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The Tropical Agricultural Research and Higher Education Center (CATIE) is a regional center dedicated to research and graduate education in agriculture, and the management, conservation and sustainable use of natural resources. Its members include the Inter-American Institute for Cooperation on Agriculture (IICA), Belize, Bolivia, Colombia, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Venezuela, Spain and the State of Acre in Brazil.

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Presentation

Our paradigm

We shall discuss two years that have been unquestionably challenging. An ailing global economy still weary from the symptoms of recession, added to poor access to financial support and general conditions forced us towards the safety of traditional paradigms regarding institutional activities.

What did we do? CATIE opted for the path of the new and the unknown on the solid basis of its differentiating capabilities. The starting point was the question: Where is the future of the institution to be found? The response paved the way and shaped the roadmap that was to lead us through these years.

Without a doubt, the very nature of our institution is fertile ground for establishing a distinctive strategy. Ours is a university that combines research, education, extension and outreach. We drew up a plan based on these elements in order to strengthen our academic efforts, favouring numerous alliances and joint programmes that allowed this plan to benefit from the knowledge generated and to put it into practice.

Following this, we consolidated the niche that upholds CATIE's own particular strengths: integrative programmes. This manifested specifically in the form of the Mesoamerican Agro-environmental Programme (MAP) and, more recently, the Climate-Smart Territories.


Internally, these work guidelines were drawn up in conjunction with the process of reformulating the business model, underpinned by diversifying sources of income, seeking self-sustainability and developing an efficient and modern financial management practice.

These processes, both internal and external, are based on intensive brand positioning that maximizes institutional activities, strengthens the spread of knowledge and promotes credibility. Thus, we strive to be acknowledged leaders and contribute, through our efforts, to finding solutions to the pressing problems of America's production sectors.

A clear, precise strategy; a starting point with sustenance. We are pleased to share the results of this effort with you.

Thank you.




Dr. José Joaquín Campos Arce
Director General CATIE



The Starting Point

CATIE has experienced years of intense change, based on a strategy that seeks to consolidate its relevant and unique actions. Its approach and activities have allowed for building solid foundations, influencing and providing solutions for the urgent problems besetting the planet and its inhabitants.

Below we summarize the major issues on which our attention has been focused during these two years, based on a process perspective, i.e. in light of a task that began four years ago and that has transformed us dramatically.

A strategic base

CATIE took on the task of supporting and sharing all the concepts that feed into the Institutional Strategic Plan based on our position, which, at the academic level, is manifest in our capacity as *International Land-Grant University*, while in other institutional areas it allows us to approach multiple levels and disciplines for the design and implementation of innovative and comprehensive solutions.

It is from this base that CATIE charted the following fundamental approaches for its day-to-day activities:

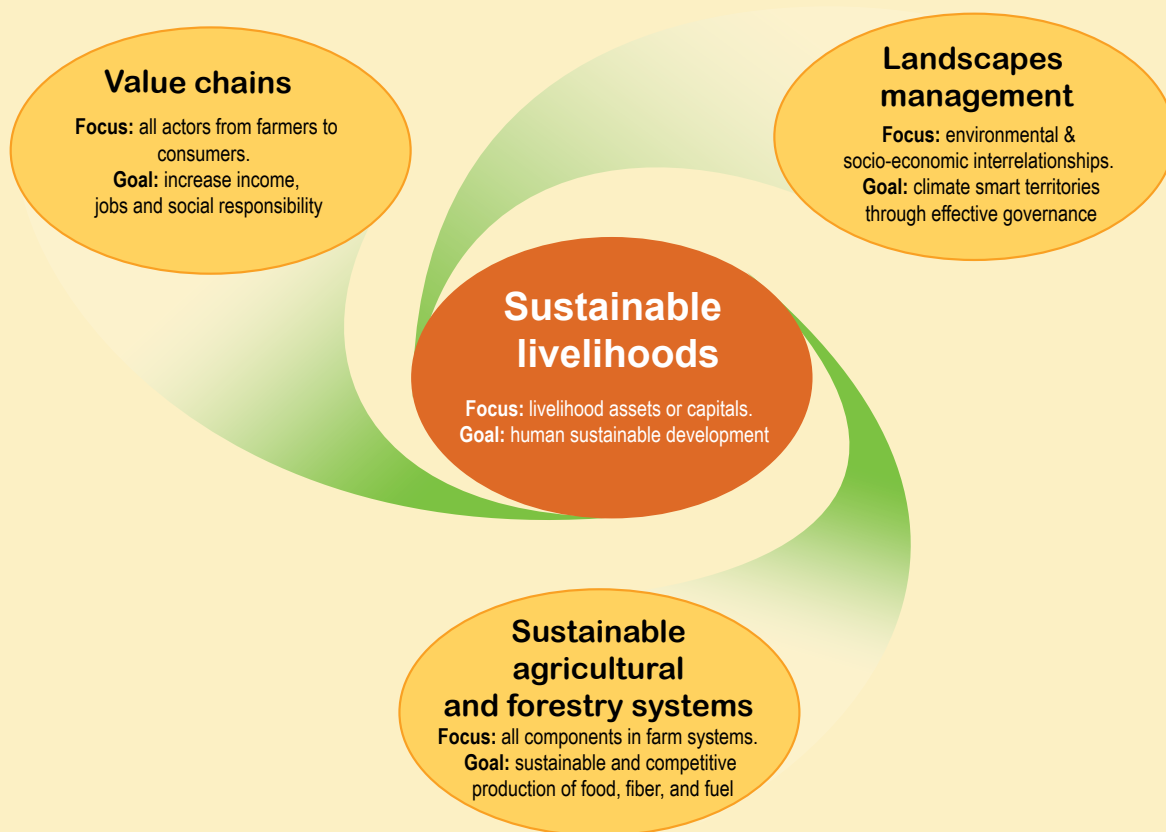
Sustainable livelihoods: emphasizes community and territorial capital for building sustainable livelihoods.

Territorial: integrates components related to production, the economy, the environment, society and politics, working with cross-cutting levels in order to contribute to the sustainability of territories, and the communities and ecosystems that make up these territories.

Value chains: involves all actors in the chain (from producer to end consumer) in order to improve social responsibility and equity.

Sustainable agricultural and forestry systems: the goal is the sustainable and competitive production of food, fibre and fuel.

Finally, CATIE built a head office with three scientific programmes focusing on production systems, and two cross-cutting and systemic programmes.



