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Inter-American Institute
For Global Change Research

CORE BUDGET REQUEST FOR
FISCAL YEAR 2008/2009
AND PRELIMINARY REQUEST 2009/2011

For approval by the 26th EC/15th CoP
Buenos Aires, Argentina - June 17th to 20th, 2008

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1) Overview

The IAI Core Budget supports the Directorate's operations and it represents approximately a quarter of the total budget administered by the IAI. This document contains the Directorate's operational budget for the 2008/2009 fiscal year and the preliminary budget for the two years from 2009 to 2011. The budget considers all the funds needed to maintain the current level of service and operations, including the monitoring and further design of CRN II and SGP-HD Programs, training activities and additional programs according to the current plans and the direction from the Executive Council, and the Scientific Advisory Committee. It maintains operational expenses at a minimum level given current dollar values without affecting the planned activities.

An important activity for fiscal year 2008/2009 is to continue working with the EC, SAC, FAC, and the Strategic Committee on the development of an IAI Strategic Plan that will further develop the IAI's mandate in activities beyond the scope of national science agencies of regional and national importance. This plan will develop stronger links between the sciences and policy, and provide a plan to achieve the objectives set for IAI. Supplementary support for the strategic planning activity is being sought from the U.S. National Science Foundation.

The major IAI Directorate activities during fiscal year 2008/2009 include:

a) Scientific activities

Management and Monitoring of the CRN II and SGP-HD Programs

Projects under CRN-II are finalizing their second year. The last meeting of the CRN II and SGP-HD PI's (held in Panama City, February 2008) concentrated on effective networking and data management. Concrete proposals were made on how to better utilize and improve the IAI website as a communication tool and to more effectively use project briefs for addressing stakeholders. "Fact Sheets" will be prepared by each project to provide a brief sketch of each project and to be published on the IAI website. Meetings in FY 2008/09 (planned for the first half of 2009) will also have topical focus and tangible outputs. The process of synthesizing CRN II and SGP-HD programs was initiated and will need continued follow-up and coordination by the Directorate.

Following the recommendation of the CRN II review panel for completion of the CRN II project portfolio, a project focusing on The Impact of Land Cover and Land Use Changes on the Hydroclimate of the La Plata Basin has been approved (after peer review) with investigators from Argentina, Brazil and the USA and the Principal Investigator is Prof. Ernesto Hugo Berbery,

CONICET, Argentina and University of Maryland, USA. The project interfaces with the IDRC funded project on "Land use change, biofuels and rural development in the Rio de La Plata basin". The Directorate will continue its close involvement in the networking and coordination of these projects. Further additions to ongoing projects are planned based on SAC recommendations and negotiations with potential researchers. All projects will be monitored according to the management manual, and a scientific evaluation of the CRN II projects based on the progress/status will occur at the end of CRN II project year 3.

The SGP-HD program has been fully implemented and the first annual report will be due in August 2008. The IAI Directorate will monitor these projects with a view toward extension of program for a third year so that the SGP-HD activities can conclude together with the collaborating CRN II projects.

Joint activities with the international global change projects, programs and funding agencies.

Following on the joint IAI-NCAR colloquium 'Policy Planning and Decision Making involving Climate Change and Variability, NCAR, Boulder, 11-26 Sep 2008, the Directorate together with NCAR is planning a further colloquium on 'Seasonality and Water Resources in the Western Hemisphere'. The colloquium will be held at IANGLIA, Mendoza, Argentina in the first half of October 2008. Over a 10 day period, the it will discuss climate seasonality from sectoral view points (urban, farming, tourism, science), consider competition for water and its seasonal timing for urban use, farming and irrigation, flood control measures, fisheries or energy production.

Landuse change, biofuels and rural development in the La Plata Basin.

The project is funded by the International Development Research Center (IDRC) of Canada at CAD 444,000. The project commenced on 1 March 2008 with duration of 30 months; a kick-off meeting was held in Buenos Aires, Argentina, 18-20 March 2008. Grant agreements have been sent to the Principal Investigators and the activities are expected to start within the second quarter of 2008.

