

INTER-AMERICAN INSTITUTE FOR GLOBAL CHANGE RESEARCH



EC-XXXI - CoP-XVIII – EC XXXII

14-17 June 2011

Asunción, Paraguay

Minutes of the EC-XXXI

**Minutes of the Thirty-First Meeting of the IAI Executive Council (EC)
14 June 2011, Asuncion, Paraguay**

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Note: This report is not a strictly chronological record. For completeness, greater clarity and readability the IAI Directorate has grouped discussions of an agenda item together under the first occurrence of the topic.

**31st Meeting of the IAI Executive Council (EC)
14 June 2011 — Asuncion, Paraguay**

AGENDA

Tuesday– 14 June 2011	Day 1
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- Morning session (08:30 – 12:30)

08:30 - 09:00 Registration

Opening ceremony

- Welcome by Representative of Paraguay
- Welcome by EC Chair

Approval of the Agenda

Approval of the Report of the 29th and 30th Meetings of the EC

Progress Report of the EC

- Activities charged to the EC and its Bureau
- Activities, actions and decisions of the EC Bureau or its members

10:30 – 10:45 Coffee Break

Financial and Budgetary matters:

- Overview of the Financial Status for FY 2011-2012 and Audit of 2011 (Rafael Atmetlla)
- Core Budget and Country Contributions for FY 2011-2012 (Rafael Atmetlla);
- Financial and Administrative Committee Report (William Smith);

Comments and discussion by delegations

Receipt of the Auditors Report and approval of Financial Status Report, financial items to be forwarded to the CoP

Review of offers to host the IAI directorate and recommendations to the CoP

EC-chair

Update on relations with Member States Delegates & IAI Directorate

12:45 Lunch break

- Afternoon Session (14:00 – 18:00)

Report of the committee to recommend candidates for the election of four IAI SAC members - recommendation to the CoP

15:30 – 15:45 Coffee Break

Strategic developments and CRN3

IAI Directorate & SAC Chair

Discussion of IAI Strategic Plan and recommendation to the CoP

Approval of the items to be forwarded to the CoP

EC Chair

Adjourn

Debriefing EC Bureau and Directorate
Meetings of EC Working Groups as necessary

Participants

EC Country Representatives

Argentina: Sebastián Lucas Nicolino

Brazil: Maria Virgínia Alves

Canada: Marjorie Shepherd

Chile: Patricio Diaz Broughton

Colombia: Ricardo José Lozano Picón

Cuba: Bertha Alasá Quintana

Paraguay: Constantino Nicolás Guefos Kapsalis, Fernando J. Mendez Gaona

United States: Paul Filmer, Maria Uhle, Louis B. Brown

Observers – Member Countries:

Costa Rica: Marco Aurelio Peraza Salazar

Dominican Republic: William Fermín Gómez

Observers – other institutions:

APN: Lou Brown

SAC Members:

Juan Valdés (Chair)

IAI Directorate:

Holm Tiessen (Director), Rafael Atmetlla (Assistant Director, Finance and Administration), Marcella Ohira (Assistant Director, Capacity Building), Christopher Martius (Assistant Director: Science), Luciana Londe (Executive Assistant) Tania R. Freire Sánchez (Executive Assistant)

Local staff

Blanca Patricia Vázquez, Cristian Ramón Britez Osorio, Nelly Figueredo, Victor Ariel Ayala Rojas

1. Opening Session

The Bureau of the EC welcomed participants to the meeting.

2. Approval of the Agenda

The EC approved the Agenda of its Thirty First Meeting, with the inclusion of an agenda item to form a committee to recommend candidates for the election of SAC members, and to report out to the CoP rather than the EC.

(Action 1)

3. Approval of the Reports of the XXIX and XXX EC Meetings

The EC approved the minutes of its 29th and 30th meetings with no modifications.

(Action 2)

4. Report of the EC Bureau

Paul Filmer, EC chair, reported on the following activities:

- Meeting with Microsoft representatives who are interested in the IAI for a scientific research network supported by Microsoft software (July 2010). Discussions are ongoing.
- Meeting with Counselor Everton Lucero from the Embassy of Brazil in the US, to discuss the relations between the IAI and Brazil and the difficulties the Directorate was experiencing in its operations (October 2010). Mr. Lucero said he would inform the Ministry of Foreign Affairs about the situation.
- Meeting with representatives from CAPES (Coordenacao de Aperfeicoamento de Pessoal de Nivel Superior), which is a huge system for grants and research in Brazil (October 2010). They are interested in collaborations with the IAI.
- The IAI Director and the EC Chair visited the Department of State, the White House and the US Global Change Program. A presentation about the IAI was also given at the NSF. (October 2010)
- The EC Chair and the IAI Director visited Canadian authorities and the alternate Canadian representative, Charles Linn (March 2011). The meeting was very fruitful, collaborations with the IAI were discussed and information on the Institute was provided.
- The EC Chair attended the FAC meeting in Toronto. The issues discussed will be informed later in the meeting.
- A very interesting interview with IAI researchers was made in April, and the result was an audioslideshow on Tropical Dry Forests which was made by the NSF. It can be seen at the sites of NSF and the IAI.

