

**INTER-AMERICAN INSTITUTE FOR
GLOBAL CHANGE RESEARCH**



EC-XVIII
December 4-5, 2003
San José, Costa Rica

5_ECXVIII/DID/English/November 19, 2003

FINANCIAL STATUS AS OF OCTOBER 31, 2003

1) CORE BUDGET

Country Contributions for the Period July 1st, 2002 – October 31, 2003

	Due as of 30-Jun-03	Contribution for FY 03/04	Paid Jul/03 - Oct/03	Due as of 31-Oct-03
Argentina	125,025	45,000		170,025
Bolivia	5,000	5,000		10,000
Brazil	(21,736)	80,000		58,264
Canada	0	115,000		115,000
Chile	10,000	5,000		15,000
Colombia	30,000	10,000		40,000
Costa Rica	(8,139)	5,000		(3,139)
Cuba	10,067	5,000		15,067
Dominican Republic	30,000	5,000		35,000
Ecuador	15,000	5,000		20,000
Guatemala	30,000	5,000		35,000
Jamaica	5,000	5,000		10,000
Mexico	52,004	55,000		107,004
Panama	5,000	5,000	(5,000)	5,000
Paraguay	35,000	5,000		40,000
Peru	25,000	5,000		30,000
Uruguay	25,000	5,000		30,000
USA	0	550,000		550,000
Venezuela	121,829	30,000		151,829
	494,050	945,000	(5,000)	1,434,050

As of October 31, 2003 only Panama paid one year of contribution.

Cash Position as of October 31, 2003

The composition of the "Cash and Cash Equivalent" balance as of October 31, 2003 was the following:

	31/Oct/2003	30/Jun/2003
- Cash	4,089	15,634
- Banks	631,124	1,690,655
	<u>635,213</u>	<u>1,706,289</u>
	=====	=====

As of October 31, 2003 the balance of the IAI operational funds amounted \$278,000.
As of June 30, 2003 the balance was \$570,000.

The IAI operational fund is composed by the accumulated net savings (incomes less outcomes) as of the date the report is prepared. This fund is used to compensate the cash deficits produced during the fiscal year due to the different pace between incomes (contributions from the member countries) and outcomes.

Expenses

	Total Budget	Budget Jul-Oct/03	Actual Expenses	Differences
Salaries and Benefits	541,092	181,305	163,825	17,480
Staff Travel	108,600	23,600	25,707	(2,107)
Dissemination	98,500	36,500	27,909	8,591
Director Funds	75,000	25,000	9,000	16,000
Other	115,979	46,147	19,940	26,207
	939,171	312,552	246,381	66,171

Salaries and Benefits

There were no changes in the salary structure during the period.

Staff Travel

The amounts paid for air fares and per diems were a little higher than the expected for this period.

Dissemination

The expenses were within the budget for the period.

The composition of the expenses during the period was the following:

- Newsletter \$25,000
- Annual Report \$ 51
- EC/SAC Visits \$ 2,858

Director Funds

Only three activities were supported in this period.

Other

Efforts have been done in order to keep the level of expenditures as low as possible.

2) PROGRAM BUDGET

ISP III

The activities of this program were closed as of March 31, 2003 (termination date of the NSF Grant). As of that date there were uncommitted funds for the amount of \$136,000 plus \$ 61,787 which were not transferred to the grantees.

The NSF granted a no cost extension up to September 30, 2004 in order to allow IAI to complete the agreed level of efforts. These funds will be used to support training activities associated to the original objectives of the program.

PESCA

The NSF granted IAI with a no-cost extension until October 31, 2003 in order to use the remaining funds in activities associated to this program. The remaining PESCA funds were used to partially support two Summer Institutes and to attract funds from other international organizations (UNDP, OAS, IAD) as well as from the Government of the Dominican Republic.

As of October 31, 2003 all the funds were spent.