The IAI Directorates main task is the overall coordination of the five project components and the reporting to the IDRC. Another task is to ensure the integration of stakeholders which will be crucial for the success (and possible continuation) of the project. The project will reinforce and expand an interdisciplinary and international networks of researchers and stakeholders in Argentina, Bolivia, Brazil, Paraguay and Uruguay to guide future research and monitoring in the region.

As part of the La Plata Basin Initiative, IAI is continuing to develop a joint assessment with SCOPE and PETROBRAS to explore the links and feedbacks between land use patterns (and their change) in a landscape, biodiversity and hydrological resources. A main emphasis will be on the role of landscapes and biological diversity in ecosystem services such as water and carbon balances. The rapid assessment is expected to provide an opportunity to define very specific outputs in terms of guidance for land management and land use decisions.

IAI observer status at the UNFCCC and participation in SBSTA.

The Directorate continues its participation at the UNFCCC and its SBSTA, using its observer status to link regional scientists to convention activities and other international networks. Following IAI contributions to SBSTA in 2006 and 2007, the IAI will hold a side-event 'Building joint capacities in science and policy sectors for environmental decision making' on 4 June 2008 and has invited its sister network APN (Asia Pacific Network for Global Change Research) to participate. On invitation of SBSTA, IAI will also participate in a 'Research' informal session on 5 June 2008 with the ESSP, START and APN. Directorate activities in the conventions are on-going and will be part of the 2008/09 work plan.

b) Capacity building

Develop IAI interdisciplinary training institutes (TI).

The IAI will organize three training institutes that aim at exploring science themes that are policy relevant or that can strengthen the development of current IAI science programs. A TI on Cities is directed at policy makers, builds on a previous IAI TI on Urbanization of 2004, and expands the dialogue to practitioners, and broadens the scope of a current urban IAI project focusing on emissions.

The second TI will be held with NCAR in Mendoza, Argentina, on seasonality issues of climate change. In addition to a regional Andean focus it will permit comparisons between North and South American issues and policies.

The third TI will be co-organized with IUCN and will build on previous IAI projects and TIs on adaptation and risk.

A fourth workshop is in a planning stage and will deal with biodiversity and ecosystem services, to be held in Brazil

IAI-INPE/CPTEC Research Internships.

Two Latin American scientists took part in the program in 2007-2008. Janeet Sanabria (from the Servicio Nacional de Meteorología e Hidrología

SENAMHI, Peru) worked on global climate model validation for conditions in Peru". Her study program (September 2007- April 2008) was supervised by Dr. José Marengo at CPTec.

Ana Graciela Ulke (from the University of Buenos Aires, Argentina) developed her research (January –July 2008) focusing on meso-scale atmospheric models under the supervision of Dr. Saulo Freitas.

In January 2008, the IAI announced a call for new interns under the IAI-INPE/CPTec Research Internship Program. The IAI and INPE/CPTec expect to jointly select new interns for 2008/09 over the coming months.

IAI-IDRC cooperation on Ecohealth with Mexico's Instituto Nacional de Salud Publica (INSP).

The collaboration on science and training to address impacts of Climate on human health follows CRN I-048 project 'Diagnostics and Prediction of Climate Variability and Human Health Impacts in the Tropical Americas'. It will disseminate results and build linkages with other national and regional climate and health programs, in particular IDRC's Eco-health Program for Latin America and the Caribbean. IAI investigators will participate in the IDRC and INSP's Eco-health Conference in December 2008 in Merida, Mexico.

Climate Change and Andean Biodiversity project funded by the MacArthur Foundation.

The two-year project (2008-2009) will assess the current knowledge, research capacities, and institutional opportunities and constraints related to the impacts of climate change on biodiversity in the Andean region of Bolivia, Colombia, Ecuador and Peru. The IAI has established a steering committee composed of biodiversity and climate change experts from Andean countries to conduct the science and policy components of the project. Four project meetings are being planned:

- July 6-12, 2008 (Bogota, Colombia) for consultations between climate and biodiversity scientists;
- August 31-September 6, 2008 (Lima, Peru) for institutional and government consultation, including stakeholders;
- November 30-December 6, 2008 (Guayaquil, Ecuador) - A SCOPE rapid assessment to synthesize climate and biodiversity science;
- July 2009 for a synthesis of institutional and governance issues surrounding research and adaptation.

c) Outreach and Communication

The IAI Newsletter and Biennial Report will continue to be published on their regular schedules. Both publications will increasingly be electronic rather than paper since the single greatest expense is associated with mailing. The design of the Newsletter the Annual Report and the web-redesign are now entirely done in-house. The first 08 Newsletter will concentrate on topics of outreach and communication.

