



PAN AMERICAN HEALTH ORGANIZATION
WORLD HEALTH ORGANIZATION



48th DIRECTING COUNCIL

60th SESSION OF THE REGIONAL COMMITTEE

Washington, D.C., USA, 29 September to 3 October 2008

Provisional Agenda Item 7.7

CD48/INF/7 (Eng.)
16 September 2008
ORIGINAL: SPANISH

STATUS UPDATE ON THE INSTITUTIONAL REVIEW OF THE INSTITUTE OF NUTRITION OF CENTRAL AMERICA AND PANAMA (INCAP)

Historical Background

1. In September 1949, the Institute of Nutrition of Central America and Panama (INCAP), an initiative of the Central American Ministers of Health, was officially founded with the support of the Pan American Health Organization/World Health Organization (PAHO/WHO) and the W. K. Kellogg Foundation. Belize joined INCAP in 1990, and the Dominican Republic, in 2005.
2. Since its founding, INCAP has been identified as a PAHO/WHO subregional center specializing in nutrition, as well as an institution of Central American integration.

Focus and Main Results of Technical Cooperation

3. In its first 20 years, INCAP focused on research in clinical nutrition, especially in the area of nutritional deficiencies. During the 1970s, the technical cooperation programs in applied nutrition in public health were strengthened, and in the 1980s community nutrition projects were implemented. This was the era of INCAP's greatest growth in terms of the number of staff and physical plant, ultimately leading to a significant liability in terms of fixed costs.
4. During the 1990s, social, economic, and political changes in the subregion made it necessary to reorient the approach of INCAP's work program, reorienting its programs and activities to address both the multicausality of malnutrition and public nutrition.

5. In 1993, the Directing Council of INCAP gave it the mandate of promoting Food and Nutrition Security (FNS). This initiative is one the mandates of the XIV Presidential Summit held in Guatemala that year, instructing INCAP to provide follow-up and technical/scientific support for its implementation. This political commitment was ratified at the XXII Central American Summit in Costa Rica in 2002, linking its programs with human development and the achievement of the Millennium Development Goals.

6. In 2004, as mandated by the Institute's Directing Council, and with support from PAHO and the Member States, INCAP began an complex in-depth participatory exercise in strategic analysis to enable it to respond more efficiently to current and emerging needs related to the determinants of FNS in Central America, including improvements in data, the effects of global climate change, and the mobilization of resources.

7. The world food crisis that is threatening countries in the subregion poses a strategic challenge for INCAP, paving the way for the Institute to expand and provide more in-depth technical cooperation programs and projects in response to the resolutions issued at the recent III Intersectoral Meeting of the Central American Ministers of Agriculture, Health, and the Environment, held in Panama on 24 April 2008.

Governance and Constitutional Foundations

8. The Basic Agreement of INCAP, signed in 1953, was the foundation for its creation and operation. Since that date, INCAP has enjoyed independent legal status. The Basic Agreement was in effect until 1998, when the Directing Council of the Institute approved an updated version that entered into force in January 2003, after its approval by the national legislatures of the Member States.

9. The Basic Agreement establishes the bodies and units for the Institute's operations; the prerogatives, immunities, and privileges that INCAP enjoys as an international organization in recognition of its status as an institution of the Central American Integration System.

10. The Directing Council, which is INCAP's highest administrative body, is comprised of the Ministers of Health of the eight Member States and the Director of PASB. Article VII of the Basic Agreement states that

PAHO/WHO has a dual role in INCAP. First, it is a regular member of INCAP, the highest authority of the Institute; and second, it is responsible for the administration of the Institute, at the request of the Directing Council; an arrangement that will be renewed every five years and must be accepted every time by the Directing Council of PAHO/WHO. To comply with this last responsibility, the Director of PASB shall act as the legal representative and director of INCAP, responsibilities that he may delegate in full or in part.

11. The Basic Agreement entered into force in 2003; the five-year period ends in 2008.

12. Article LI states that fulfillment of the Basic Agreement shall be reviewed at least every five years, as the grounds for proposing amendments to adapt it to the development situation of the Member States. At its 58th Meeting, held in El Salvador in 2007, INCAP's Directing Council declared that the institutional strengthening process launched in 2004 responded to and complied with Article LI of the Basic Agreement and the resolutions of the Directing Council of PAHO on the periodic evaluation and review of the performance of the Pan American and subregional centers.

