

INTER-AMERICAN INSTITUTE FOR GLOBAL CHANGE RESEARCH



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Inter-American Institute
For Global Change Research

QUARTERLY STATUS REPORT
ACCOUNTING TO FEBRUARY 29th, 2012
CONTRIBUTION STATUS TO APRIL 30th, 2012

Report for the EC - CoP Meeting
Arlington, VA – U.S.A.
June, 2012

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1) Status of the Core Budget

a) Country Contributions

As of April 30, 2012 the funds collected (cash incomes) represent 99.5% of the approved contributions for the fiscal year 2011/2012.

Table I shows the status of the contributions received as of April 30, 2012.

Core Budget - 2012 / 2013
Status of Country Contributions as of Apr. 30, 2012
 Amounts in US\$

	Contribution for FY 11/12	Paid - in 2011/2012 to be applied to:			Due as of 30-Jun-12
		Arrears	Current year	Advances	
Argentina	63,000				141,957
Bolivia	5,000				30,000
Brazil	110,000		(110,000)		-
Canada	159,000		(159,000)		-
Chile	7,000	(1,000)	(2,000)		5,000
Colombia	12,000				(1,311)
Costa Rica	5,000				17,536
Cuba	5,000				40,067
Dominican Republic	5,000				75,000
Ecuador	5,000				5,000
Guatemala	5,000				75,000
Jamaica	5,000				40,000
Mexico	77,000				294,000
Panama	5,000		(5,000)		-
Paraguay	5,000				50,721
Peru	5,000				33,351
Uruguay	5,000	(15,000)			55,000
USA (*)	762,000	(559,873)	(638,817)		123,183
Venezuela	41,000	(12,500)			295,521
Totals	1,286,000	(588,373)	(914,817)	-	1,280,025
Total Revenues:					(1,503,190)
Total Advances:					-
Contributions not received:					217,190
Difference:					-

TABLE I: Status of Member Country contributions as of April 30, 2012 (cash basis)

The response from the countries to the IAI contacts has been limited, particularly from those larger countries that continue to accumulate unpaid contributions such as Mexico and Venezuela; however there are very positive signs from Bolivia and Peru, and Colombia paid all their dues during the previous fiscal year, and

Paraguay paid current dues and part of the balance from previous years. The largest impact has been the US increased contribution for the 2011/2012, which has eliminated the outstanding dues for previous years. The US funds are available upon request and will be disbursed in full until the end of 2013.

Mexico has not paid for the past four fiscal years, a situation that is putting considerable strain on operations; the current accumulated debt now totals US\$294,000. Venezuela continues to make partial payments (payments are only received from the Ministry of Science and Technology) and its debt now totals US\$295,521.

b) Collection of Country Contributions

The funding requests continue to involve all senior members of the IAI staff, with different strategies depending on the situation of each specific country.

Every opportunity to promote IAI and request funds is used. Whenever staff travel, contacts are made in order to promote IAI with country officials, usually requesting meetings with persons with enough political and budgetary decision power, to move towards a decision to engage the country and commit funds. (see also the directorate report). The strategy to engage more countries is based on content driven efforts, first creating the local scientific content and then involving local scientists in the IAI's request for contributions.

Whenever the IAI had communications with member countries (or those not actively contributing or participating), a country profile is provided in order to show the tangible benefits that the countries have obtained from participating in IAI. This has had a very positive impact, specially with those countries that have not had an active involvement in CoP activities.

However, the IAI needs more support from the member countries, as contributions should be received at the earliest. We have undertaken additional collection efforts with positive results, however some major contributors are still not paying the full amounts, and therefore, the balance of pending contributions continues to increase: the total amount not yet collected now amounts to US\$1.3 million.

c) Expenses

The following table shows the expenses at the close of February 2012 (eight months into the fiscal year). This comparison shows the status of the core budget compared to the actual expenses in the corresponding period (2/3 of the total approved budget).

These expenses include the provisions for holidays, contributions to social security, and depreciation of fixed assets.

Budget Performance
July 2011 - February 2012
 Amounts in US\$

Category	Actuals 2011/2012	YTD Budget 2011/2012	Difference	%
Salaries & Benefits	681,156	640,348	40,808	6.4%
Travel & Training	5,421	55,453	(50,032)	-90.2%
Equipment	3,978	7,133	(3,156)	-44.2%
Operational Costs	80,473	116,090	(35,617)	-30.7%
Dissemination & Outreach	18,690	32,667	(13,977)	-42.8%
Director's Fund	-	36,000	(36,000)	-100.0%
Total	789,718	887,691	(97,973)	-11.0%

TABLE II: Core Budget expenses as of February 29, 2012.