The joint UCAR-IAI workshop on issues of seasonality aims to produce practical manuals, policy briefs and targeted science digests for media use.

The last book to be produced from the CRNI synthesis is in its final editorial stages at the directorate and will be printed and web-placed in the 08/09 year.

d) Data Information System

The IAI Data Information System (DIS) permits data access and synthesis across projects disciplines and regions and in this way generates an information technology tool that complements the international science mandate.

The Directorate is spending considerable effort on facilitating a smooth metadata flow from its current projects and is organizing workshops and tutorials on data management for outreach and capacity building. Following the Directorate's participation in the May 2007 CODATA Workshop, the synthesis of data information and knowledge will be an important development activity.

e) Finance and Administration

The Financial and Administrative Office of IAI continues to look for improvement and streamlining of everyday activities, to financial reporting, project monitoring, while maintaining internal controls, and satisfactory external audit results.

Besides the analysis of financial reports and requests received from the Grantees, Finance and Administration is responsible for the assessment and monitoring of the financial and administrative capabilities of prospective and current grantees as well as for the control of all contracts issued by the Directorate.

A key activity for the 2008/2009 fiscal year will be the audit of the all projects under the CRN II program, planned for the second half of 2008.

On-going activities include budget development, strategic planning, as well as management reporting and analysis.

2) Budget Request for Fiscal Year 2008-2009

The budget was developed in detail around six main categories: Salaries & Benefits, Travel, Equipment, Operational Costs, Dissemination & Outreach, and Director's Fund. These categories comprise all individual expense accounts and provide a clear perspective of the planned expenses for Fiscal Year 2008/2009.

The budget amount has been increased from the previous three fiscal years, and will require changes in the existing contribution amounts by country while maintaining the participation percentages as per the OAS Schedule of Country Contributions. The proposed budget level allows IAI to continue with a steady level activities and services.

The increase reflects the additional costs for the IAI operations, specifically due to the effect of a weak US dollar in comparison to most currencies and even more marked, to the Brazilian real.

a) Core budget comparison

For the summary of the budget, please refer to Table I:

Table I: Budget Comparison 2008/2009 - 2007/2008
Summary by major category

Amounts in US\$	Fiscal Year 2008-2009	Fiscal Year 2007-2008	Differences
Salaries & Benefits	826,932	755,931	71,001
Travel	84,200	80,000	4,200
Equipment	26,000	12,000	14,000
Operational Costs	138,330	87,600	50,730
Dissemination & Outreach	43,000	43,000	-
Director Fund	45,000	36,400	8,600
Total	1,163,462	1,014,931	148,531

As shown in Table 1 the request for the FY 2008-2009 proposes a change of 14.6% from the previous fiscal year. The budget bridge to 2007/2008 by category is explained in detail below.

b) Salaries and Benefits

Under this category the cost of 6 international positions and four locally hired staff are budgeted. For the previous three years, the IAI had been paying nearly 50% of the salaries of the staff provided by Brazil; the Brazilian contribution in effect was reduced from the four included in the Host Country Agreement to below 3, as the funding provided for these three positions is no longer enough to cover salaries at current market rates for the level of qualification required and detailed in the above mentioned agreement.

The budget includes an allowance to hire these employees directly on temporary bases, while a solution to this long standing problem is reached.

The reduction relates to the following employees:

- The Director's Assistant position is now a half-time position and the other half is being covered by IAI with another part-time position.
- The positions of the FAO-TCO Assistant, and the SO Assistant are being funded in effect by Brazil at nearly 50%, a salary supplement is being paid with IAI Core Budget funds.