In January 2011, the EC Bureau sent a letter to all member countries of the IAI, requesting expressions of interest to host the IAI Directorate and informing that this issue would be discussed at the CoP 18. A second letter was sent on March 7 extending the deadline for submission of letters of intent to April 15, 2011, and informing that letters of intent were in no way binding and that those letters were not a requirement for submitting full proposals, the deadline of which was 15 October. The letter also mentioned that a special CoP would be probably convened, an issue to be discussed at the present EC meeting.

Brazil: The representative of Brazil has made great efforts to have a solution from the government regarding the Host Country Agreement. No answer has been received so far.

The IAI recognizes the efforts of INPE and the Ministry of Science and Technology to solve the problems of the Directorate.

5. Nomination of the Committee to recommend candidates for the election of IAI Scientific Advisory Committee (SAC) members

There are four vacancies on the SAC. Two of them are of members who can be elected for a second term. Three of the vacancies are to be filled with nominations by the SAC and one by the Parties. Two nominations were received from the Parties and three from the SAC, one just one week before the meetings and three weeks after the deadline.

Director: Because the number of nominations for the SAC used to be too low in the past, the CoP discussed the possibility of readmitting nominations for previous elections. The committee can analyze nominations of 2010 together with this year's nominations.

The EC decided that the members of the Committee to recommend candidates for the election of IAI SAC members would be Brazil, Canada, USA and the SAC Chair. The report of this committee will be presented at the Conference of the Parties during the morning session of day 1.

Action 3

6. Financial and Budgetary Matters

Rafael Atmetlla (Assistant Director, Finance and Administration) made a presentation on the financial status for FY 2010-2011 and Audit of year 2010 (further details in Document 8 and its Addendum and Documents 11 and 12). He thanked the Financial and Administrative Committee for their collaboration.

6.1. Overview of the Financial Status for FY 2010-2011 and Audit of 2010 Status of Core budget

As of 8 May 2011, the IAI received 90% of the funds that had been approved for FY 2010-2011. Although country response has been limited, there have been positive signs from Colombia (this morning the country transferred the contributions of previous years and the current year) and Bolivia. Paraguay paid the current year and part of past years. Ecuador paid all pending contributions.

Contacts with member countries have been enhanced. Country profiles of the relationship between each country and the IAI are delivered every year. These profiles have had a positive impact because they provide information on the benefits that the country has from participating in IAI activities. Nevertheless, stronger support is needed from member countries.

Pending contributions currently amount to 1.7 mln dollars, but about 700 K US\$ correspond to the contribution of the US and are available upon request by the IAI.

Core Budget 2010-2011 – Status of country contributions as of 4 May 2011 (in US\$)

Country	Contribution for FY 10-11	Paid in 2010-2011 to be applied to			Due as of 30 June 2011
		Arrears	Current year	Advances	
Argentina	63,000		(50,000)		78,957
Bolivia	5,000				25,000
Brazil	110,000		(110,000)		0
Canada	159,000		(159,000)		0
Chile	7,000				1,000
Colombia	12,000				37,196
Costa Rica	5,000	(3,428)			12,536
Cuba	5,000				35,067
Dominican Rep.	5,000				70,000
Ecuador	5,000	(45,000)	(5,000)		-
Guatemala	5,000				70,000
Jamaica	5,000				35,000
Mexico	77,000				217,000
Panama	5,000	(5,000)	(5,000)		-
Paraguay	5,000	(8,347)	(5,000)		61,653
Peru	5,000				28,351
Uruguay	5,000				65,000
USA (*)	762,000	(691,000)	(52,127)		709,873
Venezuela	41,000	(12,500)			267,021
Totals	1,286,000	(765,275)	(386,127)		1,713,655
Total Revenues:					(1,151,402)
Total advances:					-
Contributions not received:					(134,598)
Difference:					-

- At the close of March 2011, expenses were -19% lower than the budget (75% of the total budget), in all categories.
- Salaries and Benefits were approximately the same amount included in the budget.
- Travel and training expenses are also lower than expected as travel has been reduced to a minimum.
- Operational costs: some budgeted expenses have not been incurred and most of the total includes Un-liquidated Liabilities.
- Dissemination and Outreach is lower due to Bi-annual Report being delayed to later in 2011.
- The activities under Director's Special Fund have all been cancelled or frozen, awaiting countries to make their payments for the contributions.