SMALL GRANT PROGRAM – I

Funding Source	Projects	Amounts
NSF Grant	14	343,000
Director Special Fund	2	40,000
	16	383,000

The initial payments for these grants, 75% of each project budget, were released. The final payments will be released once the final technical and financial reports are received and approved.

The completion date for the majority of the projects was September 30, 2003. Within the following 45 days the Directorate is expecting to receive the final technical and financial reports.

SMALL GRANT PROGRAM – II

This program has already started and is in the proposal approval stage. The proposal review process is finished and the only expenses as of today were those associated with the selection panel.

CRN

Research Funds

The financial status of the CRN projects is shown in the attached table (Annex 1). The amounts transferred to the projects during the first four months of this fiscal year amounted \$616,330.

Comments on Specific Projects

CRN-038

The Directorate is recommending the cancellation of the project due to the fact that the PI and 16 co-PIs resigned. CATHALAC has been requested many times to refund to IAI the remaining balance of funds on hand.

CRN-026

The Administrative and Financial Officer visited CICESE (the recipient Institution) and the Universidad de Concepción (southern node of the project) by the end of July.

After the visit, the main conclusions arrived were the following:

- CICESE is a strong organization with an excellent internal control system.
- CICESE will take care of the preparation of the future financial reports to be submitted to IAI with the support of the administrative assistant of the PI.
- The delays to submit the financial and technical reports are the responsibility of the PI.
- All the payments released by CICESE to the Southern Node were to institutional accounts.
- The differences between the PI and the Chilean co-PIs are the result of many years of misunderstandings that now reached its maximum level of tension.

A meeting of the Executive Council of the project was held last October in order to discuss and to solve the internal problems that the CRN-026 is facing. The Scientific Officer of the Institute participated during the first day and a half of the meeting.

CRN-031

The recipient of the grant (La Red) informed that due to health problems of the PI, Dr. Eduardo Franco, he would have to step aside of the direction of the project. A few days before the scheduled date to have a meeting among all the researchers participating in the CRN-031 to address this issue, among others, Dr. Franco passed away.

The CRN Project Coordinator participated in this meeting.

Funds for Management

Grant for the management of the CRN:	\$538,400
Expenses as of October 31, 2003:	(\$479,314)
Available Funds	<hr/> \$ 59,086 =====

3) OTHER ADMINISTRATIVE ISSUES

Audit Review of IAI Financial Statements

In the period August 18 - 22 we received the visit of our external auditors (KPMG) in order to perform the audit review of our financial statements as of June 30, 2003.

The audit report is listed as document 4.

Staff Performance Assessment

During the month of July it was put in place the Performance Appraisal Review (PAR) process. Objectives were set for each individual staff for the fiscal year 2003/2004 which will be the base to evaluate their performance by the end of the fiscal year 2003/2004.

Internal Administrative Processes

IAI Administered Research Activities

It was detected that not all the research funds received from our donors were transferred to third parties through a grant contract. In many cases part of these funds were managed directly by the Directorate (training courses, summer institutes, proposal panel reviews) and little or no documentation was found regarding the decision on how to use these funds (purpose, activities to be funded, budget, etc.).

This lack of documentation also creates a problem at the time expenses against these funds have to be registered as well as when we have to justify the use of these funds to our donors.

To solve this problem, an internal document was created with the following structure:

Activity Number:

Title:

- **Background**
- **Objectives**
- **Activities**
 - o **Description**
 - o **Schedule / Time Frame**
- **Budget**
 - o **Funding Source**
 - o **Cost** (classified by major line items)

Director Signature

Date

This document cannot be longer than two pages.

