



INTER-AMERICAN INSTITUTE FOR GLOBAL CHANGE RESEARCH

CORE BUDGET REQUEST FOR
FISCAL YEAR 2013/2014
and
PRELIMINARY REQUEST 2014-2016

For review and approval by the EC/CoP
Montevideo, Uruguay - June 11th to 14th, 2013

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1) Overview

This document contains the Directorate's operational budget for the 2013/2014 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, CRN III, and SGP-CRA Programs, 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, and accounts for the implementation of the host country move and new sites for the IAI Directorate.

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 2013/2014 include:

a) Scientific activities

Management and Monitoring of the CRN II, CRN III, SGP-HD, and SGP-CRA Programs

The projects under CRN-II have completed their final year and the IAI is finalizing its reporting and synthesis. The Directorate will continue its close involvement in shaping the networking and coordination of all projects. All projects were monitored according to the management manual, and a scientific evaluation based on the progress/status initiated at the end of CRN II project year 3. The Small Grants Program for the Human Dimensions (SGP-HD) program was finalized to coincide with the end of CRN II.

The CRN III program (2012-2016) has now been implemented and the majority of funds for the first year disbursed. CRN III was endorsed by CoP20 in 2012, based on the recommendations by the Scientific Advisory Committee and the Directorate. An additional program, the Collaborative Research in the Americas (SGP-CRA) has been implemented and is now entering its second year. The program will run until 2014.

The MacArthur foundation grant has entered its second year, conducting field research based on the priority-setting of an assessment conducted by the IAI in a previous three-year program funded at US\$500,000.

The Assistant Director for Science Programs, position was filled with the hire of Dr. Elma Montana from Argentina. The additional costs associated with this new position are included in this budget.

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). The IAI submission highlights its Tropi-Dry network in response to an invitation by SBSTA-37 to the June 2013 SBSTA meeting in Bonn, Germany.

b) Outreach and Communication

After attempts to reduce cost and provide only an electronic form of the IAI Newsletter, a full paper version is again being produced, supplemented with more targeted electronic articles and science briefs.

As the synthesis of CRN II is completed, publications and web content are being developed - several of these are available on the IAI website.

c) Data Information System

The IAI servers have experienced several problems during the past year, although few interruptions in service occurred. The IT manager left IAI in April 2013, and much of the IT service will be outsourced in the coming months. This change to outsourced service should improve security, connectivity and development potential of the system.

d) Finance and Administration

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

As in past years, the budget for 2013/2014 includes the contracting of an additional position to improve management, reporting and analysis, particularly of the science and capacity building programs, and assist the development of accounting records, for those activities across member countries. Also, funds have been allocated for a transition period for the new office, to ensure a smooth transition and transfer of duties for the new office in Montevideo.

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.

Ongoing activities include budget development, strategic planning, as well as management reporting and analysis.

2) Budget Request for Fiscal Year 2013-2014

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 2013/2014.

The proposed FY 13/14 budget amount maintains the operational budget of the Institute at the same level as the prior year. Additional costs associated with the new directorate structure are offset by anticipated savings in post adjustments for cost of living and for local payments in in Uruguayan Peso rather than Brazilian Real. The budget does not propose changes in the total contribution amount. The proposed budget level allows IAI to continue with an improved level of activities and services and compensation for additional liabilities that have in the past not been included in the budget (see below).

The proposed budget estimates the full cost for the following fiscal year, which, taking into account probable dates for the Directorate's move to its new location, contains the cost for 3 months of operations in Brazil and 9 months of operations in Uruguay; these values are subject to change based on the actual date of the move.

The moving expenses for the staff are not expected to generate additional costs for the Institute, as those expenses will be offset by the sale of the IAI car (valued at US\$45,000) and therefore, additional costs have not been added to the budget.

Also included in the budget are the savings from the previous year for the IT Manager's position (vacant since April 2013) which will not be filled; instead, the budget considers the contract with an IT solutions company (based in Argentina) which will provide server and security solutions; as well as further outsourced web design and web content improvements at a fraction of the cost.

a) Core budget comparison

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

Table I: Budget Comparison 2012/2013 - 2011/2012
Summary by major category

Amounts in US\$	Fiscal Year 2013-2014	Fiscal Year 2012-2013	Difference
Salaries & Benefits	927,599	960,521	(32,922)
Travel	99,280	83,180	16,100
Equipment	10,700	10,700	-
Operational Costs	166,135	174,135	(8,000)
Dissemination & Outreach	39,000	49,000	(10,000)
Director's Fund	54,000	54,000	-
Total	1,296,714	1,331,536	(34,822)

b) Salaries and Benefits

Under this category the cost of 5 international positions and 2 locally hired staff is budgeted (once the Montevideo offices are operational). It also includes the current Brazilian Staff for a period of up to six months.

