



INTER-AMERICAN INSTITUTE FOR GLOBAL CHANGE RESEARCH

**CORE BUDGET REQUEST FOR  
FISCAL YEAR 2016/2017  
and  
PRELIMINARY REQUEST 2017-2019**

For review and approval by the EC/CoP  
Lima, Peru  
June 14 to 17, 2016

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## **1) Overview**

This document contains the Directorate's operational budget for the 2016/2017 financial year. The budget shows all the funds needed to maintain the current level of service and operations, including the monitoring of CRN III, implementation of a new SGP-HD program, 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 policy activities, synthesis and future planning; it also accounts for the implementation of the currently functional parts of the tripartite IAI Directorate.

The IAI Core Budget supports the operations of the Directorate, the committees of the Conference of the Parties and Executive Council, and global initiatives on behalf of the IAI science communication and policy outreach. It represents approximately a quarter of the total budget administered by the IAI. The remainder is program funds that support activities coordinated and executed by the Directorate.

The major IAI Directorate activities during fiscal year 2015/2016 include:

### **a) Scientific activities**

#### **Management and Monitoring of the CRN III and SGP Programs**

The CRN III program (2012-2017) is now in its fourth year and the majority of funds have been disbursed by the IAI according to schedule. Administrative and scientific problems associated with implementing credible interdisciplinarity have made it necessary to re-design funding flows for 15/16, and implement a no-cost extension beyond 2016, however most projects are now on track. A new SGP-HD program is being launched and the call for proposals and project selection will be completed before the end of 2016. An in-depth analysis of science output, networking between countries and institutions, and science applications to decision making and policy for CRN2, SGP-HD and SGP-CRA has been initiated and will continue.

The MacArthur foundation grant was completed with a one year extension. A follow-up proposal has been prepared by the IAI, and is under review.

#### **IAI observer status at UN conventions and scientific bodies.**

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). A new initiative to evaluate the 1.5 degree limits adopted at the Paris COP has been initiated for the coming year.

The directorate is also participating in the activities of the biodiversity convention CBD and its new science assessment body IPBES. An MOU will be signed with IPBES in September 2016, IAI being a scientific knowledge provider and IPBES as a complement to IAI's efforts.

The IAI participated in the UN General Assembly that discussed the Agenda for the 2030 Sustainable Development Goals and also for the Paris Agreement, which mark a new era for the environment and global change research, and which will have to be integrated into the IAI's science planning. Production of the IAI-University of Alberta Massive Open On-line Course (MOOC), partially supported by the Development Bank for Latin America (CAF) has begun and its launch is planned at the CBD COP-13 and UNFCCC COP-22.

### **b) Outreach and Communication**

For the past four years and after attempts to reduce cost and provide only an electronic form of the IAI Newsletter, a paper version is no longer produced, but the IAI website has been greatly enhanced, and rapid communications are being implemented using Facebook and Twitter. Several videos derived from science programs are being produced for the IAI Youtube channel.

### **c) Data Information System**

The IAI servers are still being outsourced and as expected, service has improved security, connectivity and development potential of the system. New solutions are being put in place to further improve the IAI communication systems. An IAI conferencing system is being implemented and should be ready fully by mid 2016. Similarly, an IT based telephone system that includes the director in Buenos Aires is now in place. With the new system, the IAI will have land-line access numbers in Uruguay and the USA.

### **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 2016/2017 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. The final transition period in Montevideo has been completed as planned, leaving only small operations in Brazil until the closure of the tax identifier for IAI.

A new Business Information system was successfully implemented in 2015 and it has improved the quality of the information and secure the data from previous years, including country contributions, projects, and participants. The new system (SAP Business One) is a solution designed for small businesses and it provides IAI with more reporting tools and better information management. This system will be migrated to an IAI owned server.

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 2016-2017**

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 2016/2017.

The proposed FY 15/16 budget amount maintains the operational budget of the Institute at the same level as proposed over the previous year. The budget does not consider a proposal for changes in the total contribution amount, as anticipated the previous year. 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 operating in Montevideo.

### **a) Core Budget comparison**

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

**Table I: Budget Comparison 2016/2017 - 2015/2016**  
**Summary by major category**

<b>Amounts in US\$</b>	<b>Fiscal Year 2016-2017</b>	<b>Fiscal Year 2015-2016</b>	<b>Difference</b>
<b>Salaries &amp; Benefits</b>	935,382	920,230	15,152
<b>Travel</b>	99,280	99,280	-
<b>Equipment</b>	10,700	10,700	-
<b>Operational Costs</b>	277,754	296,854	(19,100)
<b>Dissemination &amp; Outreach</b>	39,000	39,000	-
<b>Director's Fund</b>	54,000	54,000	-
<b>Total</b>	<b>1,416,116</b>	<b>1,420,064</b>	<b>(3,948)</b>

**b) Salaries and Benefits**

Under this category the cost of 5 international positions and 1 locally hired staff is budgeted. The budget considers partial salaries in Brazil for the final close of the offices and legal requirements needed to complete the close.

