

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



EC-XXII & CoP-XIII
May 22-24, 2006
Venezuela

Core Budget Request FY 2006/2007

9_ECXXII/CoPXIII/DWD/English/May 15, 2006

BUDGET REQUEST FOR FISCAL THE YEAR 2006-2007

General Overview

In this document, the Directorate is submitting an operational budget for the next fiscal year based on the same level of contributions from the Member Countries to the Core Budget as for the previous period and sharing the cost of the Program Manager with the CRN II Program.

This proposal was prepared predicting a higher workload due to the implementation of the CRN II Program and for the organization of 4 Training Institutes, while keeping operational expenditures (including a small amount to support research activities) as low as possible.

The IAI core budget is used to support the Directorate operations. It amounts to approximately 25% of the total budget of the IAI. The other 75% are program funds. In addition, there are funds not held by the IAI which support activities coordinated and executed by the Directorate. Such funds may be held by UCAR, NCAR or were held by other agencies, such as the UNDP/WMO (IAI/GEF project). There are new additional agreements by which for instance Argentina will support core activities through targeted contributions.

The major IAI Directorate activities during fiscal year 2006/2007 will include:

- Scientific activities

i) Implementation of the CRN II Program

The management of the CRN II Program requires considerably more effort from the Directorate than previous programs. The Directorate is taking a much more active role in the coordination of the CRN II process to facilitate “network of networks” and develop a balanced science portfolio. In addition to the current 12 projects, the Directorate with the help of the SAC is implementing projects that are closely associated with or integrated into funded CRNs in order to balance the science disciplines, particularly developing sound interactions between social and natural sciences and to enhance/expand activities in areas identified as – as yet underrepresented- priorities by the SAC (e.g. urbanization, regional initiatives).

The SAC and the EC also recommended several CRN proposals for “seed money”, i.e. for funding at a reduced level aiming at developing valuable components of those proposals. These are being integrated into other program activities.

The Directorate is actively steering this process and linking “seed” projects with fully approved CRNs. This shaping of the science program has permitted the integration of projects into a network of networks, and has facilitated the design of regional initiatives (rather than individual projects) for which additional funding can be generated and is being negotiated. The consolidation of projects has for instance already produced additional funding permitting initiation of project activities in Cuba, which go beyond the mandate of the NSF-provided CRN II funds.

ii) Closure of CRN I Program, including synthesis on several topics like the publication of an IAI-SCOPE CRN synthesis “Science and Policy of Global Environmental Change.

The CRN I Program represents a science output from a research investment of approximately 25 million dollars. Less than half of this investment constitutes the original NSF-sponsored program and project plans. The very significant additional output is now being synthesized through the Directorate’s efforts. An example of such synthesis is the exploration of the science-policy interface, jointly with the

Scientific Committee on Problems of the Environment (SCOPE). Two members of the Directorate, a CRN PI and a member of the SAC are editing the resulting book to be published by an international non-profit publisher in 2006. These are considerable value-added activities by the Directorate that go beyond the administration of science projects.

- iii) **The implementation of a new round of the IAI Small Grant Program;**
- iv) **The organization of joint activities with the global change programs (LOICZ, START, IHDP, and with UN agencies and global programs.**
- v) **To Work with the EC and SAC on the development of an IAI Strategic Plan that defines IAI's mandate in activities beyond the scope of national science agencies which at the same time are of regional and national importance as the adaptation to global changes becomes a major policy issue . This plan will develop stronger links between the sciences and policy decision makers.**
- vi) **The Directorate is using its new observer status at the UNFCCC to link regional scientists to convention activities and international science networks.**
- vii) **The Directorate has also developed linkages to the UNCBD and will continue fostering such interactions through its program activities.** Fulfilling this mandate to link regional scientists to international global change science requires coordination and planning work as well as a presence at international fora from the Directorate. The IAI is not only co-sponsoring but Directorate staff is also actively participating in the organization of a number of joint activities with the global change programs such as a thematic regional workshop with LOICZ linked to CRN II; IHDP Workshop on Institutional Dimensions of Water, Trade and Environment; START 2nd Young Scientists Conference.
- viii) **The Directorate has also signed an MOU and is pursuing a more active collaboration with its sister-network APN in the Asia- Pacific.**