Budget performance – July 2010 – March 2011 (in US\$)

Category	Actuals 2010/2011	YTD Budget 2010/2011	Difference	%
Salaries & benefits	675,188	678,364	(3,176)	-0.5%
Travel & training	7,280	62,385	(55,105)	-88.3%
Equipment	9,000	10,650	(1,650)	-15.5%
Operational costs	58,761	130,601	(71,841)	-55%
Dissemination & outreach	26,740	36,750	(10,010)	-27.2%
Director's fund	-	40,500	(40,500)	-100%
TOTAL	776,969	959,250	(182,281)	-19%

Cash composition and Core Budget Reserves

The cash balance at the end of March 2011 was 28.6% higher than the ending balance at the end of March 2010, as the Core Budget Funds increased as planned the previous fiscal year. Expenses continue to be tightly controlled and some countries continue to pay for previous year's contributions. The balance of Core Budget Funds was 129.2% higher than the previous year.

An additional amount was added to the current US Contribution Grant (US\$270k) and this has allowed IAI to recover some past expenses. The Cash reconciliation reflects an improved position in the core budget, with reserves now covering 2.4 months of operations; if the committed funds by the US are taken into consideration, the current available funds cover 11.2 months of operations, a clear improvement from the last 2 fiscal years.

Cash Reconciliation - At the end of Mar-11 (Amounts in US\$)

	Mar 2010	Total cash	Variance
Program Funds	288,775.85	257,457.84	-10.8%
IAI CB Funds	113,205.79	259,473.51	129.2%
Total cash	401,981.64	516,931.35	28.6%

Administrative Area

a) Changes to Administrative Processes / Internal Controls

- Employee Manual

The changes to the forms and approved policies are being compiled and attached to the manual as a new annex. The manual is up-to-date with all changes.

- Host Country Agreement with Brazil

This item is still unresolved, even after positive efforts by INPE as the administrator of the agreement.

- Brazilian Staff provided by INPE

Once again, the INPE's contract with the company that currently hires 4 staff members is under review. The contract has been reissued as an emergency 3 times in the last two calendar years.

- Internal Controls:

The controls remain in place, being reviewed and updated when opportunities for improvement are detected. Currently there are no critical Internal Control Issues outstanding either from the FAC or the External Auditors.

In the last two years, NSF has been performing audits on the expenses every second fund request. The last one was a full audit of SGP-HD funds. The information requested (which corresponds to invoices justifying expenses of the projects in 12 countries and 27 institutions) was provided to the auditors and no response has been received so far.

USA contributions to the IAI Core Budget are made through a grant instrument from the NSF. This instrument always includes the possibility of charging costs that are incurred up to 90 days before the official start date. Over the many years of US contributions, the accumulation of those 90 day-periods eventually added up to one year. So the US realized it was one year behind in contributions. This is where the additional funds come from. As to the audits, they are led by the Office of Inspector General which is independent of NSF. They don't give the NSF any information about how audits go, unless they go badly. In this case no news is good news.

6.2. Overview of the Core Budget and Country Contributions for FY 2011-2012

- The proposed budget allows IAI to maintain operational expenses at a minimum despite an increase in activities related to the science program synthesis and future planning.
- The budget reflects incremental costs in the operations due to a weaker US dollar in comparison to the Brazilian Real.
- The proposal includes an increase of 4.1% from the level of the previous fiscal year.

Budget by year 2011/2012, 2012/2013 and 2013/2014 – Summary by major category

Category	FY 2011/2012	FY 2012/2013	FY 2013/2014
Salaries & benefits	960,521	966,241	985,624
Travel	83,180	87,583	87,583
Equipment	10,700	15,000	10,000
Operational costs	174,135	172,522	211,754
Dissemination & outreach	49,000	40,000	40,000
Director's fund	54,000	60,000	70,000
TOTAL	1,331,536	1,341,346	1,404,961

The budgets for 2012/2013 and 2013/2014 are for reference and planning purposes, and each year a three-year budget will be presented, however, approval for each one is made yearly.