The current details by employee status are provided below:

Employees by Type	Quantity
International Staff (DIR, 3 A.D.'s , PM)	5
Locally Hired (IAI) (4 Assistants, 1 IT, Driver, Accountant)	7

Other details of the Salaries and Benefits line include:

- The amount shown under salaries includes the full cost of the Program Manager since it is no longer covered by the CRN II Program.
- The US dollar to Brazilian Real exchange rate has been stable during the previous year. Therefore, no change 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 4 years. Based on the Post Adjustment procedure in place, the budget considers the same level of Post Adjustment as the calculation made in the third quarter of 2012, with a level of 25.1% for the International Positions. This level represents an average exchange rate of 2.04 Brazilian Real per one US dollar.
- A total of US\$37.5k was reduced from the salary line as this is the IAI's income arising from the IDRC and MacArthur projects. This amount includes only the indirect costs covered by these projects for the administration of the grant.

- The Salaries and Benefits line represents 71% of the IAI Core Budget (down from 72% as in 2012/2013 and 2011/2012) due to the effect of the international staff benefits for Brazilian nationals (savings on taxes, social security) and the resignation of the IT Manager, position that will be replaced by temporary contracts and an outsourced operations management.

c) Travel

The travel budget for the 2013/2014 fiscal year has increased from the previous fiscal year's level, still considering two combined EC meetings per year, however leaving an allowance for travel of the two new positions of the Directorate in Argentina. It includes attendance to the Executive Council and Conference of the Parties meetings for the Executive Director, Assistant Directors, Directors in Argentina and two Assistants; it also includes attendance by the Director, A.D. for Science Programs, and Program Manager at the SAC Meetings, attendance of the Program Manager at the UNFCCC-COP-SBSTA meetings, and other travel based on previous years.

The detailed travel budget is as follows:

TRAVEL ESTIMATES FOR THE FISCAL YEAR 2013/2014
Amounts in US\$

Position	Perdiem	Air Fare	Total
Priority 1			
Director	9,800	9,800	19,600
A.D. Science	3,800	7,015	10,815
A.D. Finance and Admin.	9,700	9,695	19,395
A.D. Outreach	2,900	4,300	7,200
Program Manager	3,800	7,245	11,045
Arg. Directorate	10,800	11,225	22,025
Local Staff	1,620	1,500	4,020
Subtotal: Priority 1 Travel	42,420	50,780	94,100
Priority 2 and 3	2,228	2,952	5,180
Total Travel	44,648	53,732	99,280

d) Operational Expenses

This budget category primarily includes support for the following: staff training, professional services (external audit, legal advice, IT Services and transition contracts, 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. The decrease from the previous year is due to the Unliquidated Obligations fund, temporarily reduced to align the budget with the projection presented at the previous CoP.

e) Dissemination and Outreach

Despite increased activity associated with publication of the IAI newsletter, the costs of the IAI Newsletter and the IAI Annual Report are being kept level with last year by streamlining the contents of both publications, and designing the Newsletter and the Annual Report in-house. The previous budget included an amount for web design, which is now part of the IT Management contract.

f) 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 possible Cuban activities under CRN3 and extend the reach of the Fund. For the past five years, the Directorate no longer supports activities that do not fit the science and outreach program, thereby making it more effective and strategically managed.

g) Core budget request bridge to 2012-2013

**Table II: Budget Comparison 2013-2014 - 2012-2013 - Bridge
Summary by major category**

Amounts in US\$	Fiscal Year 2013-2014	Fiscal Year 2012-2013	Difference	
Salaries & Benefits	927,599	960,521	(32,922)	(a)
Travel	99,280	83,180	16,100	(b)
Equipment	10,700	10,700	-	
Operational Costs	166,135	174,135	(8,000)	(c)
Dissemination & Outreach	39,000	49,000	(10,000)	(d)
Director's Fund	54,000	54,000	-	
Total	1,296,714	1,331,536	(34,822)	

(a) Salaries and Benefits	(32,922)	
Salaries and Benefits	(32,922)	Host country change + IT Mgr Position
(b) Travel	16,100	
Argentina Office	16,100	Same overall level + Arg. Office
(c) Operational Costs	(8,000)	
IT services and transition	9,500	IT Management contract
Unliquidated Obligations Fund	(18,000)	Temporarily decreased
Others	500	
(d) Dissemination & Outreach	(10,000)	
Web design	(10,000)	Part of IT Management Contract

3) Member Country Contributions to the Core Budget

For fiscal year 2013-2014, the IAI Directorate is proposing the same level of contributions from the previous fiscal year.

Table III: 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
FUND TOTAL	100.00%	1,286,000

(*): 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. 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 2013/2014 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.

4) Three-year Core Budget (FY 13-14 / 14-15 / 15-16)

Table IV: Budget by Year 2013/2014 - 2014/2015 - 2015/2016
Summary by major category

Amounts in US\$	Fiscal Year 2013-2014	Fiscal Year 2014-2015	Fiscal Year 2015-2016
Salaries & Benefits	927,599	936,034	967,797
Travel	99,280	104,542	110,086
Equipment	10,700	15,000	15,000
Operational Costs	166,135	214,904	225,494
Dissemination & Outreach	39,000	40,000	40,000
Director's Fund	54,000	60,000	60,000
Total	1,296,714	1,370,480	1,418,377

The budget for 14/15 and 15/16 are for reference and planning purposes, and each year a three-year budget will be presented, however approval for each one is made yearly.