At the close of the February 2012, expenses were -11% lower than the budget (67% of the total budget), in all categories.

Salaries and Benefits are higher than expected since they include the cost of severance and relocation of the previous Assistant Director for Science Programs and the full savings of the salaries and benefits after October 2011 had not fully offset the expenses incurred by the end of February. At the end of the fiscal year, we expect savings over the budget to be close to 10% compared to the full-year budget.

Travel and training expenses are also lower than expected as travel has been reduced and non-core funds used whenever possible. Additional expenses will be incurred later in the fiscal year.

In the line of 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 2012; also the SAC meeting occurred later in the fiscal year.

The activities under Director’s Special Fund have all been cancelled or frozen, awaiting countries to make their payments for the contributions.

2) Cash Composition and Core Budget Reserves

The cash balance at the end of March 2012 was 50.7% lower than the ending balance at the end of March 2011, due to Core Budget Funds not yet requested from Program Funding (temporarily) and for the inclusion of a possible tax liability with the Brazilian Government for the years 2010 and 2011; if the total program funds were considered into the calculation, there is a slight decrease from the position of at the same point of the last fiscal year; expenses continue to be tightly controlled and some countries continue to pay for previous year’s contributions.

An additional grant amount was added to the current US Contribution Grant 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 3.8 months of operations; if the committed funds by the US are taken into consideration, the current available funds cover 9.2 months of operations, a slight decrease from last year.

Potential Brazilian Tax liabilities account for about two thirds of the cash reserves currently held.

Cash Reconciliation

At the end of Mar-12

Amounts in US\$

	Mar-11	Mar-12	Variance
Program Funds	257,457.84	(162,952.21)	-163.3%
IAI CB Funds	259,473.51	417,605.28	60.9%
Total Cash	516,931.35	254,653.07	-50.7%

3) 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 however and in-depth revision will be needed after the CoP decisions to update all the changes in the names of the positions as well as the job descriptions and to reflect the changes in the Directorate's structure.

Brazilian Staff provided by INPE

Once again, the INPE's contract with the company that currently hires 4 staff members was canceled and was re-issued as an emergency contract in April 2012. Staff remained without any contract for 2 weeks, which was later compensated by making the new emergency contract largely retroactive. The contract has been re-issued as an emergency 4 times in the last three calendar years, adding uncertainty for the IAI staff currently hired by INPE. This is still an unresolved item, as a permanent solution has not been achieved. Each time a lay-off and rehiring occurs, it impacts on social security, and holiday allocation. IAI staff has shown great loyalty and patience under the circumstance.

Income tax situation for Brazilian Citizens

As mentioned in the other section of the Director's report, the Income Tax situation is still unresolved and potential liabilities amount to well over US\$ 200,000 for 2010 and 2011.

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.

Inflation for 2011-2012

Inflation Rate	%	Cumm. % Year
Jan-11	1.27%	1.27%
Feb-11	0.49%	1.76%
Mar-11	0.71%	2.47%
Apr-11	0.95%	3.42%
May-11	0.51%	3.93%
Jun-11	-0.18%	3.75%
Jul-11	-0.04%	3.71%
Aug-11	0.40%	4.11%
Sep-11	0.50%	4.61%
Oct-11	0.26%	4.87%
Nov-11	0.53%	5.40%
Dec-11	0.79%	6.19%
Jan-12	0.81%	0.81%
Feb-12	0.24%	1.05%

The inflation in the current calendar year is expected to close at about the same level as the 2011 calendar year (6%).

Exchange rate – current year

Year	US\$ Exchange Rate
Jan-11	1.666
Feb-11	1.673
Mar-11	1.661
Apr-11	1.629
May-11	1.573
Jun-11	1.580
Jul-11	1.561
Aug-11	1.556
Sep-11	1.587
Oct-11	1.854
Nov-11	1.689
Dec-11	1.811
Jan-12	1.858
Feb-12	1.810

The exchange rate of the Brazilian Real in comparison to the US dollar continued to decrease in 2011, however the tendency for 2012 has been towards an increase in the US dollar value towards the Brazilian real, reflecting the instability of the financial markets, post-adjustment levels were adjusted accordingly.