

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



**EC-XXXI - CoP-XVIII – EC-XXXII**

*June 14-17, 2011*

*Asunción, Paraguay*

**Core Budget Request  
Fiscal Year 2011-2012**

11.ECXXXI/CoPXVIII/ECXXXII/English/20.May.2011



INTER-AMERICAN INSTITUTE FOR GLOBAL CHANGE RESEARCH

CORE BUDGET REQUEST FOR  
FISCAL YEAR 2011/2012  
and  
PRELIMINARY REQUEST 2012-2014

For review and approval by the EC/CoP  
Asunción, Paraguay - June 14<sup>th</sup> to 17<sup>th</sup>, 2011

# Index

Overview.....	3
Scientific activities .....	3
Outreach and Communication .....	4
Data Information System.....	4
Finance and Administration.....	4
Budget Request for Fiscal Year 2011-2012.....	6
Core budget comparison.....	6
Salaries and Benefits.....	6
Travel.....	8
Operational Expenses.....	8
Dissemination and Outreach.....	9
Director Special Fund.....	9
Core budget request bridge to 2010-2011.....	9
Member Country Contributions to the Core Budget.....	10
.....	11
Three-year Core Budget (FY 11-12 / 12-13 / 13-14).....	11

## **Overview**

This document contains the Directorate's operational budget for the 2011/2012 fiscal year. The budget considers all the funds needed to maintain the current level of service and operations, including the monitoring and synthesis of CRN II and SGP-HD Programs, design of a CRN III, training activities and additional programs according to current plans. It maintains operational expenses at a minimum despite an increase in activities related to the science program synthesis and future planning.

The IAI Core Budget supports the Directorate's operations; it represents approximately a quarter of the total budget administered by the IAI. The remainder is program funds which support activities coordinated and executed by the Directorate.

The major IAI Directorate activities during fiscal year 2011/2012 include:

## **Scientific activities**

### **Management and Monitoring of the CRN II and SGP-HD Programs**

Projects under CRN-II (Collaborative Research Network II) will be completing their fifth year and the IDRC-funded La Plata Basin initiative is also entering a synthesis phase (IDRC stands for the International Development Research Center). The Directorate will continue the close involvement in shaping the networking and coordination of all projects. All projects will be monitored according to the management manual, and a scientific evaluation of the CRN II projects based on the progress/status was initiated at the end of CRN II project year 3. The Small Grants Program for the Human Dimensions (SGP-HD) second annual report is being compiled and a renewal of the program was approved, so that the end will coincide with the end of CRNII.

The assessment of climate impacts on biodiversity in the Andes funded by the MacArthur Foundation's concluded in 2010. The directorate is editing a book and several policy briefs to be released in 2011. A further grant application to the foundation was approved to fund field research based on the priority-setting of the assessment in a three-year program for a total funding of US\$500k.

The project Landuse change, biofuels and rural development in the La Plata Basin, funded by the International Development Research Center (IDRC) of Canada at CAD 444,000, is being expanded. Additional funding is applied for to permit an overarching economic analysis of landuse change. A project meeting was held in April 2010 which initiated a process of research tool and data integration across the participating countries. The IAI

Directorate main task remains the coordination and the facilitation of stakeholder participation, and will also participate in the synthesis and will offer outlets and publicity for results.

### **IAI observer status at the UNFCCC and participation in SBSTA.**

The Directorate continues its participation at the UNFCCC SBSTA (United Nations Framework Convention on Climate Change, and its Subsidiary Body for Scientific and Technological Advice), although funding constraints have prevented in-person participation at SBSTA events. The Directorate is preparing a summary of research progress to be submitted in preparation for the 2011 SBSTA meeting in Bonn.

### **Outreach and Communication**

Two years ago, the costs of the IAI Newsletter and reporting were reduced by relying increasingly on electronic rather than paper formats since the greatest expense is mailing.

As the CRNII synthesis progresses, publications and web content are being developed - several of these are available on the IAI website.

### **Data Information System**

The IAI Data Information System (DIS) 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 working with several of the CRNs and also with organizations involved in the IDRC project to facilitate a smooth metadata flow and mirroring of geographic information.

### **Finance and Administration**

The Financial and Administrative Office of IAI continues to improve and streamline everyday activities, financial reporting, project monitoring, while maintaining internal controls, and satisfactory external audit results.

The budget for 2011/2012 includes the contracting of basic accounting services, due to increased staff duties and in order to improve management reporting and analysis. A further goal is to achieve timely and better quality information for decision making. This item was included in the

previous budget request, however due to lack of stable funding from the member countries, IAI was not able to execute a contract.