The current details by employee status are provided below:

Employees by Status	Number
International Staff (DIR, SO, TCO, FO, PM, ITM)	6
Locally hired (IAI) (Driver, 3 Assistants)	4
Provided by INPE (2 Full-time - 2 Half-time)	3
MacArthur - Part-time (not funded by CB)	1

Other details of the Salaries and Benefits line include:

- The amount shown under salaries includes sharing the cost of the Program Manager with the CRN II Program (60% assigned to the Core Budget, as per the CRN II approved project proposal).
- Since March 2005, the Brazilian Real has revalued and the U.S. Dollar has weakened. This has resulted in a 37% loss of purchasing power of the US dollar. This has had a direct impact on the amounts paid in local currency (Brazilian Real), both for the Directorate and for the international staff with salaries fixed in US dollars.

Exchange Rate	R\$ x 1 US\$
Average Exchange Rate 2005	2.6642
Average Exchange Rate 2008	1.6690
Variance	-37.4%

- The post-adjustment levels for international positions were changed during 2007/2008, therefore no additional change is considered in this line from the current level.
- The total of US\$47k was reduced from the salary line as this is the IAI's income arising from the IDRC and MacArthur projects. This amount includes only the indirect costs covered by these projects for the administration of the grant.
- For local employees, the budget considers the adjusted value in terms of US dollars, however no salary increase is expected, except the inflation rate for the previous year, agreed with the FAC and calculated at 4.5%.
- A proposed change in the Financial Assistant position, to be revalued and converted to a professional level position (Accountant), as per the requirements, and the salary changed accordingly.
- Changes have been made in the budget considering a continuous coverage plan after retirement, which is not included in the current insurance policy for the Director and the Scientific Officer, the parties affected by this gap in coverage. This will enable the employee who leaves IAI to be able to continue with the plan at a reasonable and already defined rate.
- The Salaries and Benefits line represents 71% of the IAI Core Budget (down from 74% in 2007/2008).

c) Travel

The travel budget for the 2008/2009 fiscal year has been increased from the previous fiscal year's level, considering the expected increases in air travel fares due to high fuel prices. It includes attendance to the Executive Council and CoP meetings for the Director, Officers, and two Assistants; it also includes attendance by the Director, Scientific Officer, and Program Manager to the SAC Meetings, attendance of the Program Manager to the UNFCCC-COP-SBSTA meetings, and other planned travels based on previous years.

The detailed travel budget is as follows:

TRAVEL ESTIMATES FOR THE FISCAL YEAR 2008/2009
Amounts in US\$

Position	Perdiem	Air Fare	Total
Priority 1			
Director	10,800	10,800	21,600
Scientific Officer	5,200	10,465	15,665
Financial Officer	2,600	3,695	6,295
TCO Officer	4,150	5,860	10,010
Program Manager	5,200	9,315	14,515
IT Manager	800	1,200	2,000
Local Staff	2,970	5,065	8,935
Subtotal: Priority 1 Travel	31,720	46,400	79,020
Priority 2 and 3	2,228	2,952	5,180
Total Travel	33,948	49,352	84,200

d) Operational Expenses

This budget category primarily includes support for the following: staff training, professional services (external audit, legal advice, translations and DIS services), office supplies and communication costs, and meeting support for the Scientific Advisory Committee (SAC) and Executive Council meeting incidentals.

Two new lines have been added for the 2008/2009 budget, one of them the purchase of a tax-free car for IAI (diplomatic plates); the current vehicle has had extensive use and it has been deemed appropriate to make the change now. The other one is furniture for the Directorate; given the space constraints the IAI currently has, the option of substituting the furniture provided by INPE for modular offices for some of the shared rooms, has been considered; this will enable IAI to receive interns according to plans and to have better working conditions and space for the current staff.

e) Dissemination and Outreach

We are proposing maintaining the costs of the IAI Newsletter and the IAI Annual Report, by streamlining the contents of both publications, providing an enhanced electronic rather than paper version since the greatest expense is mailing cost, and greater design and content quality. Since the previous year the design of the Newsletter and the Annual Report has been done in-house.

f) Director Special Fund

The Director's Special Fund was increased from the previous two years for a total of US\$45,000, to include new activities for Cuba under CRN II. Also, since two years ago, the Directorate no longer supports activities that do not fit the science and outreach program, therefore making it more effective and strategically managed; there will be a significant carry-over from the 2006/2007 and 2007/08 budget due to the reserves to be held for Cuban activities according to the decision of the 13th CoP (Venezuela).