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)	<b>5</b>
<b>Locally Hired (IAI)</b> (1 Logistics Assistant)	<b>1</b>
<b>Provided by LATU (Uruguay in-kind)</b> <b>(Accountant, Executive Assistant)</b>	<b>2</b>
<b>Provided by MINCYT (Argentina)</b> Director Science Policy Liason	<b>1</b>
<b>MacArthur - Part-time</b> Not funded with Core Budget	<b>1</b>

Other details of the Salaries and Benefits line include:

- The US dollar to Uruguayan Peso exchange rate has compensated for the rate of inflation 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 30 Uruguayan Pesos per one US dollar.
- A total of US\$30k was reduced from the salary line as this is the IAI's income arising from the new MacArthur project. This amount includes only the indirect costs covered by these projects for the administration of the grant.
- The Salaries and Benefits line represents 66% of the IAI Core Budget (down from 2014/2015 at 71%, at a similar level as 2015-2016) due to the effect of savings in the salary lines for the effect of operations in Uruguay, the effect of the eliminated IT Manager position and reduced cost of living adjustments from the previous estimate presented at the CoP in 2015, to reflect part of the country contribution situation. Also, the re-classification of consultant expenses for Argentina previously included as Other Salaries.
- Also, Salaries will not be adjusted to reflect lack of payment by several countries, particularly Brazil.

### **c) Travel**

The travel budget for the 2016/2017 fiscal year has been maintained at the same level as the previous fiscal year still considering two combined EC meetings per year, however leaving an allowance for travel of the new position of the Directorate in Argentina. It includes attendance to the Executive Council and Conference of the Parties meetings for the Executive Director, area Directors, Director in Argentina and two Assistants; it also includes attendance by the Director, Scientific Director, and Program Manager at the SAC and SPAC 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 2016/2017**  
**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.	9,700	9,695	19,395
A.D. Outreach	2,900	4,300	7,200
Program Manager	3,800	7,245	11,045
Argentina Directorate	10,800	11,225	22,025
Local Staff	1,620	1,500	4,020
<b>Subtotal: Priority 1 Travel</b>	<b>42,420</b>	<b>50,780</b>	<b>94,100</b>
Priority 2 and 3	2,228	2,952	5,180
<b>Total Travel</b>	<b>44,648</b>	<b>53,732</b>	<b>99,280</b>

**d) Operational Expenses**

This budget category primarily includes support for the following: staff training, professional services (external audit, legal advice, IT Services, translations, DIS services, accounting services, office supplies and communication costs, and meeting support for the Scientific Advisory Committee - SAC and for the Science-Policy Advisory committee - SPAC). The increase from the previous year is due to the IT Services contract, as planned the previous year.

**e) Dissemination and Outreach**

The costs of the IAI outreach activities are being kept level with last year by switching expenses from paper-based newsletter to web maintenance and production of audio-visual materials. It also includes 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. For the past six 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 Comparison 2016-2017 and 2015-2016**

**Table II: Budget Comparison 2016-2017 - 2015-2016 - Bridge  
Summary by major category**

<b>Amounts in US\$</b>	<b>Fiscal Year 2016-2017</b>	<b>Fiscal Year 2015-2016</b>	<b>Difference</b>
<b>Salaries &amp; Benefits</b>	935,382	920,230	15,152
<b>Travel</b>	99,280	99,280	-
<b>Equipment</b>	10,700	10,700	-
<b>Operational Costs</b>	277,754	296,854	(19,100)
<b>Dissemination &amp; Outreach</b>	39,000	39,000	-
<b>Director's Fund</b>	54,000	54,000	-
<b>Total</b>	<b>1,416,116</b>	<b>1,420,064</b>	<b>(3,948)</b>

(a)

(b)

<b>(a) Salaries and Benefits</b>	<b>15,152</b>	
Salaries and Benefits	15,152	Updated cost of TLI + Health Allowance
<b>(b) Operational Costs</b>	<b>(19,100)</b>	
Unliquidated Obligations Fund	(19,100)	

### 3) Member Country Contributions to the Core Budget

For fiscal year 2016-2017, the IAI Directorate maintains the level of contributions from the previous fiscal year.

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

Country	% (*)	Contrib.
Argentina	5.01%	69,000
Bolivia	0.07%	5,000
Brazil	8.73%	120,000
Canada	12.63%	173,000
Chile	0.55%	8,000
Colombia	0.96%	13,000
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%	85,000
Panama	0.13%	5,000
Paraguay	0.20%	5,000
Peru	0.42%	6,000
United States	60.75%	831,000
Uruguay	0.27%	5,000
Venezuela	3.27%	45,000
<b>FUND TOTAL</b>	<b>100.00%</b>	<b>1,400,000</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 2016/2017 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 16-17 / 17-18 / 18-19)

Table IV: Budget by Year 2016/2017 - 2017/2018 – 2018/2019  
Summary by major category

Amounts in US\$	Fiscal Year 2016-2017	Fiscal Year 2017-2018	Fiscal Year 2018-2019
<b>Salaries &amp; Benefits</b>	935,382	913,899	1,113,021
<b>Travel</b>	99,280	93,909	93,909
<b>Equipment</b>	10,700	15,000	10,000
<b>Operational Costs</b>	277,754	295,633	224,404
<b>Dissemination &amp; Outreach</b>	39,000	40,000	40,000
<b>Director's Fund</b>	54,000	60,000	40,000
<b>Total</b>	<b>1,416,116</b>	<b>1,418,441</b>	<b>1,521,334</b>

The budget for 17/18 and 18/19 are for reference and planning purposes, and each year a three-year budget will be presented, however approval for each one is made yearly.