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Strategic Proposal for the Future of CATIE – Rev. 1

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Follow-up to the recommendations resulting from Resolution No. 507 of the IABA, which were presented to the Executive Committee of IICA at its Thirty-ninth Regular Meeting

At its Nineteenth Regular Meeting, held on 26 October 2017 in San Jose, Costa Rica, the Inter-American Board of Agriculture (IABA) issued Resolution No. 507, regarding the report on the results of the IICA-CATIE Program of Joint Action and the extension of the contract between the Government of the Republic of Costa Rica and the Inter-American Institute for Cooperation on Agriculture (IICA), relating to the Tropical Agriculture Research and Higher Education Center (CATIE).

As indicated in the preamble to resolution IICA/JIA/Res. 500 (XVIII-O/15), the IABA resolved to support the automatic extension of the Contract, from 2020 onward, according to the terms of clause thirty-three of said contract. Additionally, the Directors General of IICA and CATIE would prepare a proposal for strengthening the relationship between the two institutions.

Furthermore, in its preamble, Resolution No. 507 indicates:

1. That the extension of the Contract is an excellent opportunity to provide CATIE with a modern legal framework and a strategic vision for the future that strengthens its academic, operational, financial and research position and enables it to offer cutting-edge proposals to its member countries, in close collaboration with IICA.
2. That it is necessary to develop a “strategic proposal” for updating and improving CATIE’s current operating framework, with the aim of perfecting the Center’s relationship with IICA and assisting in overcoming the challenges facing member countries in the short, medium and long term.

Resolution No. 507 establishes the following:

1. To accept the Report on the Results of the IICA-CATIE Program of Joint Action (second semester of 2016 and first semester of 2017) in the areas of technical cooperation, capacity building and corporate management, which has contributed to strengthening the relationship between the institutions; to encourage the institutions to continue working for the benefit of their Member States and to task them with reporting on the results of the Program to the Executive Committee and the IABA, at their next regular meetings.
2. To request that the directors general of IICA and CATIE establish, with support from the Government of Costa Rica, an ad hoc working group that includes representatives of each institution, two external consultants and an international legal expert, who shall be responsible for preparing a “strategic proposal” for the future of CATIE that details scenarios and alternatives for restructuring and

strengthening the Center's organizational, scientific, academic and financial frameworks, as well as its legal basis.

3. To instruct both directors general to ensure that the ad hoc group presents this strategic proposal, including its conclusions and scenarios, to the Executive Committee, so that it may issue recommendations at its next regular meeting.
4. To task the Executive Committee with studying and analyzing the strategic proposal and adopting the corresponding resolutions at its next regular meeting, as well as reporting on this topic at the next regular meeting of the IABA.

The *ad hoc* working group prepared a technical proposal that was presented at the Thirty-ninth Regular Meeting of the Executive Committee of IICA, which was held in San Jose, Costa Rica, from 16 to 17 July 2019. In response to the proposal, which analyzes and evaluates various aspects related to the future of CATIE, the Executive Committee issued Resolution No. 652, which includes the following operative paragraphs:

1. To accept the proposal for the future of CATIE and the strengthening of a synergistic relationship between IICA and the Center, prepared by the ad hoc working group and approved by the Director General of IICA, the Director General of CATIE, and the Minister of Agriculture and Livestock of the Republic of Costa Rica.
2. To support and endorse the recommendations included in the annex to this resolution and to task the directors general of IICA and CATIE with developing an implementation plan, based on the understanding that some aspects of the recommendations require further development and eventual consideration by the IABA.
3. To request that the Director General of IICA inform the IABA, at its Twentieth Regular Meeting, of the resolutions adopted by the Executive Committee, in fulfillment of Resolution IICA/JIA/Res. 507 (XIX-O/17).
4. To request that the Director General of CATIE inform his Board of Directors of progress made in the implementation of the recommendations and urge that governing body of the Center to provide timely follow-up on these recommendations.
5. To request that the Director General of IICA inform the Executive Committee, at its next regular meeting, of progress made in the implementation of this resolution.