3) Member Country Contributions to the Core Budget

For fiscal year 2008-2009, the IAI Directorate is requesting an increased level of contributions from the previous two fiscal years.

**Table II: Current and Proposed Contribution to CB by country
Amounts in US\$**

Country	Part. %	Current US\$	Proposed US\$
Argentina	5.01%	50,000	57,000
Bolivia	0.07%	5,000	5,000
Brasil	8.73%	85,000	100,000
Canada	12.63%	125,000	143,000
Chile	0.55%	5,000	6,000
Colombia	0.96%	10,000	11,000
Costa Rica	0.13%	5,000	5,000
Cuba	0.00%	5,000	5,000
Dominican Republic	0.18%	5,000	5,000
Ecuador	0.18%	5,000	5,000
Guatemala	0.13%	5,000	5,000
Jamaica	0.18%	5,000	5,000
Mexico	6.21%	60,000	70,000
Panama	0.13%	5,000	5,000
Paraguay	0.20%	5,000	5,000
Peru	0.42%	5,000	5,000
United States	60.75%	595,000	691,000
Uruguay	0.27%	5,000	5,000
Venezuela	3.27%	30,000	37,000
FUND TOTAL	100.00%	1,015,000	1,170,000

(*): This percentage represents the participation of each member country in the distribution of the operational costs of the Directorate according to the OAS Table of Contributions for 2001. The 26th EC approved contributions in multiples of US\$1,000, was confirmed and implemented in 2007

The proposed Core Budget level will guarantee the current level of operations of IAI for the next three fiscal years (2008/2011).

In terms of collection, the response from the countries to the IAI contacts has been very positive; Peru transferred additional funds for the total of US\$26,649, therefore, increasing its contributions to IAI by paying contributions in arrears and has made the commitment to pay for previous contributions during 2008/09.

Other countries that had not contributed during previous periods (Colombia, Bolivia) have made arrangements to pay for contributions in arrears.

The United States through NSF, have committed to make the funds currently paid upon request, available to IAI within the same fiscal year. It is expected that by the end of the 2008/2009 fiscal year, the US contribution will be current and available during the corresponding period.

With the current forecast for contributions, IAI expects to fund 100% of the 2008/2009 budget, either by current year contributions or payments to arrears; however we will continue to pursue the maximization of these funds and to get all member countries to participate in the IAI's activities.

4) Core Budget Request Bridge

The comparison to the previously approved Core Budget shows increases in Salaries and Benefits, due to the adjustment of international salaries, the additional costs of Brazilian staff salaries in comparison to the US dollar, the expenses recovered through additional funding (indirect costs).

Equipment includes furniture for IAI, and Operational Costs will increase due to a new IAI car purchase and additional costs related to SAC meetings.

**Table III: Budget Comparison 2008/2009 - 2007/2008 - Bridge
Summary by major category**

Amounts in US\$	Fiscal Year 2007-08	Fiscal Year 2006-07	Differences
Salaries & Benefits	826,932	755,931	71,001 (a)
Travel	84,200	80,000	4,200
Equipment	26,000	12,000	14,000 (b)
Operational Costs	138,330	87,600	50,730 (c)
Dissemination & Outreach	43,000	43,000	-
Director's Fund	45,000	36,400	8,600 (d)
Total	1,163,462	1,014,931	148,531

(a) Salaries and Benefits	71,001	
Salaries International Staff	25,027	Inflation adjustment
Other Projects - Income	(47,611)	Overhead covered by others
Staff Incentives	-	Complement to INPE staff increase
Post-adjustment	60,095	Revised PA procedure
Salaries - Local Staff	17,693	Salaries updated for Inflation
INSS Local Staff	8,224	% cost of Salaries for Local Staff
FGTS Local Staff	3,329	% cost of Salaries for Local Staff
Health Allowance	11,197	Continuous coverage plan
Others	(5,617)	
(b) Equipment	14,000	
Office furniture (net)	14,000	Optimization of office space
(c) