

APPROVED

**INTER-AMERICAN INSTITUTE FOR
GLOBAL CHANGE RESEARCH
(IAI)**

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Inter-American Institute for the Global Change Research**IAI CORE BUDGET REQUEST FOR FISCAL YEAR 2001/2002****I) INTRODUCTION**

- a.) For Fiscal Year 2000/2001 the projected expenditures will amount US\$ 824,284 (US\$ 78,611 less than the approved request for this year).
- b.) For Fiscal Year 2001/2002 the Core Budget request is for the amount of US\$ 936,353. These estimates are US\$ 5,351 higher than the amount discussed at the EC-XI in Mérida.
- c.) No change to the level of contributions is proposed.

II) EXPENSES FOR FISCAL YEAR 2000/2001

Table 1: Approved Request and Projected Expenses for FY 2000/2001

Category	Approved Request	Actuals & Projections	Savings / (Overruns)
Personnel	562.895	453.933	108.962
Travel	131.500	128.121	3.379
Other Costs	208.500	242.230	(33.730)
	902.895	824.284	78.611

According to the figures shown in the Table 1, we expect total savings of US\$ 78,611 by the end of FY 2000/2001. The main reasons for these projected savings are as follows:

Personnel

- The Finance Officer was hired in January/2001, thus this generated 6 months of savings for this position.
- The Scientific Officer left IAI on October/2000 and the substitute will not commence before the end of this Fiscal Year.

These decreases were partially offset by the following increases:

- Purchase of 10 computer equipments (US\$ 20,000)
- Higher cost for the recruitment of the Financial Officer plus estimated costs for the recruitment of the Scientific Officer (US\$ 14,340)

III) BUDGET REQUEST FOR FY 2001/2002

The request was developed around three major categories: Personnel (Salaries and Benefits), Travel and Other Costs. The following table shows the differences between the initial request submitted at the time the budget for the period 2000 – 2003 was discussed and the revised estimates.

Table 2: Budget Request for FY 2001/2002

Category	Request EC - XI	Revised Request	Difference
Personnel	579.852	561.353	(18.499)
Travel	105.600	111.600	6.000
Other Costs	245.550	263.400	17.850
	931.002	936.353	5.351

As it is shown in Table 2, the revised request increases the expenditure in US\$ 5,531. This increase is the net result of savings under the category "Personnel" and increases in "Travel" and "Other Costs". The major changes are explained as follows:

Personnel

- Savings in the positions of Financial Officer and Scientific Officer (Salaries and Benefits). The actual salaries are lower than the ones proposed at the time the budget for FY 2001/2002 was discussed.

Travel

- Increase in the travel budget.

Other Costs

- Support to EC Working Groups (US\$ 6,000)
- Purchase of LAN Server (US\$ 9,000)

IV) MEMBER COUNTRY CONTRIBUTIONS

Table 3: Approved Contributions for FY 2001/2002

Country	Approved Contribution
Argentina	45.000
Brazil	80.000
Canada	115.000
Chile	5.000
Colombia	10.000
Costa Rica	5.000
Cuba	5.000
Dom. Republic	5.000
Ecuador	5.000
Guatemala	5.000
Jamaica	5.000
México	55.000
Panama	5.000
Paraguay	5.000
Peru	5.000
United States	550.000
Uruguay	5.000
Venezuela	30.000
Total	940.000

V) CASH FLOW

The following tables show an scenario analysis on the possible cash position of IAI at the end of FY 2001/2002 based on the possible levels of contributions to be received from the member countries during this year.

In all cases, the Country Contributions for FY 2000/2001 is the actual amount received as of June 30, 2001.

Scenario I

	2000/2001	2001/2002
Initial Cash Balance	210.000	303.716
Country Contributions	853.000	940.000
Bank Interests	65.000	30.000
Expenses	(824.284)	(936.353)
Surplus/Deficit	93.716	33.647
Final Cash Balance	303.716	337.363

This table shows the best of the scenarios, assuming that IAI will receive 100% of the contributions. Under this scenario, we expect a positive cash balance at the end of FY 2001/2002.

Scenario II

	2000/2001	2001/2002
Initial Cash Balance	210.000	303.716
Country Contributions	853.000	853.000
Bank Interests	65.000	30.000
Expenses	(824.284)	(936.353)
Surplus/Deficit	93.716	(53.353)
Final Cash Balance	303.716	250.363

This table assumes that the IAI will receive the same level of contributions in FY 2001/2002 as FY 2000/2001. Under this scenario, we expect a deficit of US\$ 53,353 which will have to be compensated with savings from the previous years.

Scenario III

	2000/2001	2001/2002
Initial Cash Balance	210,000	303,716
Country Contributions	853,000	752,000
Bank Interests	65,000	30,000
Expenses	(824,284)	(936,353)
Surplus/Deficit	93,716	(154,353)
Final Cash Balance	303,716	149,363

This scenario assumes that the level of contributions for Fiscal Year 2001/2002 will be 80% of the Approved Core Contributions (US\$ 752,000). This estimate is based on the recent trend of declining contributions. This small decrease in the expected incomes will cause a cash deficit of US\$ 154,353 which represents 16,5% of the projected expenses for FY 2001/2002.

This shows how sensitive the IAI's cash flow is to small variances in the contributions from the country members.

It is very important to highlight that the operational budget of IAI is calculated based on that the member countries will make their contributions in due course. Delays to send the contributions to the core budget jeopardize IAI's possibilities to reach its objectives.