This structure provides the strategic framework for launching one of the most ambitious initiatives, as far as scope and impact are concerned, to be led by the institution.

MAP: full circle

During the reporting period, the Mesoamerican Agro-environmental Programme (MAP) concluded its implementation cycle but its remarkable impact will undoubtedly continue to feed into key territories within Central America.

The MAP led an ambitious cross-sector platform with several partners and donors (Norway, Sweden and Finland) for the management of knowledge and innovation. The programme was based on the livelihoods approach in order to multiply the ecologically sound, economically competitive and socially equitable uses of natural resources, and achieve sustainable land management and land use.

In short, around 30,000 families have benefited, directly and indirectly, from the coordinated actions of 20 MAP units, in extremely diverse areas of production. This confirms the objectives the programme developed in its three subject areas: adaptation to climate change; markets and value chains; and ecosystem services.

The MAP effect was boosted by an extensive network (with over 50 partners and 200 government and non-government entities, as well as a multitude of participants) for advancing strategies in rural development, agro-environmental development and climate change, transferring technologies and resources developed by CATIE for sustainable land management. This work method has strengthened financial management and ensured the permanence of the results and impact of these actions.

Throughout Central America, and in sectors as diverse as coffee, vegetables, cocoa, forests and watershed management, the MAP introduced a new integrated and inclusive approach with special emphasis on factors such as gender equity and creating opportunities for young people to generate and build knowledge. The approach used for the work, based on the family structure and with a humane slant, allowed for the development of instruments and forms of support for production units, with a more participatory social quality in tune with the reality of the region's agriculture.

Quantifying efforts

In its first phase, the Mesoamerican Environmental Programme registered indicators that reflect the enormous efforts made:

- Over 80 territorial entities (platforms, local boards, municipalities, associations and educational organizations such as the Waslala Ministry of Education in Nicaragua; the Technical Platform in Bocas del Toro, Panama; the Natural Resources Bureau of Southern Petén; and the local forest councils of Costa Rica.
- At least 50 nationwide government, NGO and education-type institutions (Ministry of the Environment and Natural Resources of El Salvador, the Honduran Coffee Institute, Ministry of Agriculture and Cattle Farming of Costa Rica and the National Commission of Natural Protected Areas of Mexico).
- At the regional level, we worked with at least eight strategies, largely the Central American Strategy for Territorial Rural Development (ECADERT) and the Regional Climate Change Strategy (ERCC), as well as the Regional Learning Alliance (AdA) and the Tri-national Trifinio Plan Commission, and interacted with the Regional Agro-Environmental and Health Strategy (ERAS).

Research: the integrated and the collaborative

The core element of CATIE's work has been the knowledge generated by its scientific staff and its students, which has supported practices, projects and policies that, for 40 years, have provided solutions for urgent development and environmental needs.

Highlighted among the many courses of action is the integration via multiple-approach platforms and collaborative approaches, which translates into internal and external work teams. The 'farmer field schools' are also a field of action which takes into account gender and the family unit in proposing solutions to production problems (as well as to determining the scope, issues and relations with the producer), and meeting the needs of rural populations, based on their social and cultural dynamics.



The interdisciplinary nature and collaborative approach allowed work to be carried out on the Scientific Collaboration Platform, where CATIE developed initiatives with organizations such as the International Centre of Agricultural Research for Development (CIRAD, in French), the *INCAE Business School*, *Bioversity International*, PROMECAFE and CABI. Other examples of collaboration include the Latin American Model Forest Network (RIABM), and the Latin American and Caribbean Environmental Economics (LACEEP) platforms and *Environment for Development* (Efd) –in issues related to environmental economics.

Furthermore, the collaborative approach favoured the development of regional and international learning partnerships (value chains and rural sustainability), and CATIE's development as a key regional partner for the CRP research programme of the Consultative Group for International Agricultural Research (CGIAR) in Central America, and as a participant in the newly established International Association of Agricultural Research Centres (AIRCA).

During this period we have improved and applied a system of concepts and approaches based on secure and equitable livelihoods, sustainable and inclusive value chains, and territorial development –all under the umbrella of our scientific programmes and the MAP.

Some of the specific results of this work are set out below according to subject areas.

Agroforestry and Sustainable Agriculture

CATIE developed its activities intensively over these years. It is currently an important scientific centre for the field of agroforestry in general and, in particular, the coffee and cocoa sectors.

Due to increasingly close ties with the scientific community (especially with CGIAR-Bioversity and ICRAF-and CIRAD), successful presentations were made at international forums and consultation meetings of the cocoa and coffee sectors. CATIE's presence and its projects in the Central American coffee and cocoa sectors were prominent and effective.

Some of the most noteworthy actions were the distribution of new *moniliasis*-tolerant cocoa clones (CATIE_Rx series) that produce very good quality chocolate. These clones were established through-





out the Central American region by the MAP's Central American Cocoa Project (PCC), in cooperation with cocoa producer organizations, agricultural schools, agricultural centres, foundations and other local institutions. The current demand for these clones far exceeds supply. These clones will be the pillars of cocoa production in Central America and Mexico in the coming years.

The profound impact CATIE's research and advocacy has had on key actors, both national and regional, is added to the important gene pool in crops such as coffee and cocoa. This translates into frontline agro-ecological concepts, which have been designed, validated and taught by CATIE to producers, producer organizations, technicians, academics and political leaders throughout the region.

Livestock Farming

370,000 hectares. During the reporting period, the region's livestock sector benefited directly from work approach of CATIE's Livestock and Environmental Management Programme (GAMMA), the primary focus of which is the implementation of a model where productivity and sustainability go hand-in-hand to benefit rural households engaged in this production work, as well as the environment.

This impact was apparent during these years. To name one example, in Peten and Trifinio (with the support of the Guatemalan Deputy Minister of Agriculture), our forest-grazing management system (SSP), farm planning and field school (ECA) tools were adopted for the development of sustainable farming. The same was true of the Maya Forest Project, implemented by GIZ. Over 1,500 Guatemalan farms are expected to switch from extensive cattle farming to sustainable livestock farming.



Coffee

Coffee rust, for example, is a disease caused by the fungus *Hemileia vastatrix*, which has caused significant losses in coffee production and is a cause for concern for both the coffee sector and the international community, from southern Mexico to South America. CATIE has, for over 20 years –and more intensely in recent years –been employing comprehensive strategies in order to deal with this emergency.

For example, teams of specialists with extensive international experience (both from CATIE and its partners- CIRAD in particular) and the institution's students have generated knowledge regarding the integrated management of coffee plantations, in particular with respect to pests and diseases. This knowledge is available in publications such as theses, articles and technical reports.

Furthermore, it was possible to generate F1 hybrids from the rust-tolerant genetic material that exists in the collection, which were recently distributed in Central America. These new varieties are the product of a genetic improvement programme led by CATIE, PROMECAFE and Cirad, and have been considered the coffee varieties of the future, due to their ability to adapt to climate change, their quality and their yield (if they are planted in combination with trees they produce at least 30% more than traditional varieties, such as caturra and catuai). CATIE masters the technology used to reproduce these hybrids and has experience in the design, setting up of and management of coffee plantations using these varieties, allowing for the development of training programs for technicians and coffee-producing families.



By means of all these experiences and their alliances in the region's coffee sector, CATIE seeks to make coffee “greener” by employing an agroforestry and inclusive concept for the future.

Forests

32 million hectares, 8 million people. CATIE continued working with a network of a wide range of partners, covering 28 model forests in 14 countries for a total of around **32 million hectares** where **8 million people** live. This platform distributes knowledge and best practices regarding topics as varied and relevant as biodiversity and community development, sustainable forest management, management and restoration of degraded landscapes, protected areas, and land use and land planning, among others.

These processes have been strengthened through links with international cooperation organizations such as the International Union of Forest Research Organizations (IUFRO); FAO; the International Model Forest Network (IMFN); the Forestry Research Institutes of Finland and South Korea; the Centre for International Forestry Research (CIFOR); the National Research and Agriculture and Food Technology Institute of Spain (INIA); and the World Bank, among others.

Over the course of these years, the institution has produced considerable research and studies in areas such as mountain forests, sentry landscapes, and adaptation of forest agro-systems to climate change, among others.

One venture that had great scope and visibility in the region was the launch of the High Technology for Forest Management Centre (CATMAN) aimed at investors, entrepreneurs and businesses. It seeks

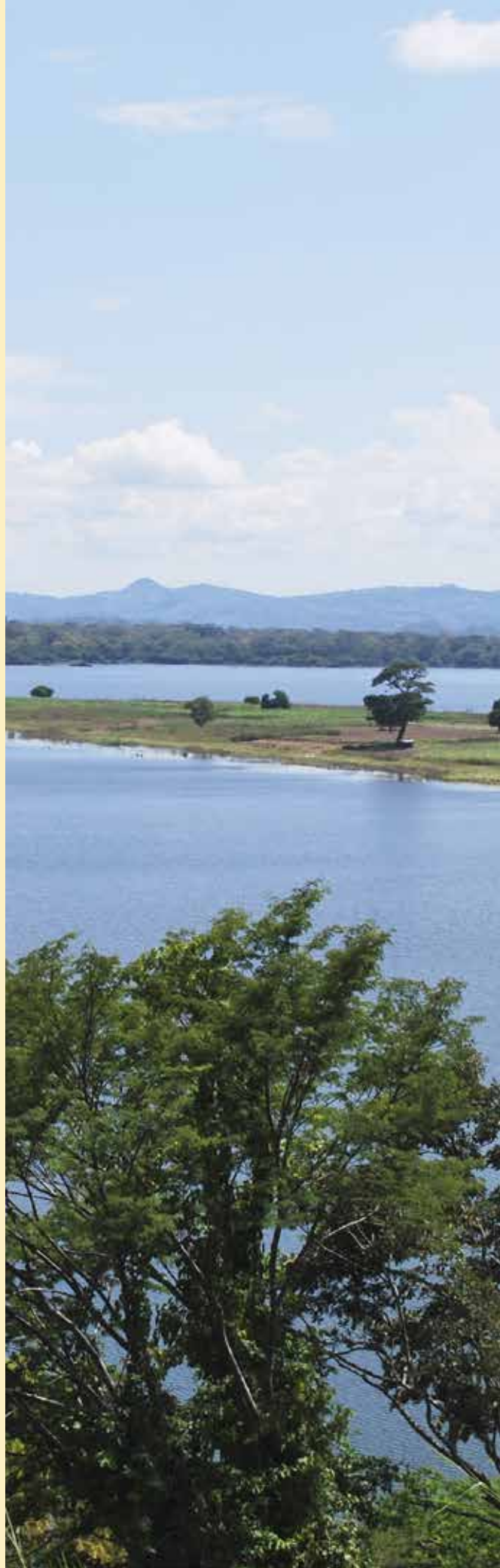
to improve forest management, make information on investment funds' forestry projects more transparent, and train technicians in cutting-edge technologies, both in the planning and execution of theoretical and practical operations.

Due to the efforts of the Finnfor project, in 2012 training was provided for 2,500 people (producers, leaders, decision-makers and technicians) in the seven countries of Central America, through formal courses, diplomas, workshops, tours and other learning methods. In coordination with the National School of Forestry Sciences (ESNACIFOR) of Honduras, CATIE facilitated the Second 2012 Siguatepeque National Forestry Exhibition Fair, generating \$184,000 worth of business. This was one of several national forestry exhibitions (promoted by the project in Costa Rica, Nicaragua and Honduras), that have generated USD 534,000 in business and have benefited small and medium-sized forestry companies since 2011.

Climate Change

The issues of climate change and climate variability have been gaining in importance. Four years ago, our capabilities were limited to just a few people and largely to the issue of mitigation. We now decided that a priority for the region is the boosting of adaptation actions and that these actions achieve synergies with mitigation. Similarly, we strengthened our capabilities and initiatives regarding adaptation, since this issue required an interdisciplinary and systemic approach, which was more in line with the niche that we had established and in which we had major strengths.

The process intensified during the two reporting years. Currently each CATIE agency implements actions on the issue of climate change with experts who approach the subject based on crop and livestock production; forest management; watershed and protected areas; and environmental policies. In this period we have implemented at least 30 projects with climate change actions, in addition to many education and training activities. One example of this is the Cooperative Project on Mitigation and Adaptation to Climate Change in Sustainable Forest Management in Latin America (MIA), which was an initiative set up by a group of institutions (including CIFOR, INIA-Spain and CATIE) to generate information and knowledge and strengthen regional capacities in mitigation and adaptation to climate change in sustainable forest management in Latin America.



Special mention should be given to pilot projects focusing on forest bioenergy and adapting mountain forest ecosystems to climate change within the framework of the CLIMIFORAD project. In this same project long-term research sites were installed to determine the impact of climate change on mountain forest ecosystems in Mexico, Honduras, Costa Rica, Colombia and Chile. Furthermore, a climate database was unified for each area, allowing potential climates to be simulated in high resolution.

Society

50,000 families. In these two years the development and implementation of innovative approaches and best practices, in conjunction with around 400 local and national partners, such as farmer field schools have helped over 50,000 families in developing skills and knowledge in order to improve the quality of their lives and the management of their farms and land.

Impact

CATIE has participated in initiatives implemented by the Central American Integration System, such as the Central American Strategy for Territorial Rural Development (ECADERT), the Central American Integration System for Agricultural Technology (SICTA), the Regional Agro-environmental and Health Strategy (ERAS), the Strategic Regional Forestry Plan (PERFOR), and the Regional Climate Change Strategy. In these forums, CATIE has contributed to processes regarding impact for the development of regional policies.



Policy Development

CATIE has consolidated a dynamic team of researchers that has been successful in terms of financing, and has received international acclaim in formulating, implementing and reviewing government policies on issues such as gender, sustainable cattle farming, food security, water, forests, biodiversity and climate change.

Its financing goal depends on funding for research and research capacity-building. It has succeeded in attracting the interest of foundations (e.g. the Tinker Foundation, 3EI), multilateral agencies (e.g. the World Bank and the Inter-American Development Bank) and bilateral donors (e.g., Sweden and the International Development Research Centre of Canada (IDRC)). Thus, the research projects now have greater, more stable, and longer-term funding and, above all, it is much more diversified than it was years ago.

In addition, it has managed to maintain and strengthen the Latin American and Caribbean Environmental Economics Programme (LACEEP). This programme is regarded as highly prestigious in both Latin America and the world, and has made CATIE a benchmark entity for environmental economics.

The third achievement is related to our partners and clients. Research should be designed with a decision-maker in mind, and respond to a problem that is relevant to the region. It is imperative that decision-makers be considered active participants, and that they be involved in the process of generating knowledge, from the moment a research problem is conceived. CATIE has managed to establish learning alliances with decision-makers, who have influenced our research agenda on issues such as management of protected areas, payments for environmental services, public policy analysis, impact assessment and water resource management.

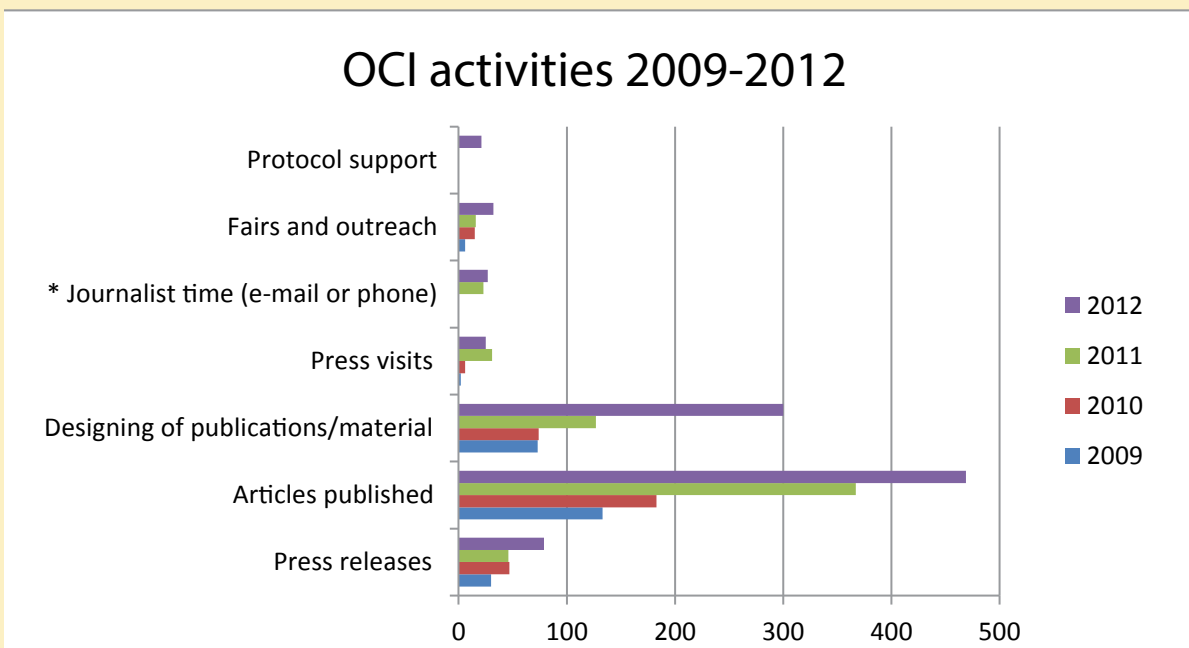
Effective Communication

As a result of strategic and corporate communication, and the inclusion of new and more effective tactics, we have positioned ourselves as leaders in the development of systemic and collaborative approaches that facilitate innovative and sustainable solutions to the complex challenges agriculture and natural resources face in Latin America and the Caribbean.

With the support provided by the repositioning of the Office of Communications and Impact in the Outreach and Development Division, as well as policies, guidelines and manuals, our communication strategy during these four years has included actions in the areas of media management, public rela-

tions and protocol, consolidating our corporate image, internal communication and the production of both printed and digital publications and promotional material.

The results were unexpected, as shown in the graph below; press coverage, as well as press releases and the production of publications and promotional materials, have been increasing steadily, reaching record levels in 2011 and 2012.



Education without borders

The great strength of CATIE's postgraduate system lies in it having been designated an "International Land Grant University". Students and professors work hand-in-hand with producers, development managers and public and private sector decision-makers in the various countries, in what is known as "the international factory of knowledge for development".

CATIE began the year 2011 with a distance learning initiative that had a demand which had to be addressed. In 2012, this was a priority for the Education Division. Specialization and Master of Development Practice students use the moodle platform as a virtual classroom in all their courses. In addition, two international distance courses (virtual and online) were held, bringing together over 100 participants.

Within this process, we managed to conclude the preparation of an online course in fruit farming, in response to a specific demand of the Mesoamerican Fruit Farming Programme (PROMEFRUT), which is part of the Mesoamerica Project. This course also represents an opportunity, since the ministries of agriculture in the region are very interested in expanding the capacity of staff who support production processes in fruit farming.

Furthermore, we achieved the goal of including systemic and cross sector approaches in over 50% of the postgraduate theses, and maintained a busy schedule of events that provided training for over 1,000 people. We continue to make progress in positioning CATIE as the best education option for training leaders capable of providing solutions to complex challenges.

In 2012, our student population was 219 students, including doctorate, academic and scientific masters, professional masters, and exchange students. Our students came from 30 different countries. The faculty was comprised of outstanding professionals of the highest academic and research level, from 18 different countries.



In order to meet the countries' demand, in 2012 we expanded our academic options to include a new Masters in Biodiversity Conservation Practice, five specializations (corresponding to the existing academic masters' subject matter) and 12 diplomas.

The Postgraduate School worked towards establishing further cooperation agreements, as well as renewing existing agreements and maintaining close ties with our graduates, given that the development of partnerships is one of CATIE's key strategies for fulfilling their mandate within the region.

Aware that our mission involves much more than training leaders in our Postgraduate School and sharing knowledge through training activities, we are working hard to enhance two institutional driving forces that support research and training across the Americas: the Orton Memorial Library and the Biostatistics Unit.

Active presence in each country

CATIE maintains operations in the different countries, which are coordinated through the National Technical Offices (Guatemala, Honduras, Nicaragua, El Salvador and Panama), Liaison Offices (Chiapas, Belize, Bolivia, Acre and the Dominican Republic), and Business Units (potential operations in Paraguay, Haiti and Colombia). This categorization responds to strategic issues and, as mentioned earlier, to the volume of operations, with the possibility that they may shift from one category to another as required. The offices have one representative and the business units are supported by managers.

In addition, CATIE has a Liaison Office in the U.S. for very different purposes, since it deals with issues related to fundraising, foreign affairs and institutional positioning.



CATIE's presence in these countries is vital for formalising and consolidating strategic alliances nationwide. This allows us to implement processes with a higher probability of success, sustainability, institutional anchorage and empowerment on the part of the beneficiaries, not to mention the dissemination of output and input that CATIE achieves within the country.

During 2011 and 2012, 38 new members joined us, which strengthened our actions due to their links with the National Advisory Committees (CAN) and their potential impact (12 policy input procedures have been processed via these platforms).

Growing partnerships. Relations with partners in Panama increased by 29%, mainly through actions regarding land. This significant support and joint work is reflected in 14 project proposals and project profiles. Similarly, CATIE intensified its collaboration with the UNDP's Small Donations Programme, and strengthened its participation in national and regional organizations (ECADERT, PRICA, GWP).

Closer inter-institutional ties. In the Dominican Republic, we strengthened links with national organizations, mainly the Ministry of the Environment and Natural Resources. We provided training for over 20 professionals involved in the conservation of biodiversity and the implementation of geographic information systems (GIS). Likewise, over 30 participants from ministries and other organizations interacted in a national seminar, which presented the results of thesis research carried out by Dominican CATIE graduates and institutional experience in applying field school methodology to cocoa farming.

Formalizing support of local partners. In El Salvador we signed agreements with local partners, which provided tangible benefits for around 4,200 people who adopted agricultural technologies (e.g.,



improvements in income; greater environmental awareness; understanding risk management and its role in the process of building national food security).

Our natural partner. The work undertaken by CATIE through nationwide partnerships involves approaching and working with IICA, in accordance with our cooperation agreement. An updated work plan governs these relations (although adjustments carried out by the agencies involved, and time and financial constraints have led to delays).

Coordinated response to national demands. The interaction between the National Technical Offices and CATIE's headquarter agencies (especially with science programmes) facilitated the dissemination of output and input regarding agroecology, sustainable livestock farming, food security, livelihoods, knowledge management and field schools. Thus, not only has communication and integration been promoted internally, but we were also able to provide comprehensive responses in line with institutional approaches.

Technical and financial proposals have also been submitted in an integrated manner between the National Technical Offices and headquarters. To this end, the Opportunity and Service Management Unit (UGO in Spanish) has played a key role in promoting greater participation of interdisciplinary technical teams and facilitating processes in which the programmes, the National Technical Offices and other agencies may seek funds in a coordinated manner.

Regional impact of national platforms. CATIE has positioned itself in organizations and national platforms linked to agencies such as SICTA, CCAD, SICA, ECADERT, IICA and GWP. This positioning aids us in collaborating with development initiatives and processes at the regional level. This integration, in addition to our networks of partners, allows us to propagate information and influence impact-producing processes for development.

By means of this strategy, we guarantee our presence in the different countries. We have achieved 250 new actions in technical assistance, education and training, in which we share knowledge, approaches and methodologies with national and international partners.

Forums and publications. The 6th Annual Meeting of the Environment Initiative for Development (EfD) was held in Costa Rica in 2012, and was attended by top researchers from all over the world. Representatives of the Costa Rican government, public institutions and national and international civil society organizations also participated, allowing for direct interaction between politicians, policy-makers and researchers.

In Nicaragua, we held a national forum on cacao, which was attended by over 130 people. In addition, a policy brief on silvopastoral and forestry systems was published and presented in an expanded CAN; as a result a committee was formed to follow up on the suggested guidelines.

UGO: business-focused services

An important part of the strategy for generating financial options was the setting up of the Opportunity & Service Management Unit (UGO in Spanish) in 2010. The UGO makes the knowledge that exists at CATIE available to the countries, by developing proposals and coordinated actions between different agencies (National Technical Offices and programmes). In turn, it raises funds to provide financial sustainability. This UGO model fosters the integration of CATIE's professionals and graduates, as well as that of the knowledge and methodologies it produces.

The purpose of the Opportunity and Service Management Unit (UGO) is precisely to facilitate and bolster the response to this demand. At the same time, it is gaining ground as a fundraising mechanism –a great way to participate in advocacy processes for development, and, potentially, in public or private policy, especially when funds are linked to national institutions.

The UGO has created and strengthened alliances with new partners. Between 2011 and 2012, CATIE participated in 100 initiatives, with particular emphasis on projects for Central America.

We have approximately US\$ 5,210,000, approved and being implemented (together with partners); and approximately US\$ 23,821,000 in the process of being approved. It is important to point out that when CATIE participates in these processes together with other partners, it implements around 35% of the total.