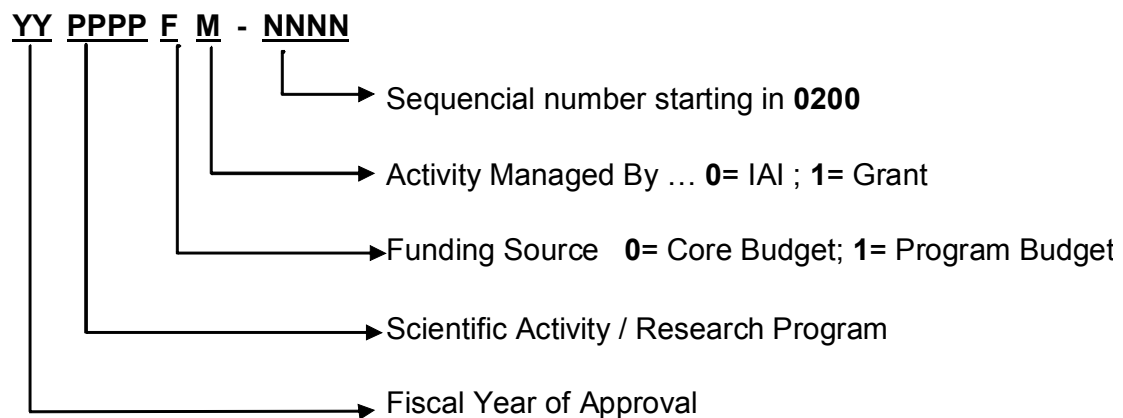
Project / Activity Numbering

Up to now, the project grants are numbered making reference to the Program they belong to (e.g. ISPIII, CRN, SGP I) and the proposal number.

Even though this practice allows to easily link a project with its original proposal it creates problems at the time we try to standarize the project numbering because:

- the project numbers are not consecutive;
- research/scientific activities funded with grant funds but out of the projects are difficult to be numbered because they are not associated to any approved research proposal.

Starting this fiscal year, all the scientific activities managed by IAI (grants and internal activities) will be numbered using the following code:



Following this rule, the activity number:

03SGP210-0200: Activity/project approved in fiscal year 2003 under the Small Grant Program II funded with the Program Budget and managed by IAI

ANNEX 1

COLLABORATIVE RESEARCH NETWORK

	Term		Amount US\$	PI	as of 30/06/01		Payments			Unpaid as of 31/Oct/03	
	Commence	Termin			ANPCyT	IAI	2001/2002 IAI	2002/2003 IAI	2003/2004 IAI		
1	11/1/1999	10/31/2004	818,000	Holm Tiessen		316,000	78,500	78,500	154,700	190,300	
3	12/1/1999	11/30/2004	821,000	Brian Luckman		328,400	149,422	149,422		193,756	
9	6/15/1999	12/15/2003	657,404	Charles H. Wood.		293,213	84,318	149,449	93,440	36,984	
12	11/1/1999	11/1/2004	819,826	Osvaldo E. Sala	100,260	135,981	42,701	167,242		373,642	
26	9/1/1999	8/31/2004	820,000	Maria Vernet		328,000	147,661	147,661		196,678	
31	11/1/1999	10/31/2004	808,920	Eduardo Franco Temple		316,116		75,036	15,000	402,768	
38	11/15/1999	11/15/2004	809,600	Pilar Cornejo R. De Grunaurer		168,300	155,100	0		486,200	
40	11/1/1999	11/30/2003	552,000	Juan F. Silva		277,000	62,500	62,625	125,125	24,750	
47	9/1/1999	8/31/2004	788,830	Michael E. Mc. Clain		335,374	137,548	138,460		177,448	
48	11/15/2000	11/14/2005	799,679	Ulisses Confalonieri		161,132		142,031	128,065	368,451	
55	12/1/1999	11/30/2004	819,180	Mario N. Nuñez	44,440	329,508	18,709	163,091	15,000	248,433	
61	8/15/1999	8/15/2004	819,000	Edmo José Dias Campos		344,000	60,000	161,958	70,000	183,042	
62	10/15/1999	10/14/2004	820,000	Timothy R. Baumgartner		328,000	52,712	96,528	15,000	327,760	
73	6/1/2000	5/31/2004	293,000	Victor O. Magaña Rueda		115,000	68,000	56,394		53,606	
			10,446,439			144,700	3,776,024	1,057,171	1,588,396	616,330	3,263,818