

Sr. Antonio MacDowell, Chair  
IAI Executive Council  
Director de Administracion e Planeamiento  
Agencia Espacial Brasileira  
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Dear Antonio,

At its most recent meeting, the Executive Council (EC) asked that the Rules and Procedures Standing Committee prepare a preliminary proposal defining the meaning of "basic support" for the SAC and EC (Art. XIII - Financial Provisions, paragraph 1 of the Agreement Establishing the IAI). A copy of the relevant text is attached as Attachment I.

The Rules and Procedures Committee has considered the issue of "basic support" as it is defined in this Agreement. We have also reexamined the corollary issue of whether it would be appropriate for the IAI to fund the travel of delegates to meetings of the EC and to Conferences of the Parties (CoP's). The Committee's conclusions and recommendations are as follows.

The IAI Agreement states that the IAI shall have "a budget for operational expenses" which shall consist of salaries for Directorate staff and "basic support" for the "Directorate, SAC, and EC". The term "basic support" has been used very little, if at all, since the Agreement was signed. However, recent IAI documents, especially those dealing with budgetary matters make it clear that the IAI has interpreted "basic support" to refer to funds for activities, other than salaries, that constitute the day-to-day operations of the IAI.

To demonstrate, the reader is referred to the "IAI Core Budget Request for Fiscal Year 2002/2003", as submitted to the IAI EC-XV and CoP-IX Meetings, 25-28 June 2002, Sao Jose dos Campos, Brazil (Doc. 9\_ECXV/CoPIX/DWD/English/June 6, 2002. This document identifies the various components of what the IAI has referred to for some time as its "Core Budget". These are:

Personnel (staff salaries and associated benefits);  
Staff travel;  
Other costs (including  
Support for EC Working Groups,  
Capital equipment budget, and  
Support to participants in scientific meetings (non-IAI staff); and  
Director's special fund.

Support for EC Working Groups has been given only for those meetings not occurring on the same dates as regular meetings of the EC or CoP, and only to

those members specifically requesting it.

The budget states further that the Director's special fund is to be used for research and training activities that cannot be supported out of "regular research funds" and as "seed money" to encourage other donors to become involved in IAI research programs.

To reiterate, then, the IAI Agreement defines the IAI budget to be divided into two categories – salaries and "basic support". The IAI has defined such "basic support" through precedent, in developing and approving its "core budget", to include three categories – staff travel, other costs (as listed above), and the Director's special fund. Furthermore, since IAI member countries have gone through an exhaustive process in developing and approving the IAI Agreement and subsequent annual budgets, it can be reasonably assumed that the IAI did not in this process consider IAI "basic costs" to include costs other than those listed above.

The Committee on Rules and Procedures therefore recommends that the EC reconfirm this definition of "basic support" that the EC and CoP have developed through precedent.

That having been said, the Conference of the Parties certainly has the authority and the flexibility to redefine "basic support" to include costs not originally included in this term.

This brings us to the issue that was raised recently regarding the possible use of IAI funds to pay for delegate travel to EC and CoP Meetings, thus including such travel costs in the IAI core budget under the category of "basic support". This issue was addressed prior to the EC-XV and CoP-IX Meetings by the IAI's Financial and Administrative Procedures Group (FAWG), in consultation with the Committee on Rules and Procedures. The FAWG and the Rules Committee recommended jointly that "travel expenses of country Representatives to meetings of the EC and CoP continue to be the responsibility of country members" of these two bodies.

The FAWG and the Rules Committee recognized that the IAI had decided earlier that it could use core budget funds to support travel of members of committees, task forces, and working groups. However, the FAWG and the Rules Committee identified serious issues regarding potential use of core budget funds for delegate travel. From the perspective of the Rules Committee, the most important of these is the basic issue of conflict of interest.

Delegates to IAI Meetings represent their countries and, in this capacity, participate in discussions and vote on the IAI program and core budget. If such participation and voting were to be enabled by funds provided in this core budget, then a serious question is raised regarding the extent to which such participation

and voting would be guided by the delegate's role as a country representative or as an individual funded through the core budget that the delegate is called upon to consider and approve.

The Committee on Rules and Procedures, therefore, reconfirms, as an adjunct to our recommendation above on the definition of "basic support", our earlier recommendation, together with the FAWG, that "travel expenses of country Representatives to meetings of the EC and CoP continue to be the responsibility of country members" of these two bodies.

If, however, the EC and the CoP decide that the IAI should fund the travel of delegates to EC and/or CoP meetings, it is recommended that the IAI set up a trust fund for this purpose; that this trust fund be administered separately from the IAI's core budget; and that reports of the use of such a trust fund, including specific information on the travelers supported, be provided regularly as a part of the regular reports on budget to the EC and CoP.

It is suggested that this report be distributed for information purposes to the EC at its upcoming meeting; that, if time permits, EC Members be invited to offer informal comments; that the report then be translated and distributed to all IAI Members, together with an invitation for their formal comments; and, finally, that the Conference of the Parties be invited, at its next meeting in June 2003, to consider this report, the recommendations contained therein, and all formal comments received.

Sincerely,

Louis B. Brown, Chair  
Committee on Rules and Procedures

Attachment I

The Agreement Establishing the Inter-American Institute for Global Change Research, Article XIII, Paragraph 1:

"A budget of operational expenses for the Institute, consisting of salaries and basic support for the Directorate, Scientific Advisory Committee, and Executive Council, shall be supported by voluntary contributions pledged annually for a three-year period by the Parties in accordance with the interests of the Parties. Such pledges shall be in increments of \$5,000. The adoption of the annual budget shall be by consensus of the Parties. The Parties recognize that regular contributions to the operational budget are essential to the success of the Institute and that such contributions shall take into account the research resources of the contributing parties."