13. The Directing Council of INCAP is assisted by an Advisory Committee made up of the directors-general of health of the eight Member States and a representative of the Director of PASB.

14. It should be noted that INCAP is the oldest Central American integration institution. On 30 March 1995, it officially became part of the Central American Integration System as the health sector institution of the Social Integration Subsystem, pursuant to Article 9.3.a of the Central American Social Integration Treaty.

Other Relevant Background

15. In 1981, the 28th Directing Council of PAHO, "bearing in mind the decision of the INCAP Council that the Institute should be reorganized as an agency of Central America and Panama, outside the organic and administrative system of the United Nations and PAHO; and "recognizing the need for continued PAHO support to the work of INCAP under the new arrangements imposed by its new political, institutional, and administrative structure," resolved: "to approve the principle of the final transfer of INCAP to its new political and administrative management as an agency of Central America and Panama, and to approve the participation of PAHO/WHO as a member of INCAP."

16. In 1982, the XXI Pan American Sanitary Conference resolved to ratify the new Basic Agreement of INCAP signed in Washington, D.C. on 25 September 1981 and to urge INCAP member countries to ratify the new Basic Agreement as soon as possible.

17. In 1983, the 29th Directing Council of PAHO, "bearing in mind that the INCAP Council has requested that the Institute continue to be administered by PAHO under the Basic Agreement signed in December 1953 and in accordance with the new administrative regulations and arrangements approved by the INCAP Council, which were noted by the XXI Pan American Sanitary Conference;" and "considering that temporary support of the request by the INCAP Council is justified, while maintaining

the Organization's policy of working toward a gradual assumption of the administration of Centers by their member countries in the near future," resolved "to approve PAHO's continuing support to INCAP by temporarily assuming responsibility for the administration of the Institute and, subsequently appointing its Director and Administrator."

Institutional Strengthening and Capacity Building for INCAP Activities and Administration

18. According to Resolution CSP20.R32, adopted in 1978 by the Pan American Sanitary Conference, on the temporary nature of the Pan American centers and the specific resolutions on INCAP adopted in 1981, 1982, and 1983 (as mentioned above), in the early 1980s, two independent systems were established for the administration of INCAP.

19. The first, for personnel management, established the Institute's regulations governing the recruitment and management of INCAP personnel totally independent of the current PAHO systems.

20. The second, for the management of INCAP's financial and technical resources, was approved in 1982 and updated in 2004. This system includes financial management, accounting services, procurement, and supplies, plant and equipment maintenance, etc. The electronic platform of this system, now obsolete, is being upgraded.

21. In 2001, the Director of PASB delegated new authority to the Director of INCAP, expanding his responsibilities in the areas of hiring, the opening budget of allotments for execution of the Institute's own funds, and other administrative and managerial functions.

22. INCAP's budget was based on the following three funding sources: i) contributions from PAHO/WHO, based on the amounts approved by the Directing Council of PAHO, which have been steadily decreasing in recent bienniums; ii) quota contributions from the Member States, which have not been adjusted since 1992, and iii) trust funds and special funds. Recently, the trust funds have increased due to international projects financed by the European Union through the Regional Program for Food Security for Central America (PRESANCA), for a total of €12 million.

23. In 1975, the Food and Nutrition Foundation of Central America and Panama (FANCAP) was created as a nonprofit, nongovernmental organization whose objective is to promote a wide range of activities aimed at solving food and nutrition problems in Central America and Panama. In 1996, FANCAP and PAHO/WHO signed a cooperation agreement, which is still in effect.

Renewal of INCAP's Institutional Strengthening Process

24. In 2004, the 60th Directing Council of INCAP resolved to begin an institutional strengthening and development process, based on the following:

- the new Basic Agreement that entered into force in 2003, which called for reforms in the Institute so that it can fulfill its institutional mission, vision, strategies, and policies;
- strengthening of formal ties with the Central American Integration System and its institutions to contribute to a steady improvement in nutritional status, health, and development in Central America through the food and nutritional security strategy; and
- the changes in PAHO/WHO's relationship with INCAP, stemming from the recognition of INCAP's maturity and ability to administer itself.