Budget comparison 2011/2012 – 2010/2011 – Summary by major category

Category	FY 2011/2012	FY 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	-
TOTAL	1,331,536	1,279,000	52,536

The increment in the Salaries category is due to the exchange rate of US dollars to Brazilian Real. Even when salaries of the Brazilian staff remain the same in Reals, they cost more in dollars. In addition, slight adjustments are considered for international staff (salaries in dollars) to compensate losses due to the exchange rate.

Current contribution to CB by country (amounts in US\$)

Country	%	Contribution
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

No changes are expected in contributions in the next year, but a slight change is planned for 2013-2014. However, contributions are not expected to rise beyond 2-3%.

6.3. Report of the Financial and Administrative Committee (FAC)

The EC Chair presented the report of the Committee (Document 14) because William Smith, FAC Chair, was not able to attend the meeting. Members of the FAC are Brazil, Canada and the US. The FAC met in Toronto, Canada in February 2010. The EC Chair also attended the meeting.

The FAC found IAI's preliminary budget proposal to be fundamentally sound, and only minor adjustments were recommended. No increase to member country contributions is proposed in this budget. Country contributions were last adjusted during the previous budget cycle, and it remains the expectation of IAI and the FAC that country contributions will remain stable through at least the next budget cycle. The FAC recommends approval of the budget as proposed by the IAI.

On November 12, 2010 the FAC received the formal audit report of the IAI's financial statements covering the 2009-2010 Fiscal Year. The IAI again received an unqualified opinion, reflecting the continued strong financial management of the organization. The FAC congratulates the IAI on the clean audit, and acknowledges the hard work of IAI's financial staff. Acceptance of the audit report by the Executive Council is recommended.

The FAC charter expires at the conclusion of the first Executive Council meeting in 2012. The FAC's primary function is to review the annual budget request prior to presentation to the EC. The FAC also provides advice and guidance to the IAI on a variety of administrative issues as they arise. Membership on the FAC is open to all IAI member countries. FAC members typically have a background in budgeting and/or administration, and their countries typically pay the expenses associated with attendance at meetings. Countries interested in participating in the FAC should send expressions of interest to the Chair of the Executive Council by September 1, 2011.

Brazil wants to know what is wrong with the emergency contract for local staff. Last year, contracts to hire administrative staff at INPE were made based on the salary level for the region of Sao Paulo, which is higher than in other parts of the country.

Assistant Director for Finance and Administration: The contract is under review and will be valid for six months. The situation is currently much better than it was two or three years ago.

7. Receipt of the Auditors Report and approval of Financial Status Report and financial items to be forwarded to the CoP

The EC recommended the Core Budget request for 2011-2012 for elevation to the CoP for approval.

(Action 4)

The EC recommended the (unchanged) level of Country Contributions for 2011-2012 for elevation to the CoP for approval.

(Action 5)

The EC recommended that the Financial Report and the Financial Statements for the fiscal year ending June 30, 2011, be forwarded to the CoP for approval.

(Action 6)

The EC received the Auditor's Report for the years ended June 30, 2009 and 2010 and will forward it to the CoP.

(Action 7)

8. Update on relations with Member States

To try to reengage some member countries in IAI activities, an informal meeting was planned to be held during the CoP of the UNFCCC in Cancun in 2010.

Colombia: IDEAM assisted the Directorate with the organization of this meeting. The meeting was held, but participation of country delegations was poor. Contacts were made with all the countries in the region, and those who attended the meeting had the opportunity to get to know the IAI.

Director: Ione Anderson and Christopher Martius represented the Directorate at the Cancun meeting.

Assistant Director for Science: It was very difficult to gather the people. The meeting was held in a second attempt after having failed with the first one. Very few people attended.

USA: In preparation for the CoP in Cancun a meeting was held with some members of the US delegation at the Department of State informing about the IAI informal meeting in Cancun. However, the delegation has not confirmed whether they have participated or not. Together with other entities, the NSF funded an event on research integrity in Bolivia. The IAI Director attended that meeting. The IAI is one of the leading examples of organizations that are looking at the issue of research integrity in the Americas. The idea is to repeat this event in different Latin American countries. There was also an action item for the United States specifically to encourage non-participating countries to attend these meetings in Asuncion. A communication was sent to all US embassies in the respective capitals.

Colombia: The exercise of the CoP in Cancun was important, since prior to the meeting contacts were made with different people and countries, informing about the IAI, and what would the informal meeting in Cancun be about. We should maintain this kind of initiatives, not necessarily at the CoPs. All member countries should take advantage of international and inter-American meetings to inform about the IAI.

