

AGREEMENT OF THE COOPERATIVE PROGRAM
FOR THE
REGIONAL FUND FOR AGRICULTURAL TECHNOLOGY

15 March 1998¹

¹ This version of the cooperative program agreement reflects the amended and revised version of the Agreement approved on 22 March 2013 by the Board of Directors of the Cooperative Program.

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AGREEMENT OF THE COOPERATIVE PROGRAM FOR THE REGIONAL FUND FOR AGRICULTURAL TECHNOLOGY

CONSIDERING,

That the development of the agricultural sector (livestock, forestry, fisheries and food) is fundamental for economic development, for conservation of natural resources, and for poverty reduction in the majority of Latin American and Caribbean countries;

That in order to achieve sustainable development of agriculture in the countries of the Region, it is essential to enhance technological development in strategic areas of common interest that promote the productivity and competitiveness of the sector at the regional and sub-regional levels;

That in pursuit of this purpose a group of borrowing Member countries of the Inter-American Development Bank and other interested parties (listed in Annex I of this Agreement, hereinafter “the Members”) have decided to establish a Cooperative Program for the Regional Fund for Agricultural Technology, which will have a common capital fund totaling approximately USD 200 million after its consolidation period;

That said Program could provide essential resources to complement activities in the national agricultural research systems and constitute a mechanism of regional integration for promoting sustainable development in the agricultural sector;

That the Inter-American Development Bank (hereinafter the “Bank”) has been asked to administer said Program during the initial period, and that the Bank has agreed to manage it in accordance with the provisions of Article VI of this Agreement and the Administration Agreement attached as Annex II;

THEREFORE, the Members hereby agree to establish the Cooperative Program for the Regional Fund for Agricultural Technology (the “Program”) as follows:

ARTICLE I: OBJECT AND PURPOSE – MEMBERSHIP

Section 1. Objective

The objective of the Program is to establish a sustainable financing mechanism for the development of agricultural technology in Latin America and the Caribbean and to institute a discussion forum on priority issues related to innovation in technology.

Section 2. Purpose

The purpose of the Program is to promote increased competitiveness in the agri-food sector, ensuring the sustainable management of natural resources and reduction of poverty in the Region.

Section 3. Membership

Any Member country of the Bank or any other country or legal entity that wishes to contribute resources to the Program may sign the present Agreement and become a Member of the Program, in accordance with this Agreement. Any country or interested party not listed in Annex I on the date this Agreement enters into effect that wishes to become a Member may apply to join the Program and make a commitment to pay a contribution as provided in Article II.

ARTICLE II: CONTRIBUTIONS TO THE PROGRAM

Section 1. Contributions and Payment of Contributions

- (a) The contribution of each Member shall be the amount indicated in Annex I, which will be revised periodically to include the contributions from new Members. As soon as possible after signing the present Agreement, but in no case more than sixty days after signing, each Member shall agree with the Administrator upon a schedule for the payment of the contribution referred to in Section 2 (i) of Article II (hereinafter “Contribution Schedule.”) During the Initial Period the payment of the contribution shall be made effective in dollars or in any other freely convertible currency acceptable to the Administrator. At least one quota shall be paid annually, in accordance with the corresponding Contribution Schedule.
- (b) The contributions of Members, and the contributions contemplated under Section 2(ii) of Article II, shall constitute a common fund of intangible capital that will generate income flows. Under the provisions of this Agreement, this income shall be used to finance regional agricultural research activities, which will be selected and prioritized by the Program Members themselves.
- (c) Members may make additional contributions in cash following the procedures described in the present Agreement for initial contributions. Similarly, the Program may accept the contributions in kind mentioned in Section 2(iii) *infra*.
- (d) In addition to its services as Trustee and Administrator of the Program, during the Initial Period the Bank will finance certain technical and administrative services, in accordance with Article VI of the present Agreement and with the Administration Agreement attached as Annex II. The Bank will not make contributions as a Member.
- (e) The initial contribution of each Member shall not be less than USD 500 000, or its equivalent, unless the minimum contribution of the international and non-governmental organizations signing the Agreement on this date should amount to USD 100 000 or equivalent. Payments made under the provisions of this Article shall be deposited in the bank accounts designated by the Administrator. In order to facilitate administration of the Program resources, the Administrator may convert the contributions into other currencies.

Section 2. Program Resources

The Program resources shall consist of a common capital fund known as the “Regional Fund for Agricultural Technology” or the “Fund” which shall be made up of:

- (i) Contributions from Members;
- (ii) Additional contributions, bequests and donations made for the purpose of increasing the Fund, with the approval of the Board of Directors (the resources contemplated in subparagraphs (i) and (ii) of this Section shall constitute the “intangible capital” of the Fund);
- (iii) Additional contributions, bequests and donations made for the purpose of directly financing research programs, or to accomplish the Program’s goals, when explicitly agreed upon by the donor and the Board of Directors; and
- (iv) All income derived from the abovementioned resources and all other income from any other source.

Section 3. Use of Program Resources

The Program’s operating costs and operations shall be financed in the first instance with the resources contemplated in subparagraph (iv) of Section 2 of Article II; in the second instance, and where applicable, with the Program resources contemplated in subparagraph (iii) of Section 2 of Article II; and ultimately, subject to approval by the Board of Directors, with the Fund’s intangible capital, as defined in Article II Section 2(ii).

ARTICLE III: PROGRAM OPERATIONS

Section 1. General Provision

The Program’s operations shall be approved by the Board of Directors and administered by the Technical-Administrative Secretariat (hereinafter the “Secretariat”).

Section 2. Principles governing the Program Operations

The operations of the Program shall be implemented in accordance with: (i) a Medium Term Plan that sets forth the Program’s strategic vision and defines the priority areas of research subject to financing; (ii) the Program’s Manual of Operations, which establishes the policies and procedures applicable to the operations; and (iii) an Annual Operating Plan that includes the annual funding program and the annual budget.

ARTICLE IV: BOARD OF DIRECTORS

Section 1. Composition and Terms and Conditions

The Program's governing body shall be the Board of Directors (BOD), comprised of all the Members, participating through a representative body designated and duly accredited by the relevant authorities, and with proven experience in the field of agricultural technology development. In the case of Members that are not countries, these shall be represented by a member of the Governing Board or Management of the Member organization. The Executive Secretary of the Technical-Administrative Secretariat (TAS) shall participate as an *ex officio* Member of the Board, with voice but without vote. The members of the Board of Directors shall discharge their duties without receiving any remuneration from the Program.

Section 2. Powers and Responsibilities

The powers and responsibilities of the Board of Directors shall include the following:

- (a) Elect the President of the Board of Directors from among the Member countries of Latin America and the Caribbean for a term of one year, renewable for a further term;
- (b) Appoint the Executive Secretary of the Technical-Administrative Secretariat, selected through a process of international public tender, for a period of three years, renewable for another term; to renew his/her mandate and remove him/her;
- (c) Appoint and remove successive Administrators; to manage, through the Administrator, the Program resources; and use said resources in accordance with the object and purpose of the Program;
- (d) Consider and approve or reject applications for the entry of new Members and increases in the Program resources;
- (e) Approve the Medium Term Plan that sets forth the Program's strategic vision and defines the priority areas of research eligible for financing;
- (f) Approve and modify the Program's Manual of Operations, including the policies and procedures for financing its operations;
- (g) Approve for the following accounting year the Annual Operating Plan, which shall include the annual program for financing operations and an annual budget consistent with income projections;
- (h) Approve the annual financial statements and annual report of the previous accounting year;
- (i) Approve and regularly update an investment policy related to the Program resources, including provisions aimed at preserving, to the extent possible, the long-term value of the intangible capital;
- (j) Review and approve the Annual Technical Report;
- (k) Commission any studies or audits deemed necessary for the evaluation of the results of projects financed by the Fund and appropriate use of the resources allocated;

- (l) Assess the compliance with the Board's decisions and their execution by the Technical-Administrative Secretariat;
- (m) Amend the present Agreement;
- (n) Order the dissolution of the Program and liquidation of the Fund in accordance with the provisions of the present Agreement; and
- (o) Approve its internal regulations and address other matters that concern it, pursuant to the present Agreement.

Section 3. Meetings and Quorum

The Board of Directors shall meet as often as deemed necessary to review the Program's operations, but at least once a year, in the place decided by the Board. The Board of Directors shall convene meetings at the request of its President or whenever the Members representing at least 25% of the total votes so request. Meetings of the Board of Directors shall be convened with at least 30 days advance notice, including details of the date, time, place and matters to be discussed. A quorum at any meeting of the Board of Directors shall consist of a simple majority of Members, representing at least two-thirds of the total votes.

Section 4. Voting

- (a) Unless otherwise stated in this Agreement, the Board of Directors shall adopt its decisions by a simple majority of all the votes. Each Member shall have a proportional vote for every one hundred thousand dollars, or its equivalent, contributed to the Fund's intangible capital, as established in Section 1 of Article II. Each Latin American and Caribbean Member country holding at least one proportional vote shall also have basic votes. The total number of basic votes equals twenty-five per cent (25%) of the total number of proportional votes and is distributed equally among the Member countries of Latin America and the Caribbean. Each Member's total votes shall be equal to the sum of the proportional votes and basic votes, where applicable; and the totality of all Members' votes shall be the sum of the votes of each Member.
- (b) For the purposes of calculating the number of votes held by each Member, each contribution made in a freely convertible currency, other than the dollar, shall be computed in dollars at the exchange rate announced by the International Monetary Fund on the date on which the Administrator receives the payment of each quota corresponding to the contribution of the Member in question.
- (c) The rights of Members arising from their contribution to the Program may not be transferred or encumbered without prior approval from the Board of Directors.