25. In 2006, INCAP's 62nd Directing Council resolved to review the Institute's responsibilities and define its objectives and strategic goals based on the needs of its Member States, within the framework of their reform processes. This process involved:

- Three rounds of national consultations on food and nutrition security as input for the preparation of INCAP's Technical Cooperation Program and the formulation of specific projects;
- Organizational study of INCAP, based on the available inputs generated in the last five years, as well as more up-to-date information on the processes and procedures employed; and
- Review and adaptation of the institution's strategic lines of action and the preparation of the Strategic Institutional Framework.

26. In 2007, the 58th Meeting of the INCAP Directing Council declared in Resolution 5 that it would:

Adopt the new Strategic Institutional Framework and request the Director of INCAP to implement it according to the plan and timetable presented, for which INCAP's Advisory Committee, along with staff members from the Institute, will serve as the technical unit of this process.

Instruct the Director of INCAP to begin reviewing and adapting the Basic Agreement of the Institute to bring it into line with its new Strategic Framework, a process that includes amendment of the articles on relations with PAHO/WHO

as administrator, and to present the proposal at the next regular meeting of INCAP's Directing Council.

27. Implementation of the new Institutional Strategic Framework poses the following challenges:

- Election of the Director of INCAP by its Directing Council, in a manner consistent with the consolidation of Central American integration;
- Consolidation of a new technical programming and financial relationship between INCAP and PAHO/WHO, linking PAHO/WHO financial contributions to the activities outlined in the Strategy, the work plans of PAHO/WHO, and other agreements between the two institutions through the signing of periodic general legal documents and/or specific documents for individual activities or projects; and
- Full autonomy in programming, financing, and administrative areas in order to:
 - Increase opportunities for the marketing and sale of services;
 - Streamline the management decision-making process;
 - Participate in the bidding for development projects; and
 - Develop closer ties with donors who have no relations with PAHO/WHO.

28. In February 2008, a Special Meeting of the INCAP Directing Council resolved to

Urge the Director of INCAP and the Advisory Committee to continue working to implement the Strategic Institutional Framework and draft a proposal to be presented at the 59th Meeting of the Directing Council that would include, *inter alia*: i) the internal restructuring of the Institute, and ii) mechanisms that would allow the Institute to assume greater programmatic, financial, and administrative self-management in line with the Strategic Institutional Framework.

29. At the 38th Regular Meeting of the Advisory Committee of INCAP, held on 28 and 29 April 2008 in Tegucigalpa, Honduras, it was agreed

That, at the request of PAHO, national consultations would be held on the proposed *Resolution to Amend the Basic Agreement and the 2008-2009 Roadmap for the Institutional Strengthening Process of INCAP* presented at the Meeting; and that the results would be channeled through the Chairman of the Advisory Committee by 10 June 2008 at the latest. PAHO offered its technical and legal resources for this purpose.

30. On 23 June 2008, a Special Session of the Directing Council of INCAP was held in San Salvador, El Salvador, where, through a Single Resolution, it was noted that INCAP was a mature institution that plays a key role as a specialized nutrition institution

in Central America and that in the near future it would be able to disengage from the Administration of PAHO. To this end, it recommended that an orderly and transparent transition of its administration be undertaken and established that the Director of PASB would appoint an Interim Director during the transition process, until a Director properly elected by the Directing Council of INCAP was named.

31. After consultation with the Member States of the Institute, the Director of PASB selected Dr. José Adán Montes Figueroa, from El Salvador, as Interim Director of INCAP. A contract is in the process of being issued.

PAHO/WHO Support for INCAP's Institutional Strengthening Process

32. With a view to supporting INCAP's institutional strengthening process and its transition toward autonomy and independence from the Administration of PAHO/WHO, at the behest of the Director of PASB, working groups coordinated by the Office of the Assistant Director have been formed, with the participation of several units, to address the different technical, administrative, and legal aspects of this process, bearing in mind in particular the recommendations on the separation of INCAP and PAHO contained in the Opinion of the External Auditor on the financial statements of INCAP.

- - -