EC Chair: This is exactly the two-fold function of IAI country representatives: to represent their countries at the IAI, and represent the IAI in their countries or at meetings.

Director: While the involvement at the UNFCCC convention itself needs improvement, the IAI continues being very active at the SBSTA, and has once again participated in the SBSTA meeting in Bonn. In the past year we made a technical submission to SBSTA pointing at the importance of considering issues of soil and land conservation, indicating that agriculture residues are not free sources of energy. This year the submission pointed out that areas with substantial land use change like LPB affect the climate. This is related directly to the energy balance of land surfaces, to the albedo effects of removing green vegetation and an aggregate land use conversion of over 30 million hectares. These direct energy effects affect climate in the region and beyond. Contributions of the IAI were aimed at alerting the SBSTA to the fact that other contexts of land use change and maintaining ecosystems need to be considered as part of the carbon negotiation process. These scientific submissions need political action, which depends on member country engagement. To date only Colombia has appointed a contact point for the link with direct UNFCCC negotiations. The Directorate has sent reminders in this regard. Translating science into the policy side of the IAI and in the framework of the climate negotiations has not happened as fully as we would wish.

There have been some very encouraging signals from several member countries, like Uruguay, who has designated a representative again and has informed that they are interested in paying off the outstanding debt; Ecuador has paid all the debts and engaged in a dialogue with the IAI; Chile which has never incurred any debt has sent representatives from the Ministry of Public Works and the National Water Commission to actively participate in IAI science initiatives; Bolivia has started paying back dues and is engaging in dialogue; Colombia has paid all their dues, funds have been received today; Peru is also considering a more active role in the IAI. Paraguay is participating very actively. There is a group of countries that has always been active.

On the negative balance there is a continuing lack of engagement by the Ministry of Foreign Affairs of Venezuela, that shares the responsibility for representing the country with the Ministry of Science, and has never participated or made a contribution to the Core Budget; and the almost complete disappearance of Mexico in terms of any dialogue or contribution over the past two years.

9. Review of offers to host the IAI directorate and recommendations to the CoP

The IAI moved to Brazil many years ago, at a time when Brazil did not have much experience with international organizations. Brazilian laws have changed since then. Other international organizations are operating under different conditions, including tax issues, design of contracts for international staff, and so on. Some of the problems for the IAI are that its international positions are taxable and the conditions of contract are determined by Brazilian labor law, rather than by the IAI's constitution. There are in fact conflicts between the rules under which the IAI operates and the rules that determine the operation of the IAI within Brazil. These items need revision.

In addition, seven years ago, the until then smooth system for employment of executive assistants at the IAI headquarters through Brazilian agencies was replaced with a subsequent new contract and very substantial salary cuts, which basically led the staff to leave the IAI. Remedies have been found of various sorts over the years. There are also recurrent problems with international money transactions and transactions in dollars. That has aggravated the situation of the last seven years.

Five years ago, the Director informed INPE, IAI's immediate host, about this problem. Since then, INPE staff has been making efforts to maintain the IAI operational, signing a series of emergency contracts, among other actions. The IAI has full appreciation of the efforts by the Directorate and staff of INPE. The IAI and INPE had to set aside staff positions to deal almost entirely with these problems. The main shortfall in the view of the Director has been a lack of support for the efforts of INPE both by the Ministry of Foreign Relations and the Ministry of Science and Technology. Some four years ago, and that was already a repeated statement, the delegation from Canada said "if we cannot resolve the issues of staff working for the IAI in a decent manner we should close that administrative office." That expression of displeasure was fully justified. Slowly the US has come to a similar point of view. It has been extremely difficult both for INPE and the IAI to maintain reasonable stability both in salaries and employment for IAI staff.

After seven years of trying to resolve these issues, we have to resolve them. One of the reasons for being and remaining in Brazil is the overwhelming capacity and experience they have in global change science and in integrating it with societal and policy applications. The IAI has to be able to maintain and strengthen the scientific collaboration with Brazil, but to alleviate the burden on the administrative side by either radically changing the position of the IAI within Brazil or moving the IAI to a country where those administrative burdens are more easily resolved.

