

Fortieth Regular Meeting of the Executive Committee

**Report on the strategic proposal on the operational
framework for the Tropical Agricultural Research and
Higher Education Center (CATIE) – Rev. 1**
Special Committee of the IABA regarding CATIE
IICA/JIA/Res. 519 (XX-O/19)

San Jose, Costa Rica
18 June 2020

**Special Commission to address resolution 519 from the InterAmerican
Board of Agriculture (IABA)**
STRATEGIC PROPOSAL ON THE OPERATIVE FRAMEWORK OF CATIE – Rev. 1

*Secretariat of the Special Commission
March 2020*

The Inter-American Board of Agriculture (IABA) is the superior governance and decision making group, both for the Inter-American Institute for Cooperation in Agriculture (IICA), as for the Agronomical Tropical Center for Research and Teaching (CATIE for the acronym in Spanish). In such fashion, the IABA instructed the General Directors from both Institutions to design a strategic proposal to decide the future of CATIE. (IICA/JIA/Res. 507 (XIX-O/17)). At the same time, requested the Executive Committee to revise the proposals by the Working Group created for this purpose.

The Working Group presented their conclusions and recommendations to the Executive Committee (EC) in July 2019, during the 39th Ordinary Meeting. After analyzing the proposals from the Working Group, the Executive Committee decided to propose the approval of the recommendations, but requested to revise the convenience of two of them: 1) simplifying the scheme of governance of CATIE, and 2) the possibility to sell some land lots within the extension of the land occupied by CATIE, in order to monetize and supply cash flow.

After analyzing the recommendations, at the 20th Ordinary Meeting of the Inter-American Board of Agriculture (IABA) (San Jose, Costa Rica 2019), issued the resolution IICA/JIA/Res. 519 (XX-O/19), and instructed the creation of a Special Commission, integrated by Representatives from Honduras, Costa Rica and Mexico, which are regular members of CATIE as well as Representatives from Ecuador, Jamaica and the United States, with the purpose of studying, assessing, and issue new recommendations to the next Ordinary Meeting of the Executive Committee, on two specific issues:

- The feasibility to incorporate CATIE as a department (operative branch) within IICA, being in charge of technical and scientific research, also, the post graduate education studies in agricultural sciences, as well as other structural options which may allow directing towards a comprehensive integration, with a more efficient and economic coordination, in response to the necessities expressed by the Member States.
- Measures to make productive the land lots property of IICA and CATIE.

Last February it was summoned a virtual meeting of the Special Commission, held by video conference, to discuss an initial approach and in which, the Directors of IICA and CATIE made a joint presentation on the current status and present situation of the center. In order to comply with the instruction of the IABA in a more efficient manner, Member Countries accepted the proposal to appoint Ms. Lourdes Cruz from Mexico, as the Technical Secretary of the Commission, while both Directors appointed Mr. Erick Quiroz, officer at the IICA to assist the Secretariat.

In order to comply with the mandate received, the Secretariat of the Commission is hereby presenting to its Members the following note:

- 1. The feasibility to incorporate CATIE as a department (Operative Branch) of IICA, responsible to perform technical and scientific research as well as post graduate studies in agricultural sciences and other structural actions which can drive towards the comprehensive integration and a more efficient and economic coordination, which responds to the needs expressed by Member States.**

IICA is the organization specialized in agriculture and rural development from the Inter-American System, created in 1942 and which became in a multi-lateral governmental organization for technical cooperation, by means of the International Convention of 1980 and has 34 Member States. Its main office is located in the Republic of Costa Rica.

CATIE is created by means of a contract of clerical or administrative nature, celebrated between the Government of Costa Rica and IICA, under the Law 5201 issued on May 23rd, 1973, which was reformed by Law No.6873 issued on June 17th, 1983; Law No. 8028 issued on September 27th, 2000; and Law N° 8787 issued on November 18th, 2009 currently in force.

Incorporating CATIE as a department under IICA, implies the necessity to modify the current legal status and condition of the Center, as it would have to renounce being an independent legal entity, as currently stated “A civil association of scientific and educational nature, with an independent juridical personality” under the Law 8028, and likewise, would require to modify the legal relationship with IICA as well as with its 34 Member States, and keeping in mind the fact that Belize, Bolivia, Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, The Dominican Republic and Venezuela are currently Members of CATIE and IICA simultaneously.

Such incorporation would also involve a very long process, given the fact that such merge would have to be in a progressive fashion, so that, in the short, medium and long terms, the diverse issues that would arise as a result of the merging process, being of economic, legal, labor, and social nature and even the everyday operation would have very long adjustment periods.

For instance, the incorporation of local personnel from CATIE into the regime of salaries and benefits used by IICA in Costa Rica, would require considerable additional legal, clerical and managerial efforts, besides the financial costs associated in the case of labor conflicts that would arise.

Likewise, the Institute should acknowledge and absorb the financial responsibilities which CATIE might have at the moment of the merge, as a result of the system of retirement compensations and pensions, as well as the existing contracts of personnel and diverse debts to third party creditors.

Not less important is the diplomatic negotiations that are required in order to be able to execute the merge and incorporation, as the ideal scenario would be to have a consensual decision among the countries that are members of both institutions; nevertheless, the process would not be exempt of the fact that some of the member countries might consider their national interests are being affected. It should be pointed out that the government of Costa Rica has indicated that it is not in agreement with the merger, and that it prefers that both institutions remain independent but articulated entities. Without impairment of the sovereign rights of the other member countries, the position held by Costa Rica is key, being the country that hosts both organizations.

