and international organisations.
- b. The activities of SELA shall focus on a specialised and concrete agenda aimed at producing tangible results, and based on the topics considered to be of priority by the Latin American Council.
- c. SELA's Work Programme shall be designed with the purpose of making a significant contribution to promote convergence of subregional processes towards full regional integration and cooperation.
- d. SELA shall promote mechanisms to ensure greater transparency in the execution of the budget and the Work Programme.

Article 2.- Modalities of work of SELA

- a. The databases with economic, social and political information about the Member States and about relevant regional groups and organisations will be enhanced and deepened by SELA in a systematic way, in order to ensure that its publications, studies and analyses, as well as those made by its external consultants, will project an accurate view that represents the Member States and the subregions, thus contributing to the integration process.
- b. SELA's activities shall be carried out on the basis of the Work Programme and the annual budget, as approved by the Latin American Council.
- c. The Permanent Secretariat shall prepare the Work Programme and the annual budget on the basis of the topics considered to be of priority by the Latin American Council, and shall submit them for consideration of the Member States 45 days prior to the Council meeting.

Article 3.- Guidelines for the presentation of the Work Programme by the Permanent Secretariat

The Permanent Secretariat shall abide by the following guidelines in preparing the Annual Work Programmes:

- a. Describe the tasks and activities to be undertaken and the cost of their execution.
- b. Specify the priority degree of each task or activity in accordance with the benefits they should bring to Member States, or the urgency of executing them.
- c. Explain how SELA's contributions from those tasks or activities differentiate themselves from those of other organisations, particularly when they are conducted in combination with other regional or international institutions.
- d. Describe the actions planned for each proposed task in full detail, including the corresponding costs.
- e. Submit a schedule of travels, justifying the need for officials to travel as part of the activities foreseen in the Work Programme.
- f. When the Latin American Council meeting is held outside the headquarters of SELA, pertinent information about the costs of holding it shall be provided.

Article 4.- Areas of Work of SELA

In order to comply with its objectives of coordination, consultation and cooperation, the activities of SELA will continue to be classified into three major thematic areas, giving priority to the integration and development of Latin America and the Caribbean as well as the handling of matters of common interest, in which there is willingness among Member States to cooperate effectively, while taking into account the situation of those countries without access to the sea and of the small island States..

I. Intra-regional Relations

1. Integration and cooperation among Member States of SELA will be the priority topics of the next Work Programmes of the Permanent Secretariat. The organisation shall undertake actions aimed at contributing to complementarity, convergence and full articulation of the regional and subregional integration processes of the Member States of SELA, providing special assistance to those countries with smaller economies and relatively less economic development.
2. SELA shall evaluate the impact that specific decisions made by the Heads of States and Government of Latin America and the Caribbean may have on the regional integration process, and if it is so requested by Member States, with prior approval by the Latin American Council, the organisation will follow up the above-mentioned decisions.
3. SELA shall contribute to the efforts to find solutions to the problem of vulnerability of the economies of Latin America and the Caribbean, through actions such as the exchange of experiences and information about national policies for social and economic development, as well

as analyses on the impact of financial and trade policies, and of certain phenomena such as migrations, among others, on the integration of Latin America and the Caribbean.]

II. Technical and economic cooperation

1. SELA's actions in this area should preferably be carried out on a "horizontal plane", in which SELA will act as a focal point to promote technical cooperation among developing countries (TDCD) of the region. The organisation will continue to serve as an exclusive forum for consultations and regional coordination with respect to this issue.
2. Efforts to obtain external resources for financing projects and programmes in specific areas, that are closely linked to the organisation's Work Programme, will be intensified.
3. The priorities set in cooperation areas will be determined by mutual consent by the Member States, with a view to complementing existing projects.
4. Respond to requests for technical assistance made by those countries with smaller economies and relatively less economic development as regards their preparation for high-level meetings, if it is so requested by a Member State or by a group of Member States. In the case of a technical cooperation request that is not foreseen in the Annual Work Programme, SELA will evaluate it after receiving a prior report from the Work Programme and Budget Committee, which is referred to in Article 7 of this Decision.
5. To encourage the dissemination of experiences and information about national policies, particularly the most successful ones, for the benefit of Member States and as reference elements for the development of horizontal cooperation.
6. To encourage debates aimed at establishing scientific and technological networks, with a view to creating a Latin American and Caribbean System for Innovation and Competitiveness.

III. Extra-regional Relations

1. To promote the design of negotiation proposals based on the viewpoints of Latin America and the Caribbean with respect to international financial markets and organisations.
2. To conduct systematic analyses of the impact of the external debt and international financial flows on the economies of Member States, as well as their impact on development, the various subregional integration processes, the technological gap and the transfer of technology.
3. To contribute to broaden understanding of multilateral trade negotiation processes, making emphasis on their impact on development and regional integration, and if it is so requested by Member States, with prior approval by the Latin American Council, to support the participation of Member States – especially those with smaller economies and relatively less development – in the different international forums and economic negotiations.

Article 5.- Financing and budget

- a. The Permanent Secretariat shall submit the draft annual budget. The Permanent Secretariat will not be authorised to contract debts or to incur in a budget deficit, except in the case of standing facility loans from banking institutions, provided that they do not surpass the amount foreseen in the budget for each year or the total amount of the contribution quotas that the organisation fails to receive that year.]
- b. In order to attain maximum rationality and efficiency in the allocation and administration of resources, SELA's annual budget should respond to transparent operational criteria favouring rationality and an adequate use of its resources, taking into account the provisions included in the restructuring plan for the organisation.
- c. The Permanent Secretariat shall submit the Draft Budget, taking into consideration the contents of the Annual Work Programme, which will be prepared in accordance with the guidelines contained in Article 3 of this Decision and will suit the common interests of Member States.

Restructuring

- d. The Permanent Secretariat will submit a detailed restructuring plan, in accordance with the approved budgetary restrictions, at the first meeting of the Budget and Work Programme Subgroup in 2003.
- e. The Regular Meetings of the Latin American Council shall be convened no less than 60 days prior to the date scheduled for the meeting at Ministerial level and, at the same time, the Secretariat shall forward the relevant basic documents. The Preliminary Draft Budget and Work Programme shall be forwarded 180 days prior to the above-mentioned date for consideration and study, as of the year 2004.

Article 6.- Payment of outstanding quotas

Those Member States in arrears with their quota payments at 31 December 2001 will be given the option to sign agreements to restructure their total debt, once they have cancelled their quota corresponding to the year 2002, on the basis of the provisions included in Decision N°. 414, adopted on 25 March 1999. Those Member States that have joined the Payment Incentive Programme set forth in Decision N°. 414 may continue to pay their debts under that plan.

Article 7.- Institutional matters

- a. To establish – within the framework of the Informal Working Group, created by Decision No. 379 and ratified by Decision No. 404 – a Budget and Work Programme Subgroup.
- b. In order to improve the consultation and coordination system between Member States and the Permanent Secretariat, the Informal Working Group shall evaluate the creation of a mechanism for those purposes, and shall submit its conclusions and recommendations to the next Regular Meeting of the Latin American Council.

Temporary Provision

The Preliminary Draft Budget and Work Programme for the year 2004 shall be forwarded to the Member States 120 days prior to the date of the Council meeting for consideration and study.