Of the 16 recommendations included in the initial proposal, the Executive Committee approved 13 without modifications, eliminated recommendation No. 8, and requested that numbers 12 and 13 of the original list of recommendations submitted by the *ad hoc* working group be revised and

expanded. The latter recommendations, which became numbers 11 and 12 following the elimination of recommendation 8, are as follows:

Recommendation 11

That CATIE carry out the following five complementary actions to generate more income from the assets it owns or holds in usufruct.

First, conduct an exhaustive analysis of the real net income obtained from CATIE's different commercial activities. Such an analysis could demonstrate the need for the institution to halt, at the very least, all activities that do not produce a profit, which could be obtained by leasing the land used in such activities to third parties.

Second, conduct an exhaustive analysis of the expenditure that CATIE incurs to ensure a high level of efficiency in maintaining the land it owns and uses for commercial production.

Third, evaluate the commercial use given to the germplasm banks that are an important source of resources for agricultural innovation, mainly in the cases of coffee and cacao. However, as maintenance, updating, and renewal costs are considerable, they should be covered with the income derived from CATIE's commercial activities based on coffee and cacao. To achieve this objective, it is important that CATIE explore the possibility of producing certified seed of the most sought-after varieties of coffee in the region. It should also operate the sale of cacao seeds and cacao buds for grafting.

Fourth, evaluate current leases and develop a proposal for long-term leases, endeavoring to identify and select lessees who maximize monetary income or make a significant contribution to the development of CATIE and/or the local community.

Fifth, draw up a plan for the sale of land owned by CATIE that meets the following three criteria:

1. It is not being used and is not needed now, nor will be in the foreseeable future, for CATIE's research and education activities.
2. It is not subject to restriction of ownership.
3. The land is primarily located in sensitive areas and has building potential, which could lead to a conflict with neighboring communities in the future.

The resources obtained from these sales could be used to set up a trust fund that could contribute to financing CATIE's annual budget.

Sixth, in the case of land owned by IICA that CATIE holds in usufruct, reach agreement with IICA, in consultation with the Government of Costa Rica, on a plan for the transfer of title of two pieces of land (50 or 100 ha. each in size) adjacent to the city of Turrialba and the local hospital. This land is not suitable for conducting research, and is very vulnerable from a social, environmental and economic standpoint. On the other hand, its high commercial value could produce a large sum that could be placed in a trust fund managed by IICA and used to fund CATIE research activities, agreed and coordinated with IICA's Directorate of Technical Cooperation.

In response to the request made by the Executive Committee of IICA regarding recommendation No. 11, the IABA will be asked to provide the directors general of IICA and CATIE with authorization to:

Make no modifications to the first three clauses of recommendation No. 11, and revise clauses four, five and six. The proposed modification is as follows:

Fourth, develop regulations for the leasing of land via medium and long-term contracts that can improve monetary income or make a significant contribution to the development of CATIE and/or neighboring communities. The regulations must be approved by the directors general of IICA and CATIE and communicated to the IABA.

Fifth, develop an IICA-CATIE Master Plan for the strategic management of real property available for lease, purchase or sale, and which meets the following criteria:

1. It is not being used for research, education or production activities.
2. It is not subject to restriction of ownership.
3. It is located in sensitive areas with real estate pressure or building potential at the local level, such as urban areas under expansion, areas that can be used to develop infrastructure for basic services, and/or areas that could serve as potential engines for development, for the benefit of the surrounding communities.
4. It can be utilized within the framework of strategic partnerships or to develop new projects with the public and private sectors.
5. It substitutes or replaces property assets.

The IICA-CATIE Master Plan for real estate, which must be approved by the directors general of both institutions and regarding which the IABA must be informed, must establish the legal feasibility of the various modalities of use of real property (lease and/or sale). In the case of purchases, they will be registered under the name of IICA.