- Training and Education activities

- i) **To implement and complete the Seed Grant Program associated with the 2005 IAI Training Institutes;**
- ii) **The organization of 4 IAI Training Institutes.** IAI has arranged or will seek co-funding arrangements with other organizations. Partner organization include the IDRC (seed grant of the TI Jamaica), the German Academic Exchange Service (summer school on land use and forestry in Latin America) and INPE-CPTEC (training institute on climate and land use modeling).
- iii) **The publication of past Training Institutes proceedings or books** (Training Institute on Food Systems and Globalization and Training Institute on Urbanization in Latin America); and UNEP (IAI TI publication on Urbanization in Latin America)
- iv) **The organization of 2 colloquia jointly with NCAR under the NCAR-IAI joint activity framework. Integration of the IAI-NCAR post-doctoral fellowships into the IAI science program.**

- Outreach and Communication activities

- i) **To work with the Newsletter Editorial Board on a new layout, content and structure as well as on the publication of electronic issues**

- Data Information System

The IAI Data Information System (DIS) standardizes the scientific data and information generated by the science projects. This permits data access and synthesis across projects disciplines and regions and in this way generates an information technology tool that complements the international science mandate. The Directorate is spending considerable time and effort on data recovery from CRNI (when the DIS system and data policy were not advanced enough to generate a smooth metadata flow), and will engage CRN II participants through workshops and tutorials to not only contribute to the DIS but generate additional science synthesis activities. CRNII has been chosen as a partner program for a new GIS-based information system that permits free scaling of geographic information. Training programs will be presented as web-based course ware. An appropriate software has been tested at the directorate. Over-all the information technology at the directorate will play a greater role in outreach and capacity building than in the past.

- Administrative and Financial Support to the Directorate

The administrative and financial support to the activities of the Directorate has been provided by a reduced staff. Peaks of work, such as during the preparation of the Training Institutes have been frequently solved hiring help on an ad-hoc basis

To avoid having to train temporary staff and in order to streamline the organization of training activities, we are requesting the engagement of a permanent local employee.

This increased efficiency will allow the organization of more training activities than in the past, which we expect that, besides the training provided, will generate additional funding and exposure of the IAI to international funding and development agencies.

With the implementation of the new Project Management Manual, there will be a greater involvement of the financial area in project monitoring. Besides the analysis and control of the financial reports received from the Grantees, this area will be responsible for the assessment and monitoring of the financial and administrative capabilities of prospective and current grantees as well as for the control of all contracts issued by the Directorate.

With reference to the controls over the payroll and the attendance of the staff, the Directorate has established:

- i) a streamlined attendance control process, which reduces the paperwork; and
- ii) improve the controls and to avoid errors in the preparation of the payroll of the Brazilian staff, by bringing this task back (until now outsourced) to the Directorate. Specific software has been bought and the Financial Assistant has received specific training.

1) BUDGET REQUEST FOR FISCAL YEAR 2006-2007

This request was developed around six main categories: Salaries & Benefits, Staff Travel, Other Costs, Dissemination Activities, Director's Fund and Equipment,

Expenses

Table 1: Budget Request for Fiscal Year 2006/2007

	Fiscal Year 2006-07	Fiscal Year 2005-06	Differences
Salaries & Benefits	730,495	694,505	35,990
Travel	80,000	79,100	900
Equipment	10,000	10,000	0
Operational Costs	116,500	103,800	12,700
Dissemination & Outreach	39,000	65,000	(26,000)
Director Fund	36,410	60,000	(23,590)
	1,012,405	1,012,405	0

As is shown in Table 1 the request for the FY 2006-2007 is the same as for the previous year. The differences in each budget category are explained as follows:

Salaries and Benefits

Under this category the cost of 6 international positions and four locally hired staff are budgeted.

