



Inter-American Institute
For Global Change Research

QUARTERLY STATUS REPORT
ACCOUNTING TO MARCH 31st, 2013
CONTRIBUTION STATUS TO APRIL 30th, 2013

Report for the EC - CoP Meeting
Montevideo – Uruguay
June, 2013

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1) Status of the Core Budget

a) Country Contributions

As of April 30, 2013 the funds collected (cash incomes) represent 94% of the approved contributions for the fiscal year 2012/2013.

Table I shows the status of the contributions received as of April 30, 2013.

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

	Contribution for FY 12/13	Paid - in 2012/2013 to be applied to:			Due as of 30-Jun-13
		Arrears	Current year	Advances	
Argentina	63,000	(63,000)			141,957
Bolivia	5,000				35,000
Brazil	110,000				110,000
Canada	159,000		(159,000)		0
Chile	7,000	(2,000)	(7,000)	(5,000)	(5,000)
Colombia	12,000		(10,689)		0
Costa Rica	5,000	(4,974)			17,562
Cuba	5,000				45,067
Dominican Republic	5,000				80,000
Ecuador	5,000		(5,000)		-
Guatemala	5,000				80,000
Jamaica	5,000				45,000
Mexico	77,000	(294,000)	(77,000)		-
Panama	5,000		(5,000)		-
Paraguay	5,000	(14,350)			41,371
Peru	5,000				33,351
Uruguay	5,000	(55,000)	(5,000)		-
USA (*)	762,000	(123,183)	(366,241)		395,759
Venezuela	41,000	(12,500)			324,021
Totals	1,286,000	(569,006)	(634,930)	(5,000)	1,344,089
			Total Revenues:		(1,203,936)
			Total Advances:		(5,000)
			Contributions not received:		(82,064)

The response from the countries to the IAI contacts has increased. Mexico and Uruguay have paid all current and back dues. Paraguay has been paying part of the balance from previous years.

However there are still issues with countries that continue to accumulate unpaid contributions. Venezuela continues to make partial payments (payments are only received from the Ministry of Science and Technology) and its debt now totals US\$324,021. Guatemala and Dominican Republic have paid no contributions. At the close of April, we have not yet received the payment for the Brazilian contribution to IAI. The largest impact has been the US increased contribution for the 2011/2013, which has eliminated most of the outstanding dues for previous years. The US funds are available upon request and will be disbursed in full until the end of 2013.

b) Collection of Country Contributions

The funding requests continue to involve all senior members of the IAI staff. Every opportunity to promote IAI and request funds is used. Whenever staff travel, contacts are made in order to promote IAI with country officials, meeting with persons with political and budgetary decision power, and 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, using local science and capacity building and involving local scientists in the IAI's request for contributions.

Whenever the IAI communicates with member countries, 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, especially with those countries that have not had an active involvement in CoP activities or contributions.

However, the IAI needs more support from the member countries, as contributions should be received at the earliest from all members. We have undertaken additional collection efforts with positive results, however some major contributors are still not paying the full amounts, and some small countries are not contributing, and therefore, the balance of pending contributions continues to increase: the total amount not yet collected now amounts to US\$1.34 million.

c) Expenses

The following table shows the expenses at the close of March 2013 (nine 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 2012 - March 2013

Amounts in US\$

Category	Actuals 2012/2013	YTD Budget 2012/2013	Difference	%
Salaries & Benefits	665,166	708,610	(43,444)	-6.1%
Travel & Training	41,292	62,385	(21,093)	-33.8%
Equipment	4,859	8,025	(3,166)	-39.5%
Operational Costs	147,098	128,164	18,934	14.8%
Dissemination & Outreach	34,347	36,750	(2,403)	-6.5%
Director's Fund	-	40,500	(40,500)	-100.0%
Total	892,761	984,434	(91,673)	-9.3%

TABLE II: Core Budget expenses as of March 31, 2013.

At the close of the March 2013, expenses were -9.3% lower than the budget (75% of the total budget).