EC Chair: In 2004, the EC Chair (Adrian Fernandez from Mexico) wrote a letter to the Brazilian Ministry of Science and Technology with no reply. In 2008, the representative from Brazil helped with a letter from the CoP itself to the Minister of Science and Technology, and again no reply was received from the Ministry. Then the Director sent several letters to the Ministry of Foreign Affairs, to the Office of International Affairs of the Ministry of Science and Technology, and to several other offices in that Ministry, with the same result as

previously. The only formal response from Brazil came from INPE. During the EC meetings of 2010, a letter was hand-delivered to Ambassador Monserrat Filho, from the Ministry of Science and Technology. Unfortunately, there has been no formal reply either. Attempts to address the problems together with the Government of Brazil only received response from INPE, which does not have the authority to resolve the problem. After all these efforts, the IAI decided to make a call for offers for countries to host the IAI Directorate. Brazil may also offer to host the IAI under conditions more suitable to its operation than currently.

The Agreement Establishing the IAI stipulates that the Conference of the Parties will choose the host country. Therefore there will be no need to modify the Agreement. The decision to remain or move depends entirely on the evaluation of the CoP.

The letters of intent received will be kept confidential, because that submission is non-binding. The EC will have to define a procedure for the IAI to make a decision regarding its new host country. There is a spectrum of options; the most passive is wait until the next CoP in 2012 to evaluate the proposals received. But what we have built together at the IAI has great value, and it is worth preserving and strengthening that structure. The science is working very well, and the same has to be achieved for the administration. As to the selection process, all member countries can and have the right to participate, but this will complicate and slow the process. An intermediate possibility is establishing a committee of active countries that will evaluate the proposals and present a report. Results of the evaluation should be presented 90 days after the current deadline for proposals (15 Oct) to convene a special CoP.

Brazil: A list of evaluation criteria needs to be defined. Supports the establishment of a committee.

USA agrees with establishing an evaluation committee and offers to host the extraordinary CoP.

The Director and the Assistant Director for Finance and Administration have reviewed a number of host country agreements of international organizations based in various countries in the Americas. On that basis, they have drafted a potential host country agreement that may be suitable to the IAI. A year and a half ago, they had also suggested to the Brazilian government the minimal changes required to the existing agreement. That document is also available. These documents might help in setting the list of requirements.

The Directorate needs ease of administration of contracts for staff, ease of employing temporary international staff members or fellowships to help with the scientific and educational programs. These are new requirements, since the IAI is engaged in the synthesis of science programs and has greatly expanded the capacity building and educational programs. It would be extremely beneficial to the IAI to have additional people on an ad hoc basis available to participate in these efforts. Need for making financial transactions smooth. Credit card taxes have been increased because of expenses paid outside Brazil. To avoid this transfers need to be made and IAI staff is forced to travel with large amounts of cash for payments and reimbursements for participants in meetings. IAI financial transactions are complex by definition. The easier the host country can make that, the better it will be for the IAI. The Directorate has applied for an exemption of the additional credit card tax, but it has not gotten it yet. Finally, to implement IAI science in decision-making, the Directorate and the SAC need the political expertise of IAI member countries, represented at the EC and the CoP. A closer relation with the political side of IAI's operations needs to be developed. This is a result of the evolution of the IAI towards greater political relevance of its science.

EC Chair: The first letter from the EC Bureau inviting countries to submit expressions of interest to host the IAI included a list of the requirements that must also be considered: Juridical Personality; Facilities; Equipment; Staff Support; Communications; Funds and Property; Inviolability, Privileges and Immunities; Currency Regulations and Negotiable Instruments; Income Tax Exemption Status for Staff; Exemptions from other Taxes and Duties for the Institute and its Staff; Entry and Exit of Personnel and Equipment in Host Country; Communications with the Host; and Dispute Resolution.

Colombia: At the moment of choosing a country it must be clear what it is offering. Negotiations, consultations

and requirements for further information should precede the selection.

Director: Even to send expressions of interest, countries need internal coordination between different offices. Therefore, the second letter was sent extending the period, but even that was sufficient only to receive informal expressions of interest. The EC needs to formalize the process in order to have full proposals submitted between now and October.

EC Chair: The IAI will need legal advice during the final negotiations with the selected host country.

Colombia: Once the offers are received, who is going to contact the countries for additional information, clarifications, etc? Will this be a selection committee or the Directorate?

EC Chair: The CoP only exists while it is in session. The EC can request the CoP for empowerment to proceed with the selection process or establish a committee to do this. There is also the conflict of interests: a country presenting an offer to host the Directorate cannot be on the evaluation committee. The tradition of the IAI is to make transparent decisions, so that anyone can know exactly what has been done. The EC will request the CoP that Parties planning to submit offers do not volunteer to be on the evaluation committee. All member countries have the right to vote at the CoP to select the new host country. How big has to be the evaluation committee for the EC and the Parties submitting offers to trust their work? The report of the committee will be submitted to the CoP, since it will have an extraordinary session and the EC will not meet on that occasion.