- As already explained, the Directorate seeks authorization to replace previously temporary staff by two local positions: one Administrative Assistant and one Driver. These positions will eliminate inefficient ad-hoc hiring and represent an increase of 2% over last years' budget for this category.
- During the last year Brazil has experienced significant inflation and the U.S. Dollar has weakened. Both of these factors have resulted in a 27% loss of purchasing power of the US dollar requiring a higher amount of US dollars to cover the same cost in local currency. This has had a direct impact on the amounts paid in local currency (Brazilian Real), both for the Directorate and for the international staff with salaries fixed in US dollars.

During the FAC meeting in Sao Jose dos Campos, Feb. 2005, the committee recognized that the impact of a weaker US dollar and the inflation rate in Brazil, has created a problem that required an immediate "temporary adjustment" while a more permanent solution was reviewed by the FAC.

For fiscal year 2005/2006 an adjustment of 13% over the salaries to partially compensate the impact of inflation and devaluation was approved. In 2005/2006 the situation has worsened to the extent that the losses during the past 10 months were double the 13% approved.

For this reason, I am requesting to maintain the status quo as a minimal compensation for exchange rate declines, i.e. the existing 13% adjustment until a more permanent solution is being proposed. This request will not have any impact on the budget because, as the salaries of the international staff for 2006/2007 will not have any increase, I am only requesting to maintain the same levels as for 2005/2006.

Travel

Although no additional funds are requested for FY 2006-2007, it might be difficult to maintain the travel expenses within this limit due to the fluctuating price of oil and its effects on airline fares. An effort will be made to decrease staff travel by increasing the number of meetings that can be held as Conference calls.

Operational Expenses

This budget category primarily includes support for the following: staff training, professional services (external audit, legal advice, translations and DIS services), office supplies and communication costs, and meeting support for the Scientific Advisory Committee (SAC) and Executive Council Working Groups.

Even though costs have been reduced where feasible, we foresee that some new items need to be considered. The most important is the creation of a line category to cover the costs of the services provided by Oak Ridge for the maintenance of the DIS system. We also foresee higher bank transaction charges, by approximately \$3,600, with reference to the previous year.

Dissemination and Outreach

We are proposing a reduction to the costs of the Newsletter and of the Annual Report. The ideas behind this decision are:

- to streamline the contents of both publications; and
- to provide an enhanced electronic rather than paper version since the greatest expense is mailing cost.

Director Special Fund

We are reducing last year's allocation of \$60,000 to \$36,410 in order to maintain the total level of expenses in the same level as last year's. This reduction is possible due to the fact that:

- 1) the NSF, through UCAR, made available funds to support activities that in the past were supported with this fund;
- 2) from now on, the Directorate will no longer support activities that do not fit the science and outreach program.
- 3) There will be a significant carry-over from the 2005/06 budget

2) MEMBER COUNTRY CONTRIBUTIONS TO THE CORE BUDGET

For fiscal year 2006-2007, the Directorate is requesting the same level of contributions as for the previous year.

Table 2: Country Contributions for 2006/2007

Country	% (*)	Contrib.
Argentina	5.01%	50,000
Bolivia	0.07%	5,000
Brasil	8.73%	85,000
Canada	12.63%	125,000
Chile	0.55%	5,000
Colombia	0.96%	10,000
Costa Rica	0.13%	5,000
Cuba		5,000
Dominican Republic	0.18%	5,000
Ecuador	0.18%	5,000
Guatemala	0.13%	5,000
Jamaica	0.18%	5,000
Mexico	6.21%	60,000
Panama	0.13%	5,000
Paraguay	0.20%	5,000
Peru	0.42%	5,000
United States	60.75%	595,000
Uruguay	0.27%	5,000
Venezuela	3.27%	30,000
FUND TOTAL	100.00%	1,015,000

(*): This percentage represents the participation of each member country in the distribution of the operational costs of the Directorate according to the OAS Table of Contributions for 2001. As per Art. XIII of the IAI Agreement, the contributions shall be in multiples of US\$5,000. Actual participation rate relative to the budget total may be different.

Along 2006/2007 the Member Country Representatives will be contacted by the Directorate in order to remind them to request, within their administrations, the payment of the pledged contributions.

As the IAI is entirely dependant on member country contributions to fund its operations, the timely receipt of the annual contributions is of the utmost importance to the Directorate.