The Master Plan must include a financial and legal analysis of the options for establishing a trust fund to manage income; describe the potential financial scenarios and provide an economic

forecast; as well as identify and define the areas of IICA's plots of land in Turrialba and Matina, as well as those of CATIE, that could be affected.

In the case of real estate owned by CATIE, the Master Plan must establish a business strategy and provide an economic analysis; to this end, the sale of property registered in the name of CATIE is authorized. Resources obtained from these sales will be placed in the trust fund that will be set up.

The resources obtained through the Master Plan will constitute a pre-investment trust fund for the development of research and technological innovation projects related to tropical agriculture, which will be jointly executed by IICA and CATIE.

Recommendation 12

That CATIE and IICA together devise a proposal for the governance of CATIE that simplifies and strengthens decision-making processes based on a governance structure that assigns greater responsibilities and authority to CATIE's Board of Directors. This governance structure would have two levels: the Inter-American Board of Agriculture (IABA) as the political body, and a Board of Directors whose role would be basically scientific and managerial.

The proposed new Board of Directors would have ten members. Three of them would be *ex officio* and seven would be selected and designated by the Board of Directors itself:

1. The *ex officio* members would be one representative of the Minister of Agriculture and Livestock of Costa Rica, a representative of the Director General of IICA, and a representative of the IABA designated by that body itself.
2. The other seven members would be designated in a personal capacity and would be members of the scientific community specializing in agriculture and natural resources. Five members would be selected from among CATIE's member countries representing IICA's five regions (Northern, Central, Caribbean, Andean and Southern). The other two would be members of the international scientific community and citizens of countries beyond the Americas. The duties and responsibilities of the Board of Directors would combine those of the current Board and the current Governing Council of Ministers.
3. The Chair of the Board of Directors would be chosen by the IABA from a shortlist of three candidates presented by the Board of Directors itself. The Chair would hold the position for two years and could be reelected only once.

In response to the request made by the Executive Committee of IICA regarding recommendation No. 12, the IABA will be asked to provide the directors general of IICA and CATIE with authorization to:

Amend Law No. 9028 entitled “Approval of the amendments to the contract signed between the Government of the Republic of Costa Rica and the Inter-American Institute for Cooperation on Agriculture regarding the Tropical Agriculture Research and Higher Education Center (CATIE), approved under Law No. 6873,” in order to implement the resolution regarding the proposed structure of the new Board of Directors of CATIE. The proposed amendments, which apply specifically to the clauses of Chapter III (Governing Bodies) of the abovementioned contract, are as follows:

1. **Clause eight:** sub-section b) must be eliminated, given that it cites the Governing Council as one of the governing bodies.
2. **Clause ten:** must be eliminated, given that it refers to the Governing Council.
3. **Clause eleven:** must be eliminated, given that the duties of the Governing Council would be combined with those of the Board of Directors.
4. **Clause twelve:** repealed.
5. **Clause thirteen:** repealed.
6. **Clause fourteen:** repealed.
7. **Clause fifteen** (regarding the Board of Directors): must be modified in order to incorporate the duties of the former Governing Council and current duties. It should read as follows:

The Board of Directors (hereinafter, the Board) shall be the management body and have the following duties, notwithstanding any others specifically defined in this Contract and all those expressly delegated by the IABA:

- a. Define and approve the institution’s policies, programs and strategies of action in the areas of research, post-graduate education, training, external projection, education, technology transfer and financial sustainability, in accordance with the development strategies of the member countries.
- b. Sub-paragraph repealed.
- c. Approve the institution’s proposed biennial programming.
- d. Approve the annual program budget and monitor the integrity of financial and accounting practices.
- e. Study and approve the annual report and other important reports of the Association, and, in particular, external and internal evaluations of the institution.