Salaries and Benefits are lower than expected for the delayed hiring of the Assistant Director for Science Programs offsetting the cost of the severance and relocation for the previous person in this position. Other savings include taxes and benefits of discontinued Brazilian International salaries. On the other hand, Brazil is no longer providing the 4 Brazilian staff members specified in the host county agreement that were previously hired by INPE and whose contract was not renewed after October 2012. IAI is now covering the salaries through consulting agreements to give continuity to the operations. This is eliminating part the savings, but at the end of the fiscal year, we expect savings over the budget to be close to 5% compared to the full-year budget.

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

In the line of operational costs, additional expenses have been incurred to cover activities promoting policy-science links. Most of the other budgeted amounts are contracts with a fixed price.

Dissemination and Outreach is lower due to lower cost for the Bi-annual Report. Activities under Director's Special Fund have been frozen.

2) Cash Composition and Core Budget Reserves

The cash balance at the end of March 2013 was 37.0% higher than the ending balance at the end of March 2012. Program Funds have temporarily not yet been requested from Program Funding because of changes in the funding systems used by NSF, which required a deep analysis of the balances at the end of March 2013. If the total program funds were considered in the calculation, the cash position would show a marked increase 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 past contributions. An additional grant amount was added to the current US Contribution Grant and this has allowed IAI to cover expenses for program syntheses and renewal. The Cash reconciliation reflects an improved position in the core budget, with reserves covering 3.7 months of operations; if the committed funds by the US are taken into consideration, the current available funds cover 9.4 months of operations, a slight increase from last year.

Cash Reconciliation

At the end of Mar-13

Amounts in US\$

	Mar-12	Mar-13	Variance
Program Funds	(162,952.21)	(66,361.97)	-59.3%
IAI CB Funds	417,605.28	415,173.04	-0.6%
Total Cash	254,653.07	348,811.07	37.0%

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

INPE's contract with the company that hired 4 staff members was definitely canceled October 2012. The staff is now fully hired by IAI, and even though the uncertainty has been removed, the cost of the staff included in the Host Country Agreement now has to be covered in full by IAI Core Budget Funds.

Income tax situation for Brazilian Citizens

As mentioned in the other section of the Director's report, the Income Tax situation was only partially resolved. A Brazilian judicial order to seize IAI assets, in contravention of the Host Country Agreement, remain in place even though the tax payment has now been fully documented, Legal costs now amount to US\$4,000 to prove already paid taxes for its Brazilian staff. The issue is was resolved for 2010 and we expect a favorable resolution for 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.

A comprehensive audited was conducted in 2012, reviewing all major projects from CRN II to prepare the closure of the program. A non-critical control issue was raised by the External Auditors related to Project Management, due to adjustments arising from the project audits performed. The solution was immediately put in place and we expect the following report to remove this issue.

Inflation for 2012-2013

Inflation Rate	%	Cumm. % Year
Jan-12	0.81%	0.81%
Feb-12	0.24%	1.05%
Mar-12	0.60%	1.65%
Apr-12	0.52%	2.17%
May-12	0.52%	2.69%
Jun-12	0.11%	2.80%
Jul-12	0.22%	3.02%
Aug-12	0.44%	3.46%
Sep-12	0.54%	4.00%
Oct-12	0.48%	4.48%
Nov-12	0.45%	4.93%
Dec-12	0.66%	5.59%
Jan-13	1.01%	1.01%
Feb-13	0.33%	1.34%
Mar-13	0.72%	2.06%

The inflation in the current calendar year is expected to close higher than the 2012 calendar year (5.6%).

Exchange rate – current year

Year	US\$ Exchange Rate
Jan-12	1.858
Feb-12	1.739
Mar-12	1.709
Apr-12	1.822
May-12	1.892
Jun-12	2.022
Jul-12	2.021
Aug-12	2.050
Sep-12	2.037
Oct-12	2.027
Nov-12	2.031
Dec-12	2.138
Jan-13	2.055
Feb-13	1.982
Mar-13	1.984
Apr-13	2.017
May-13	2.005

The exchange rate of the Brazilian Real in comparison to the US dollar continued to increase in 2012, however the tendency for 2013 has been to remain stable in the US dollar value towards the Brazilian real, reflecting a normalization of the financial markets, post-adjustment levels were reduced accordingly.