ARTICLE V: TECHNICAL ADMINISTRATIVE SECRETARIAT

Section 1. Composition

(a) The Technical-Administrative Secretariat shall be the body responsible for providing technical and administrative support to the Program. The Secretariat shall be comprised of an Executive Secretary, a technical assistant and an administrative assistant, and shall receive support from any short-term consultants deemed necessary to evaluate project proposals and conduct the monitoring and evaluation of research activities financed by the Program. Once the Initial Period has concluded, no more than five per cent (5%) of the funds contemplated in Section 2 (iv) of Article II may be used annually for the purpose of defraying the Secretariat's operating costs, including the cost of its staff and short-term consultancies, meetings, workshops, publications and other administrative costs. The Secretariat may be headquartered in any Member country of Latin America or the Caribbean participating in the Program, whose location and infrastructure favors contracts between the Secretariat, the Members and the institutions implementing the projects. During the Initial Period, the Secretariat shall be based at the Bank's Headquarters.

(b) The Executive Secretary shall be the authority designated by the Board of Directors, with the Bank's approval, to lead the work of the Secretariat during the Initial Period and to represent the Program and implement the actions required for its operation. The Executive Secretary shall appoint and remove the personnel of the Secretariat.

Section 2. Technical Functions

The Technical-Administrative Secretariat shall have the following technical functions:

- (i) Ensure compliance with the Program's policies and the implementation of the decisions of the Board of Directors;
- (ii) Prepare the Medium Term Plan and submit it to the approval of the Board of Directors, and organize technical meetings related to the process of identifying research priorities;
- (iii) Prepare and submit to the approval of the Board of Directors the Annual Operating Plan with the projects selected, specifying the proposed annual and maximum amounts to be financed by the Program, as well as the annual contributions to projects already under implementation;
- (iv) Coordinate monitoring activities for the projects included in the Annual Operations Plan, evaluating the partial and final results of these projects, together with their impact, and informing the Board of Directors of the results achieved through the Annual Technical Report;
- (v) Generate the information necessary to improve coordination, complementarity and mutual cooperation between the Board of Directors and organizations engaged in agricultural technology development and disseminate the results obtained from the Program-financed activities;

- (vi) Submit to the Board of Directors the annual financial statements and annual report of the previous accounting year; and make recommendations to the Board of Directors concerning the annual budget and investment policies related to the Program resources; and
- (vii) Implement any other activity conducive to the performance of its duties.

Section 3. Administrative Functions

The Technical-Administrative Secretariat shall have the following administrative responsibilities:

- (i) Conduct administrative monitoring of the process for the reception, evaluation, eligibility and approval of proposals, the selection of executors, and the processing of the corresponding disbursements;
- (ii) Provide Secretariat services to the Board of Directors; and
- (iii) Coordinate the financial, legal and administrative aspects related to the management of the Fund's capital resources, including the calculation of the voting power of each Member.

ARTICLE VI: PROGRAM ADMINISTRATOR

Section 1. Initial Administrator

During the Initial Period, the Fund shall be administered by the Inter-American Development Bank, which shall provide trustee services and other services related to the Program activities. In the performance of its duties, the Bank will act with the same care that it exercises in the administration and management of its own affairs and in accordance with the terms and conditions stipulated in the Administration Agreement that defines the Bank's responsibilities toward the Program. Once the Initial Period has concluded, the Bank, or the Administrator that succeeds it, may be asked to provide the services agreed upon in writing between the Board of Directors and the Bank or Administrator that succeeds it. Only those international legal entities holding similar privileges and immunities to those of the Bank may serve as Administrators.

Section 2. Powers and Responsibilities

The Administrator shall be the legal representative of the Program, with full authority to enter into contracts, accept donations, buy and sell securities, invest the Program's resources, conduct any financial transactions necessary for the fulfillment of its object and purpose and any other actions required for the implementation of its functions, on behalf of and in representation of the Program. The Administrator's obligations are set forth in Annex II, which may be replaced or amended as appropriate.

ARTICLE VII: GENERAL PROVISIONS

Section 1. Effective date. Duration

The present Agreement shall enter into effect on the date of its signature by Members whose aggregate contributions exceed USD 50 million or its equivalent. The present Agreement shall have an indefinite duration, unless it is terminated under the terms of Article VII.

Section 2. Termination. Liquidation.

The Board of Directors may decide to terminate the present Agreement at any time with the vote of at least two-thirds of the Members representing at least three-fourths of the total votes.