- f. Resolve important matters regarding the development of research, education, projects and the financial sustainability of the institution.
- g. Propose to the IABA the regular or special contributions of the members.
- h. Present to the IABA the institution's internal rules, namely: Rules of Procedure for the Election of the Director General of the Institution; Rules of Procedure of CATIE's Principal Professional Personnel; the Financial Rules and the General Regulations of CATIE.
- i. Establish the committees or working groups it considers necessary for performing its duties.
- j. Appoint the Director General.
- k. Supervise the performance of the institution's executives, directly and through its committees, in achieving its objectives.

8. **Clause sixteen:** modified as follows:

- a. The governing bodies of CATIE will be the IABA, as the political body, and the Board of Directors, as the management body responsible for administrative and technical supervision.
- b. The Board shall be comprised of the Chair and fourteen members, who will perform their duties *ad honorem*. All members of the Board shall be elected for a period of two years and may be re-elected only once.
- c. The following members will comprise the Board of Directors:
 - The Minister of Agriculture and Livestock of Costa Rica, or, otherwise, a representative that he/she has appointed, who will serve as Chair.
 - A representative of the Director General of IICA, who will serve as Vice-Chair.
 - A representative of the IABA, appointed by the IABA itself.
 - Four members who are specialists in the field of agriculture and natural resources or related sciences, nationals of CATIE member countries, selected by the Board in consultation with the Minister of Agriculture of the nominated country.

- One member specializing in agriculture and natural resources or related sciences, from each of the five regions of the Americas (Northern, Central, Caribbean, Andean and Southern), for a total of five members selected by the Board in consultation with the corresponding ministers of Agriculture of the country of origin of each specialist.
 - Three members of the international scientific community of the agriculture sector, with experience in research and education centers, who will be selected by the Board.
 - The Director General of CATIE will serve as *ex officio* secretary of the Board and will participate in its deliberations with the right to speak but not to vote.
- d. The Board may invite representatives of the countries, cooperating organizations or others to participate in open sessions as observers.

Annex 1: Resolution No. 652 of the Executive Committee of IICA approved at its Thirty-ninth Regular Meeting, held from 16-17 July 2019

The EXECUTIVE COMMITTEE, at its Thirty-ninth Regular Meeting,

HAVING SEEN:

The presentation of the “2017-2018 Report of the Tropical Agriculture Research and Higher Education Center (CATIE)”, and

Document IICA/CE/Doc. 697 (19), “Strategic Proposal for the Future of the Tropical Agriculture Research and Higher Education Center (CATIE)”, jointly developed by the Inter-American Institute for Cooperation on Agriculture (IICA or the Institute), CATIE (or the Center) and the Government of Costa Rica,

CONSIDERING:

That, at its Nineteenth Regular Meeting, via Resolution IICA/JIA/Res. 507 (XIX-O/17), the Inter-American Board of Agriculture (IABA) requested that the directors general of IICA and CATIE prepare, with participation from the Government of Costa Rica, a “strategic proposal” for the future of CATIE that details scenarios and alternatives for restructuring and strengthening the Center’s organizational, scientific, academic and financial frameworks, as well as its legal basis; and instructed them to present this strategic proposal, including its conclusions and scenarios, to the Executive Committee, so that it may issue recommendations and report on this topic at the next meeting of the IABA;

That, in accordance with this resolution, the directors general of the Center and of the Institute established, together with the Minister of Agriculture and Livestock of Costa Rica, an *ad hoc* working group to prepare the strategic proposal; and

That the strategic proposal for the future of CATIE prepared by the *ad hoc* working group includes five main proposals: determine the principal mandates and responsibilities of each of the two organizations as the key to achieving an institutional partnership based on greater collaboration and complementarity; define, specify, and strengthen the institutional mandate of CATIE and, accordingly, its priority areas of action; devise and implement a strategy to strengthen the financing of CATIE; redefine and simplify certain aspects of the governance of CATIE; and implement an institutional process designed to ensure and consolidate the creation of the institutional partnership proposed; and that, based on these five proposals, the *ad hoc* working group issued a set of recommendations,

RESOLVES:

1. To accept the proposal for the future of CATIE and the strengthening of a synergistic relationship between IICA and the Center, prepared by the *ad hoc* working group and approved by the Director General of IICA, the Director General of CATIE, and the Minister of Agriculture and Livestock of the Republic of Costa Rica.