SCRIP Chair: The CoP has the authority to establish ad hoc committees, as it considers appropriate. The EC can act as an ad hoc committee. Parties presenting offers should receive a response as soon as possible.

EC Chair: Extraordinary CoPs need to be convened with an anticipation of 30 days.

Director: All the documentation that has been prepared and examined by the Chair of the SCRIP can be made available immediately. The period between June/July and October will be devoted largely to internal consultations within countries. The process could be helped if a committee with members from the EC and the Directorate is available so countries can ask for advice in the drafting of the proposals. Anyone can be on that committee, since at this point there is no conflict of interests. But after the deadline for proposals all parties on the committee have to be neutral. Discussions with the individual proposing countries may be made available to other proposing countries, in a collaborative effort. This will facilitate evaluation in October. The EC should request the CoP tomorrow to convene an extraordinary CoP for February or late January, so that this decision is made in due time.

EC Chair: There will be 90 days for the evaluation, after which a report and recommendation will be presented. This will be 30 days before the extraordinary CoP.

SCRIP Chair: It might be worth identifying some alternates for the committee. In the event that one or more of the countries on the committee submits an offer, an alternate will replace it.

Chile: The delegate requested some time to inform the country about this discussion and ask if they agree.

The EC recommends that the CoP empower the EC to conduct the interactions with member countries to move the host country agreement process forward: That a committee be designated to collect all necessary information to develop complete country proposals; that this committee have members and alternates; that the deadline to complete the proposals for hosting the Directorate be October 15, 2011; that members with potential conflict of interests be substituted at that time; and that the committee make recommendations to a specially convened CoP.
(Action 8)

The EC asks that the 18th CoP call a special CoP for February 15, 2012 or shortly thereafter to choose the host

country for the Directorate.

(Action 9)

10. Strategic developments and CRN 3

The Director informed that all IAI science and educational programs would end in the 12 following months. At the beginning of the year, the Directorate prepared proposals to NSF for a new CRN program and for a new SGP that would facilitate the continuation of the most innovating aspects of projects developed in the CRN 2 and the SGP-HD. A proposal was also submitted for a three-year capacity building program.

The projects approved under the CRN 2 had a great lack of human dimensions (social sciences). As a result the Directorate together with the SAC decided to develop a program that would specifically foster the engagement of the social and human sciences in the IAI science program. The requirement was that those HD projects had to integrate with the natural science CRNs. That integration has been successful in some projects and none in others. There are great challenges in bridging the language gap between the social and the natural sciences. In some cases, natural scientists who at the beginning didn't even consider the social sciences are now actively engaging in bringing economic and social analyses to complement their projects.

One of these examples is a project on hurricane modeling, based in Mexico that made efforts to establish links with the area of communication for disaster preparedness and noted the positive role of hurricanes in terms of bringing water (rainfall) to the semiarid and arid regions of the US southwest and Mexican northwest. That has resulted in an initiative for a Center of Excellence that involves politicians and water managers. The University of Arizona and the Pontificia Universidad Catolica de Chile are leading the first initiative to create a Virtual Center for Water Security.

The project on urban emissions and contamination, led by the University of Santiago contained no human dimensions. A human dimensions project was therefore associated to it, but collaboration failed. As a result, the opportunity fund that had been made available for the next three years will not be given to this project. Efforts are currently being made to rescue the human dimensions project.

This has to be a lesson for the design of CRN 3. The greatest effort possible has to be made to provide an integrated vision of the natural sciences and the human dimensions of global change at the outset of the program. The Director understands that the proposal submitted to NSF has been scientifically reviewed, and that the funding and final decision is currently on hold partly until the administrative issues related to the Directorate headquarters are resolved. This gives the opportunity for the EC and the SAC to start formulating a call for proposals that will make the interdisciplinary integration easier than in the past. Despite the negative examples, the IAI is still at the absolute forefront of pushing the integration between natural and human sciences. The IAI has a huge network of scientists who bring good will to this dialogue and the first notions of an understanding across the disciplines. Where would member countries want to place interest? What are the critical developments that countries would like to see? Those may be considered when preparing the call for CRN3.

The capacity building program has undergone great evolution over the last three or four years, and is now more closely integrated with the science program. Very often IAI network scientists serve as lecturers in the capacity building activities. Lecturers also include practitioners from the field (e.g., public health officers, water authorities, people from the operational services for weather prediction and so on). This has enriched the dialogue. For instance, a meeting was held in Mexico on climate and water resulted among others in joint activities between water managers from Mexico and Chile (exchange of technology, integration to policy making). This is one of the goals of the IAI, to use the science to facilitate decision-making processes and address the additional risks to development from global and climate change.