Besides the analysis of financial reports and requests received from the Grantees, Finance and Administration is 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.

On-going activities include budget development, strategic planning, as well as management reporting and analysis.

## Budget Request for Fiscal Year 2011-2012

The budget was developed in detail around six main categories: Salaries & Benefits, Travel, Equipment, Operational Costs, Dissemination & Outreach, and Director's Fund. These categories comprise all individual expense accounts and provide a clear perspective of the planned expenses for Fiscal Year 2011/2012.

The proposed budget amount increases the operational budget of the Institute by 4.1%, due to higher cost of living and for local payments in Brazilian Real, however it will not require changes in the total contribution amount. The proposed budget level allows IAI to continue with a steady level of activities and services even though it contains lower operating costs. The lower operating costs compensate for additional liabilities that have in the past not been included in the budget (see below).

### Core budget comparison

For the summary of the budget, please refer to Table I:

Table I: Budget Comparison 2011/2012 - 2010/2011  
Summary by major category

Amounts in US\$	Fiscal Year 2011-2012	Fiscal Year 2010-2011	Difference
Salaries & Benefits	960,521	904,485	56,036
Travel	83,180	83,180	-
Equipment	10,700	14,200	(3,500)
Operational Costs	174,135	174,135	-
Dissemination & Outreach	49,000	49,000	-
Director's Fund	54,000	54,000	-
<b>Total</b>	<b>1,331,536</b>	<b>1,279,000</b>	<b>52,536</b>

### Salaries and Benefits

Under this category the cost of 6 international positions and 3 locally hired staff are budgeted. For the previous four years, the IAI had been paying nearly 50% of the salaries of the staff provided by Brazil as the funding provided for these three positions was no longer sufficient to cover salaries at market rates for the level of qualification required and detailed in the above mentioned agreement.

After extensive negotiations with the Brazilian representation, the situation was resolved and the changes meant a reduction of 50% on

the Staff Incentives, a reduction of the salaries paid directly by IAI (Accountant, Driver), and an increase of salary costs for the 2 part-time assistants to the Director, now fully covered by IAI.

As was the case last year, recent communications with INPE (Instituto Nacional de Pesquisas Espaciais) indicate that the current contract is not valid and a new process for hiring will be put in place; there is a significant risk of the situation reverting to pre-2008 levels, where the IAI would have to supplement the salaries in order to keep the local employees; however, with the current funding situation, the IAI would not be able to supplement these salaries, so the Institute could face another crisis situation in the near future.

The current details by employee status are provided below:

<b>Employees by Type</b>	<b>Quantity</b>
<b>International Staff</b> (DIR, 3 A.D.'s , PM, ITM)	<b>6</b>
<b>Locally Hired (IAI)</b> (1.5 Assistants)	<b>1.5</b>
<b>Provided by INPE</b> (Accountant, Driver, 2 Assistants)	<b>4</b>
<b>MacArthur - Part-time</b> Not funded with Core Budget	<b>1.5</b>

Other details of the Salaries and Benefits line include:

- The amount shown under salaries includes the full cost of the Program Manager with the CRN II Program as per the CRN II approved project proposal for year 5 of the program.
- The US dollar exchange rate in terms of Brazilian Real has decreased again compared to the previous year therefore, an additional increase of 7% in the Post-adjustment level is recommended in this budget. The procedure for future changes has been clearly defined and has been in use for the past 7 quarters.
- A total of US\$37.5k was reduced from the salary line as this is the IAI's income arising from the MacArthur project. This amount includes only the indirect costs covered by these projects for the administration of the grant.
- For local employees, the budget considers the adjusted value in terms of US dollars, however no salary increase is expected, other than the inflation rate adjustment for the previous calendar year calculated at 6.0%.
- Based on the Post Adjustment procedure in place, the budget considers the same level of Post Adjustment as the calculation made



in the first quarter of 2011, with a level of 40.1% for the International Positions. This level represents an average exchange rate of 1.67 Brazilian Real per one US dollar.

- The Salaries and Benefits line represents 72% of the IAI Core Budget (up from 71% in 2009/2010 and at the same level as 2008/2009).

## Travel

The travel budget for the 2011/2012 fiscal year has been maintained from the previous fiscal year's level. It includes attendance to the Executive Council and Conference of the Parties meetings for the Director, Officers, and two Assistants; it also includes attendance by the Director, Scientific Officer, and Program Manager at the SAC Meetings, attendance of the Program Manager at the UNFCCC-COP-SBSTA meetings, and other travels based on previous years.

The detailed travel budget is as follows:

**TRAVEL ESTIMATES FOR THE FISCAL YEAR 2011/2012**  
Amounts in US\$

Position	Perdiem	Air Fare	Total
<b>Priority 1</b>			
Director	9,800	9,800	19,600
A.D. Science	3,800	7,015	10,815
A.D. Finance and Admin.	11,300	9,695	20,995
A.D. Outreach	2,900	4,300	7,200
Program Manager	3,800	7,245	11,045
IT Manager	800	1,200	2,000
Local Staff	2,220	3,225	6,345
<b>Subtotal: Priority 1 Travel</b>	<b>34,620</b>	<b>42,480</b>	<b>78,000</b>
Priority 2 and 3	2,228	2,952	5,180
<b>Total Travel</b>	<b>36,848</b>	<b>45,432</b>	<b>83,180</b>

## Operational Expenses

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

## Dissemination and Outreach

We are proposing maintaining the costs of the IAI Newsletter and the IAI Bi-Annual Report, by streamlining the contents of both publications and providing an enhanced electronic rather than paper version. The design of the Newsletter and the Annual Report is done in-house.

## Director Special Fund

The Director's Special Funds was maintained from the previous fiscal year for a total of US\$54,000, to compensate for activities for Cuba under CRN II and extend the reach of the Fund.

## Core budget request bridge to 2010-2011

Table III: Budget Comparison 2011-2012 - 2010-2011 - Bridge  
Summary by major category

Amounts in US\$	Fiscal Year 2011-2012	Fiscal Year 2010-2011	Difference
<b>Salaries &amp; Benefits</b>	960,521	904,485	56,036
<b>Travel</b>	83,180	83,180	-
<b>Equipment</b>	10,700	14,200	(3,500)
<b>Operational Costs</b>	174,135	174,135	-
<b>Dissemination &amp; Outreach</b>	49,000	49,000	-
<b>Director's Fund</b>	54,000	54,000	-
<b>Total</b>	<b>1,331,536</b>	<b>1,279,000</b>	<b>52,536</b>

(a)

(b)

<b>(a) Salaries and Benefits</b>	<b>56,036</b>	
Salaries Intl Staff	20,842	Increased cost in R\$
Salaries - Local Staff	(1,255)	Salaries updated for Inflation - minus .5 position
Pension plans Intl Staff	5,084	Based on salaries
Post-adjustment	28,887	R\$ has again increased its value against US\$
Education allowance	7,000	One more dependent considered
Project income - overheads	10,111	Prev. year had 2 external project - curr. 1
Home leave	(20,000)	
Others	5,367	
<b>(b) Equipment</b>	<b>(3,500)</b>	
Equipment (net)	(3,500)	

## Member Country Contributions to the Core Budget

For fiscal year 2011-2012, the IAI Directorate is requesting the same level of contributions from the previous fiscal year.

**Table II: Current Contribution to CB by country**  
Amounts in US\$

Country	% (*)	Contrib.
Argentina	5.01%	63,000
Bolivia	0.07%	5,000
Brazil	8.73%	110,000
Canada	12.63%	159,000
Chile	0.55%	7,000
Colombia	0.96%	12,000
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%	77,000
Panama	0.13%	5,000
Paraguay	0.20%	5,000
Peru	0.42%	5,000
United States	60.75%	762,000
Uruguay	0.27%	5,000
Venezuela	3.27%	41,000
<b>FUND TOTAL</b>	<b>100.00%</b>	<b>1,286,000</b>

(\*): 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. The 26th EC requested contributions in multiples of US\$1,000 implemented in 2007

With the current forecast for contributions, IAI expects to fund 100% of the 2011/2012 budget, either by current year contributions or payments to previous year's contributions; however we will continue to pursue the maximization of these funds and to get all member countries to participate in and contribute to the IAI's activities.

## Three-year Core Budget (FY 11-12 / 12-13 / 13-14)

Budget by Year 2011/2012 - 2012/2013 - 2013/2014  
Summary by major category

Amounts in US\$	Fiscal Year 2011-12	Fiscal Year 2012-13	Fiscal Year 2013-14
<b>Salaries &amp; Benefits</b>	960,521	966,241	985,624
<b>Travel</b>	83,180	87,583	87,583
<b>Equipment</b>	10,700	15,000	10,000
<b>Operational Costs</b>	174,135	172,522	211,754
<b>Dissemination &amp; Outreach</b>	49,000	40,000	40,000
<b>Director's Fund</b>	54,000	60,000	70,000
<b>Total</b>	<b>1,331,536</b>	<b>1,341,346</b>	<b>1,404,961</b>

The budget for 12/13 and 13/14 are for reference and planning purposes, and each year a three-year budget will be presented, however approval for each one is made yearly.