2. To support and endorse the recommendations included in the annex to this resolution and to task the directors general of IICA and CATIE with developing an implementation plan, based on the understanding that some aspects of the recommendations require further development and eventual consideration by the IABA.
3. To request that the Director General of IICA inform the IABA, at its Twentieth Regular Meeting, of the resolutions adopted by the Executive Committee, in fulfillment of Resolution IICA/JIA/Res. 507 (XIX-O/17).
4. To request that the Director General of CATIE inform his Board of Directors of progress made in the implementation of the recommendations and urge that governing body of the Center to provide timely follow-up on these recommendations.
5. To request that the Director General of IICA inform the Executive Committee, at its next regular meeting, of progress made in the implementation of this resolution.

**Annex 2: Recommendations of the *ad hoc* group for the future of the Tropical Agriculture
Research and Higher Education Center (CATIE)
(modified by the Executive Committee)**

The fifteen recommendations are presented below, grouped under the five ideas/proposals made by the *ad hoc* group:

1. Establish the principal mandates and responsibilities for each of the two organizations as the key to achieving an institutional partnership based on greater collaboration and complementarity. These mandates and responsibilities are clearly identified and established in the legal frameworks of both institutions.

Recommendation 1: That each institution focus its activities on the substantive core elements of its respective institutional mandate. In this way, CATIE, as an institution that generates knowledge, technologies, and innovations, could, as part of its work, contribute to and provide input for IICA's programs. For its part, IICA, in carrying out its institutional mandate of providing technical cooperation to the countries, could integrate CATIE into its work as an important source of knowledge, technologies, and innovations for processes aimed at establishing public policies and the institutional framework required for development.

Recommendation 2: That CATIE sign an agreement with IICA to use the latter's offices as a focal point and center of operations for carrying out its activities and programs. The two institutions could integrate, coordinate and implement many of these actions together.

2. Define, specify, and strengthen the institutional mandate of CATIE and, accordingly, its priority areas of action.

Recommendation 3: Reaffirm that CATIE's mission is to contribute, through research and education, to the sustainable development of agricultural production and natural resource conservation in the tropical agriculture regions of the continent.

Recommendation 4: That CATIE, as part of the preparation of its new strategic plan, evaluate its research program and, in the immediate future, consider giving the following two overarching areas of research a high priority:

- a. Development of the production and sustainability of the main agricultural activities in the tropical regions in which CATIE has developed capabilities and has demonstrated experience: cacao and coffee cultivation, silvopasture systems for livestock, and cultivated forests. The work in these areas should maintain a systemic vision and seek to make further progress with the links of scale-up and value-added.
- b. Protection and sustainable management of natural forests, soils, and water resources in tropical agriculture regions.

Recommendation 5: CATIE's educational activities are an essential core element of its institutional projection at the international level. The Working Group therefore recommends that CATIE be strengthened as an international educational center specializing in sustainable production and natural resource conservation in tropical agriculture regions, and that it promote itself as an important provider of these educational services among other regions of the world.

Recommendation 6: The Doctoral Program should be viewed as an objective that needs to be developed and consolidated in the medium term, based on the lessons learned and experience acquired thus far. The Working Group considers that the human resources currently available at CATIE to assume this responsibility, especially full-time staff with doctorates, are limited and insufficient. Therefore, CATIE should immediately focus efforts on maintaining and expanding its agreements with eligible public and private universities and international research centers, in which it should be stipulated that dissertations will be prepared at CATIE.