Strategic Finance

During the reporting period, CATIE's financial strategy was directed towards two clearly-defined fronts. On one hand, the institution made significant investments in infrastructure, communications and renewing plantations on commercial farms.

On the other hand, we carried out a careful assessment and expenditure containment in such a way as to maximize the use of resources in order to maintain healthy finances amid a global environment of economic downturn.



Diversifying sources of income. Overall, the commitment to provide resources for productive activities is an enormously important strategy. These investments seek to provide resources for the core budget, by strengthening the capacity to generate liquidity and profitability of the agribusinesses of the Commercial Farm; and further integrate these activities with CATIE's academic and research programmes, once we have achieved solid financial and environmental sustainability.

The total investment was around USD 927,000 –USD 694,000 in the commercial farm and USD 233,000 distributed between hospitality and the Biotechnology Laboratory.

This investment began to show positive returns in these two years. The Commercial Farm had an accounting surplus of around USD 202,800 (positive cash contributions, and other items of importance to CATIE, such as increased livestock inventories, and appreciation in the value of biological forest, sugar cane and coffee assets). The cattle fattening operations are generating increasingly important contributions.

Dairy operations and sugarcane production represent the highest volume and investment. The Climate-Smart Dairy Farm is striving to serve as a sustainable model that, apart from acting as technological reference, hopes to be one of the main sources of liquidity and profitability (its vision is to have a milking herd of 250-300 cows by 2015-2016).

Sugar cane operations reflected the investment in a very short period of time, in particular with the renewal of the plantations began in 2010. In 2012, the total tonnage and the amount of sugar per hectare was increased, with a production of 10,644 metric tonnes (42% higher than 2011) and approximately 9,500 kilos of sugar per hectare (a 34% increase in comparison with the previous year).

The good performance of the farm's agribusinesses and of Hospitality's accommodation component allowed for direct contributions to the institutional core fund of \$ 436,000, after operating costs and additional investments in the Commercial Farm, not included in the initial 2011 plan, of USD 94,000.

In 2011, efforts to increase the quality and effectiveness of operations allowed us to extend the Ecological Blue Flag recognition –obtained for the Commercial Farm in 2010 –to the main campus. At present, we are working towards obtaining the Rainforest Alliance certification for our Commercial Farm's livestock production processes.

By incorporating business plans in CATIE's commercial ventures we capitalize on generating knowledge, and encouraging free enterprise and innovation, whilst taking firm steps towards becoming more financially sound.

Controlling spending

The above-mentioned investment in production activities, coupled with the institution's declining revenues posed a challenge in recent years. Aware of this, the institution took to the task of controlling spending in such a way as to ensure its financial health.

The decrease in project financing, investments in commercial activities, support for business plans and new actions and first steps in establishing a management unit and fundraising to finance CATIE's basic operations are the main issues that affected the financial indicators of 2012 compared with 2011.

The current climate, constraints, and results have led us to implement a series of measures –some still being implemented by the Management –so as to ensure CATIE's financial sustainability. These measures include the following:

- Restructuring the core budget, based on the reasonable certainty of funds available and their allocation for strengthening basic operations.
- Control of new internal financing (overdrafts), possible refinancing of items for production (free enterprise), and accelerated recovery of bridge financing for projects.
- Continue with improvements in internal control processes and administrative efficiency.
- Continue with the effective recovery of indirect costs policy by reviewing and implementing the policy in the negotiation of new projects.
- Continue to strengthen business operations and maximize their generating potential.
- Continue efforts to collect country quotas.
- Strengthen Opportunity and Service Management Unit (UGO) and other proposals that increase the value of the brand in creating new products and financial resources.
- Consolidate a fundraising unit in the Education Division.
- Continue with the management of funds for projects in the DID programmes and the Postgraduate School.

Human resources

In human resources, the reporting years were fruitful in the areas of training, compensation, and the analysis of CATIE's policy and regulatory frameworks (all these are sensitive and vital in order for our initiatives to perform well). Intensive collaborative work was also carried out to improve information systems and technologies.

Training for life and work. Creativity and innovation prevailed to address the growth and development of our staff during these two years. We estimate that we managed to invest USD 450,000 in training activities with our partners through grants, agreements and other cost-free services that enabled this achievement.

In order to strengthen staff capacities on an ongoing basis, and to promote their personal and professional growth, the Ongoing Training Programme was conceived as a permanent solution for ensuring excellence in development.