Upon termination of this Agreement, the Board of Directors shall instruct the Administrator to distribute among the Members the amount of the balance of the Program resources on the date of termination. Said amount, or the liquidation value of the Fund, shall be equal to the net value of the Fund's assets once all known liabilities and claims have been assessed. It shall be distributed in relation to the proportional votes held by each Member upon approval of the termination of the Agreement, or at the time of withdrawal from the Program in accordance with the provisions of Section 5 of Article VII.

Section 3. Amendments

The present Agreement may be amended by the Board of Directors, with a majority of votes of at least two-thirds of the Members representing at least three-fourths of the total votes. The approval of all Members shall be required to amend this Section, the provisions of Section 4 of this Article limiting the Members' liability, an amendment to Section 2 of Article VII, or an amendment that would increase the financial or other types of obligations of Members.

Section 4. Limitation of liability

The liability of Members shall be limited to the unpaid portion of their respective contributions and the liability of the Administrator shall be limited to the Program resources. The Members, the persons who represent them or those who derive their rights from them, shall not initiate any legal action against the Program. Members may exercise their rights in accordance with the procedures set forth in this Agreement, in the Program's regulations or in any contracts entered into.

Section 5. Withdrawal and reinstatement of Members

Once the entire amount of a Member's contribution has been paid, any Member may withdraw from this Agreement by means of a written notification informing the Trustee of their intention. The withdrawal shall become effective and final on the date indicated in the notification, but at least six months after the date on which said notification was delivered to the Trustee. However, the Member may, at any time, but at least sixty days before the withdrawal becomes effective and final, notify the Trustee in writing of his decision to

revoke the notification in which he expressed his intention to withdraw. Members that withdraw from the present Agreement shall not have the right to withdraw any of their contributions or support to the Program, until the liquidation process referred to in Section 2 of Article VII takes place. Members that have withdrawn may rejoin at a later date with the same voting and representation rights that they would have enjoyed had they not withdrawn.

Section 6. Settlement of Disputes

If a disagreement should arise between any of the Members and the Program that cannot be amicably settled by the parties, such disagreement shall be submitted to arbitration by a tribunal composed of three arbitrators. One arbitrator shall be appointed by the Board of Directors, another by the Members and the third, unless the parties otherwise agree, by the President of the Inter-American Development Bank.

The third arbitrator shall be empowered to settle all questions of procedure in any case where the parties are in disagreement on the matter. Should all attempts to reach a unanimous decision fail, the decision shall be taken by a majority. All arbitration decisions shall be final and shall be implemented by the relevant party within 60 days of notification of the decision. Any doubts regarding the distribution of costs or the manner in which these should be paid shall be decided by the tribunal without possibility of appeal. Any fees or costs pending payment by the Program under this section shall be defrayed with resources from the Fund.

Section 7. Definitions

For the purposes of the present Agreement, the following definitions shall apply:

Administrator: The Inter-American Development Bank during the Initial Period, and each successive Administrator.

Board of Directors: The Program's highest governing body described in Article IV.

Contribution Schedule: The payment schedule defined in Article II, 1(a).

Effective Date: Date of entry into effect of this Agreement, under the provisions of Section 1 of Article VII.

Executive Secretary: The person appointed to head the Secretariat pursuant to Article V.1. (b).

Initial Period: Period from the Effective Date until 31 December 1999.

Intangible Capital: The Program resources contemplated in subparagraphs (i) and (ii) of Section 2 of Article II.

President: The Member of the Board of Directors selected to preside it.

Technical-Administrative Secretariat: The organ of the Program described in Article V.

Trustee: The Inter-American Development Bank and each Trustee that succeeds it in that capacity.

USD or dollars: Dollars of the United States of America.

IN WITNESS WHEREOF, each Member, acting through his authorized representative, has signed this Agreement on 15 March 1998 in a single original document deposited in the archives of the Trustee, who will send a duly certified copy to each Member.

Annex I
TO THE AGREEMENT OF THE COOPERATIVE PROGRAM
AMENDED ON November 26, 2008

MEMBERS AND CONTRIBUTIONS

MEMBERS	CONTRIBUTIONS (In thousands of USD)
ARGENTINA	20,000
BOLIVIA	2,500
CHILE	2,500
COLOMBIA	10,000
COSTA RICA	500
DOMINICAN REPUBLIC	2,500
ECUADOR	2,500
HONDURAS	2,500
NICARAGUA	2,500
PANAMA	5,000
PARAGUAY	2,500
PERU	2,500
SPAIN	14,723
URUGUAY	5,000
VENEZUELA	12,000
CIID (International Center of Investigations for Development -Canada)*	100

*Dated 26 July 2005, formalized its withdrawal from FONTAGRO and the Board of Directors and relinquished its rights and responsibilities under the present Agreement.