Recommendation 7: The academically oriented Master's Degree Program should be reviewed, modified where necessary, strengthened, and serve as the main focal point of CATIE's educational activities. It is felt there are too many master's degrees courses with different orientations, which is bound to affect their depth and originality, and the dedication of professors to their teaching activities. Institutional efforts could be focused on a smaller number of master's degrees, drawing and building on the strengths of CATIE's research programs, to achieve the greatest possible synergy between research, technology, and education.

Recommendation 8: Virtual education activities should aim to achieve an educational objective based on clear, verifiable evidence of the need, relevance, and real demand for support for technical training in agriculture in the region. In some instances, CATIE could collaborate with IICA in order to use its operating platform.

Recommendation 9: That the two institutions consider developing the institutional mechanisms required to use and take full advantage of IICA's extensive network of offices in its member countries and its network of institutional contacts to attract graduate studies candidates and secure grants and other types of financing for dissertation work. This would strengthen both CATIE's graduate studies, and the technical underpinnings of IICA's technical cooperation activities.

3. Devise and implement a strategy to strengthen the financing of CATIE that includes ways to make better use of the material resources and property owned by CATIE and IICA, held in usufruct by CATIE and not required for research activities.

Recommendation 10: That CATIE focus on designing a bold, creative and comprehensive strategy for securing external resources. The strategy should take into account the difficulty of securing more IDA funding and, therefore, the need to broaden the financial base so as to not have to depend exclusively on those funds. The strategy should consider ways of securing other sources of funding and the development of strategic partnerships, in particular with IICA. Both institutions would benefit from the creation of an explicit institutional and programming partnership for their efforts to secure resources, under which they would present bids together and carry out joint missions to donors. In preparing this strategy, CATIE should carefully consider all the elements mentioned in this chapter.

Recommendation 11 (under review)

4. Redefine and simplify certain aspects of the governance of CATIE, to enable the institution to manage its operations more efficiently, and make the IABA the highest-level governing body of the IICA-CATIE partnership.

Recommendation 12 (under review)

Recommendation 13: That CATIE, in consultation with IICA, submit for consideration by the IABA a simplified mechanism for the selection and appointment of the Director General of CATIE, pursuant to the following guidelines:

- a. When the position of the Director General of CATIE becomes vacant, either because the Director General concludes his/her term of office or resigns, the CATIE Board of Directors, following the first three steps in the process established in the current regulations, will draw up a shortlist of three candidates.
- b. The Board of Directors will hold a special session to elect the new Director General of CATIE by a two-thirds majority of the votes of its members.

5. Implement an institutional process for the design of a road map and the actions needed to ensure the creation of the proposed institutional partnership.

Recommendation 14: That the Director General of IICA, in consultation with the Director General of CATIE, prepare and present to the next IABA:

- a. A comprehensive proposal outlining the concept of the “IABA Group,” comprised of IICA as the core entity, CATIE, the existing trust funds, any other trust fund(s) that may be set up, and any other organization(s) that the IABA considers should be incorporated into the Group.
- b. A proposed road map for the implementation of the “IABA Group.”

Recommendation 15: That the directors general of IICA and CATIE, in consultation with the Government of Costa Rica, create a commission for the institutional development of CATIE, tasked with proposing and implementing a plan of action for the orientation and strengthening of CATIE and its relationship with IICA, pursuant to the resolutions of the Executive Committee.

The commission could have three subgroups with responsibility for technical, legal, and organizational matters, respectively. Each subgroup could be made up of:

- a. IICA's Director of Technical Cooperation and three technical specialists, plus CATIE's three research directors and the Director of Education and Training, for the implementation of technical recommendations.
- b. IICA's legal adviser and regional coordinator, plus CATIE's head of administration and legal adviser, to address legal and asset-related matters.

2. IICA plot of land in Turrialba (688 ha).