11. Discussion of IAI Strategic Plan and recommendation to the CoP

EC Chair: The Strategic Plan is the result of the work of different groups along several years. EC and SAC members have participated in the drafting of this document.

USA: endorses the document which provides a good framework to move forward and is flexible enough to face upcoming challenges.

Colombia: The document reflects what countries are looking for in terms of integration and environmental and global change issues, but needs an implementation plan.

Director: The Implementation Plan can take advantage of the proposals to NSF for the new scientific programs of the IAI. Another point within the IAI strategy is the implementation of Centers of Excellence which were foreseen in the Agreement Establishing the IAI

The EC recommends that the CoP approve the Strategic Plan.

(Action 10)

12. Issues to be forwarded to the CoP

The EC decided to forward or elevate the following items to the CoP: Actions 4, 5, 6, 7, 8, 9, and 10.

(Action 11)

13. Adjournment

The EC Chair thanked country delegates and, on behalf of the EC, he specially thanked Paraguay for hosting the Meeting, as well as the organizations and institutions that provided support to this meeting. He also thanked the interpreters, the IAI staff, and the local support staff for their work. The meeting was adjourned.

Annex 1: Action List

31st Meeting of the IAI Executive Council 14 June 2011, Asuncion, Paraguay

Action List

1. The EC approved the Agenda of its Thirty First Meeting, with the inclusion of an agenda item to form a committee to recommend candidates for the election of SAC members, and to report out to the CoP rather than the EC.
2. The EC approved the minutes of its 29th and 30th meetings with no modifications.
3. The EC decided that the members of the Committee to recommend candidates for the election of IAI SAC members would be Brazil, Canada, USA and the SAC Chair. The report of this committee will be presented at the Conference of the Parties during the morning session of day 1.
4. The EC recommended the Core Budget request for 2011-2012 for elevation to the CoP for approval.
5. The EC recommended the (unchanged) level of Country Contributions for 2011-2012 for elevation to the CoP for approval.
6. The EC recommended that the Financial Report and the Financial Statements for the fiscal year ending June 30, 2011, be forwarded to the CoP for approval.
7. The EC received the Auditor's Report for the years ended June 30, 2009 and 2010 and will forward it to the CoP.
8. The EC recommends that the CoP empower the EC to conduct the interactions with member countries to move the host country agreement process forward: That a committee be designated to collect all necessary information to develop complete country proposals; that this committee have members and alternates; that the deadline to complete the proposals for hosting the Directorate be October 15, 2011; that members with potential conflict of interests be substituted at that time; and that the committee make recommendations to a specially convened CoP.
9. The EC asks that the 18th CoP call a special CoP for February 15, 2012 or shortly thereafter to choose the host country for the Directorate.
10. The EC recommends that the CoP approve the Strategic Plan.
11. The EC decided to forward or elevate the following items to the CoP: Actions 4, 5, 6, 7, 8, 9, and 10.

ACRONYMS

APN	Asia-Pacific Network for Global Change Research / Red de Asia y el Pacífico para la Investigación del Cambio Global
CAPES	Coordenação de Aperfeiçoamento de Pessoal de Nível Superior (Brazil)
CoP	Conference of the Parties / Conferencia de las Partes
CRN	Collaborative Research Network Program / Programa de Redes de Investigación Cooperativa
EC/ CE	Executive Council / Consejo Ejecutivo
FAC	Financial and Administrative Committee (of the EC) / Comité de Finanzas y Administración (del CE)
INPE	Instituto Nacional de Pesquisas Espaciais (Brazil)
LPB	La Plata Basin / Cuenca del Río de La Plata
NSF	National Science Foundation (USA)
SAC	Scientific Advisory Committee / Comité Asesor Científico
SBSTA/OSACT	Subsidiary Body on Scientific and Technological Advice / Órgano Subsidiario de Asesoramiento Científico y Tecnológico
SCRP	Standing Committee for Rules and Procedures (of the CoP)/Comité Permanente de Reglas y Procedimientos (de la CoP)
SGP-HD	Small Grants Program for the Human Dimensions / Programa de Pequeños Subsidios para las Dimensiones Humanas
UNFCCC/CMNUCC	United Nations Framework Convention for Climate Change / Convención Marco de las Naciones Unidas sobre el Cambio Climático