At this stage, it is timely and important to reiterate that changes in the legal status of the Center would require the active involvement and legal presence of the Costa Rican State and this includes the approval of the legal changes proposed to be passed by the National Legislative Assembly. In this sense, it will be paramount to identify the role that the country is willing to adopt as it refers to the responsibility as the host of the Center and the benefits that could offer to CATIE in order to achieve its financial strengthening, as well as the legal foundation to be consolidated.

At this initial analysis to the proposal of incorporating CATIE into IICA, the Secretariat of the Special Commission created by the IABA, and with the reservations of the case, and the opinions of the other members of the Commission, it is considered that there are not suitable conditions and favorable elements to achieve such incorporation in a manner that contributes to the feasibility of the future of the Center, which is the main purpose of the Members of the IABA when they instructed the General Directors of both organizations to address this issue.

Nonetheless, it is necessary to present to the IABA with several alternatives, so the relationship between IICA and CATIE improves and strengthens, to the benefit of all the Member States. In this sense, it is being considered the following alternative:

Partial integration of CATIE to IICA without modification of CATIE's legal framework

It is suggested to analyze and evaluate institutional modifications that contribute significantly to the institutional convergence that the Inter-American Board of Agriculture (IABA) desires, and that would facilitate and promote the joint and coordinated work of both institutions on a permanent basis and not dependent on the willingness of collaboration of both General Directors, whose administrations are transitory. In other words, strengthen the institutional nature of this relationship.

The proposed actions do not require the amendment of Law No. 8028 and, therefore, with the prior approval of the IABA, they can be implemented through an agreement of the General Directors of IICA and CATIE.

Firstly, and in order to organize and strengthen CATIE's financial and institutional management, it is suggested to create an IICA / CATIE Integrated Unit to provide management instruments that would ensure the joint work of both institutions.

In addition, it must be established that the resources of the annual contribution that IICA makes to CATIE (and that they will not exceed 5% of its quota budget), will be used exclusively to finance CATIE's participation in the activities agreed and monitored through the mentioned Integrated Unit. The activities to be financed must respond to a Work Plan agreed by both institutions and must be framed within the priorities established by the member states.

Secondly, CATIE's financial system must be integrated with IICA's, through SAP computer system. The financial accounts of the Center would maintain their independence and their management would be the responsibility of each General Director, always being accountable to the countries.

Thirdly, an analysis of the wage structure and the hiring policy of CATIE's international staff must be carried out, in order to align it with IICA's system.

In the future, all CATIE's international staff will be hired under policies similar to those of IICA, using the wage structure and compensations equivalent to those applied by the Institute, towards achieving greater convergence and correcting existing imbalances.

Finally, this integration process contemplates the unification of activities in different countries, through common use of physical spaces and project management in a unified way.

If necessary, the Secretariat can provide more details on this proposal to the members of the Special Commission and, certainly, integrate their suggestions and proposals.

2. Measures to make the lands belonging to IICA and CATIE productive.

The recommendations made by the Working Group to the Executive Committee of IICA include selling some land plots in the area occupied by CATIE, as an alternative for its capitalization. However, the Committee expressed reservations to this recommendation, and submitted to IABA's consideration. It should be said that this recommendation did not receive the approval of the Board and instead requested to seek measures to make these lands productive.

IICA has properties registered in Turrialba for a total of 997.13 hectares, which were donated by the Government of Costa Rica; as well as, a 100-hectare farm located in Batán de Limón; furthermore, CATIE own at least 8 properties for a total of 70.83 hectares.

To solve the various problems involving the land issue, it is necessary for IICA, CATIE and the Government of Costa Rica to carry out a legal study to determine the different alternatives for use or existing limitations on these assets. The report must be presented to the Special Commission within a reasonable period determined by it.

In addition, the two General Directors must draw up a "Master Plan" for the strategic use of the real estate and productive assets of the IICA and CATIE properties, and present it to the Executive Committee for approval. The plan will have a 5-year horizon and will be reviewed annually by both directors to identify improvements and adjustments in its implementation.

This Master Plan should consider:

- Actions required to achieve the best use of IICA lands under CATIE's administration.
- Alternatives for non-agricultural land use that have productive constraints or change of use due to urban pressure.
- Productive and value-added projects that generate profits, based on feasibility studies and strategic alliances

Besides the above, CATIE needs to generate its own income, in order to become more independent and self-sufficient, by offering materials, products and services.

For this purpose, productive and value-added projects that generate profits should be developed, based on feasibility studies and strategic alliances, as well as commercial activities and the development of agribusinesses, generation of added value, identification of strategic commercial alliances, monitoring businesses plans in agriculture, livestock, forestry, ecotourism, bioenergy, among others.

It is also feasible to promote the different commercial activities carried out by CATIE and enhance other productive activities, such as the strategic use of coffee and cocoa germplasm banks. To assess the commercial use that is made of the germplasm banks, which constitute an important source of resources for agricultural innovation, mainly in coffee and cocoa.

Conclusion.

The Secretariat considers this document as the initial step to fulfill the task entrusted by the IABA to the Special Commission, henceforth, the suggestions of the member countries must be incorporated, for which virtual meetings will be called for the discussion and construction of agreements and consensus.