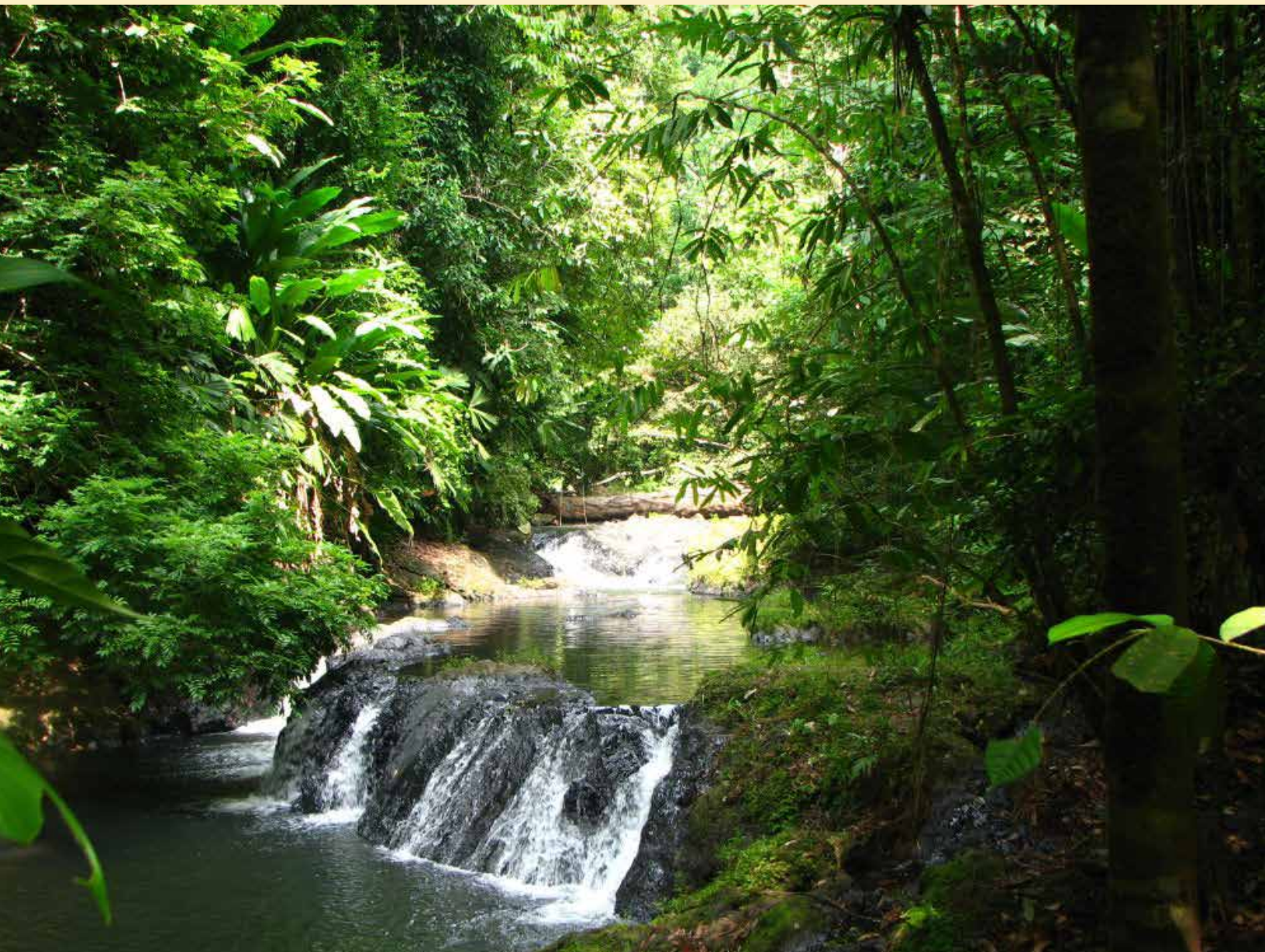
Challenges for competitive salaries. During these two years, despite financial constraints, appropriate wage adjustments were made so as to strengthen the goal of competitive salaries for the institution's employees.

Information Technology. During these two years, administrative and financial processes at the division were reviewed, resulting in new modules and modifications to other modules that make up the Integrated Financial Information System (SIIF in Spanish). The scope of the improvements had an impact on all the divisions, from the automation of many training operations (congresses, conferences, library and academic records) to significant contributions in budgetary control (project implementation and financial positions of the various funds, overdrafts and cash control), and the development and implementation of inventory systems in business activities, human resources management and grant-loan recovery.



We paid special attention to the mass implementation of the Lync unified communications tool, achieving a substantial increase in communications and reducing the costs of international calls. As part of the maintenance of wired and wireless links, CATIE has made adjustments that enable widespread availability of basic connectivity for all our operations.

Finally, we concluded the necessary calculations and adjustments, based on ABC costing exercises, in order that information technologies may operate as a financially self-sufficient productive activity, with the autonomy needed to maximize the value of all the institution's basic functions. Hence, Information Technology billed approximately USD 372,000, with a network of operating costs and similar investment, which has allowed it to create the necessary foundation for technological sustainability to be one of the main pillars of CATIE's strategic operations.

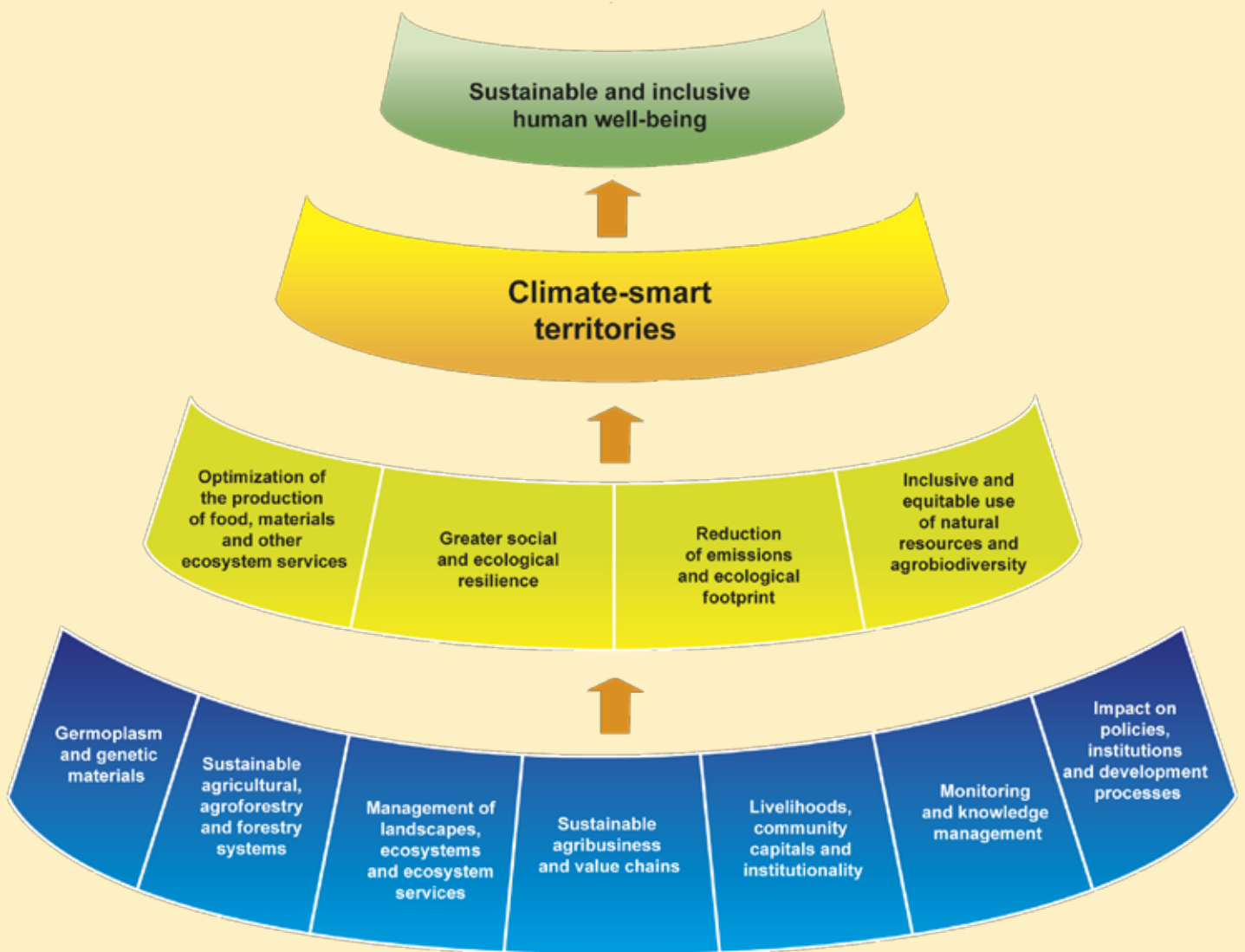


Our vision for the future: Climate-Smart Territories

For 40 years CATIE has worked hard to create innovative models for generating knowledge and developing tools that facilitate their implementation. Systemic approaches constitute the paradigm to be followed. In the years ahead, CATIE will implement, on all fronts, the concept of 'climate-smart territories'.

This is a model which seeks to reinvent the way individuals relate to their environment.

It takes into consideration the power of collective action in each territory –where each actor (guided by a shared vision) contributes to the conservation, management or restoration of this space. The goals are multiple, and include increased production capacity planning; reduction of the gas emissions responsible for climate change and climate variability; and increasing the adaptability of the territory as well as its inhabitants, production systems and ecosystems, in light of the increasing pressures caused by global changes. In short, it is a proposal for implementing the new paradigm of 'green' development.



Annexes

Annex 1. Our mission, vision and strategy

Our mission

To improve human welfare and reduce rural poverty through education, research and technical cooperation, promoting the sustainable management of agriculture and natural resources.

Our vision

That the territories and rural communities of Latin America and the Caribbean may achieve a greater level of human development by providing competitive and sustainable ecosystem goods and services.

Strategy Statement

To be a recognized leader in the development of system and collaborative approaches that facilitate innovative and sustainable solutions to the complex challenges facing agricultural systems and natural resources in Latin America and the Caribbean.

Our values

**Innovation
Excellence
Service
Integration
Appreciation of diversity
Accountability
Entrepreneurial spirit**

Annex 2. CATIE, the figures

Postgraduate School, the figures

Variable	2011			2012		
	Men	Women	Total	Men	Women	Total
Number of academic masters students (first year)	42	33	75	17	26	43
Number of professional masters students (first year)	---	---	---	10	20	30
Number of academic masters students (second year)	36	20	56	29	29	58
Number of professional masters students (second year)	---	---	---	7	3	10
Number of doctorate students	13	13	26	12	15	27
Number of exchange students	13	30	43	22	29	51
Total students	104	96	200	97	122	219
Number of masters students who receive CATIE grant	First year: 37 (49%)		Second year: 28 (50%)	---	---	---
Number of countries students represent	12			30		
Number of countries teachers represent	18			18		

Participants according to type of training activity and gender

Type	2011				2012			
	Number of activities	Female	Male	Total	Number of activities	Female	Male	Total
Special courses	31	180	412	592	33	223	455	678
Conferences and telecommunications	2	16	27	43	---	---	---	---
CSAP (Cooperative Study Abroad Program)	10	81	45	126	11	109	57	166
In-service training	1	1	1	2	4	6	38	44
Strategic courses	14	79	179	258	10	63	105	168
Total	58	357	664	1021	58	401	655	1056

Research, the figures

Type of publication	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Total	Average	Standard deviation
Essays in technical publications	128	146	143	107	110	97	35	48	58	37	16	39	33	997	77	45
Theses	47	56	58	77	57	77	80	52	66	35	69	77	95	846	65	16
Presentations in congresses (posters, summaries, etc.)	33	105	51	37	40	60	66	76	44	46	115	42	61	776	60	25
Reports and other publications	45	25	37	62	22	50	45	45	25	12	46	70	54	538	41	16
Presentations at conferences	92	57	45	19	93	6	16	21	18	7	13	36	30	453	35	28
Essays in referenced scientific publications	25	44	16	21	17	27	20	29	39	22	37	37	49	383	29	10
Technical series	14	14	19	2	12	25	9	21	47	40	27	29	34	293	23	12
Chapter in book	10	9	1	12	24	12	9	16	30	10	15	44	28	220	17	11
Books y monographs	2	0	4	3	7	4	1	1	8		5	9	5	49	4	3
Total	396	456	374	340	382	358	281	309	335	209	343	383	389	4.555	350	58

Financial situation

State of work capital and level of liquidity (in thousand USD to 31 December 2012 and 2011)

	2012	2011
Cash on hand	5.495	8.545
Short-term securities-based investments	1.737	1.678
Cash and cash equivalents	7.232	10.223
Plus: Short-term financial liquid assets		
Accounts receivable (mainly payroll deductions)	316	340
Financing receivable agreements/escrows	738	610
Total short-term financial liquid assets	8.287	11.172
Minus: short-term financial commitments		
Agreements/escrows with available cash	(6.763)	(8.852)
Accounts payable various short-term	(1.727)	(1.996)
Total short-term financial commitments	(8.490)	(10.849)
Work capital	(203)	323
Liquidity ratio	0,98	1,03

Financial indicators	Year				
	2008	2009	2010	2011	2012
Total financial liquidity	1,12	1,08	1,07	1,03	0,98
Country quota recovery	34,6%	44,0%	51,1%	51,1%	33,7%
Basic income vs. total income	19,8%	19,0%	19,7%	17,1%	20,8%
Agreement income growth	7,9%	8,1%	-4,7%	1,7%	-27,1%
Escrows growth	19,3%	-3,6%	2,6%	37,7%	-22,2%
Growth of commercial management contribution to basic activities	17,0%	9,3%	-0,6%	-23,3%	3,8%
PB expenditure for strategic operations	59,4%	56,1%	54,8%	58,0%	54,8%
PB expenditure for support operations (Administration and Finances)	26,1%	29,5%	30,7%	26,6%	30,2%
PB expenditure for top-level guidelines	14,5%	14,4%	14,5%	15,4%	15,0%
Recovery of indirect costs (without MAP)	S/I	4,3%	3,4%	5,4%	5,6%
Recovery of indirect costs (with MAP)	S/I	14,3%	10,4%	11,9%	11,2%

Sustainable and productive dairy farm

CATIE Tropical Dairy Farm
Projections Contributions to Basic Fund 2011-2016

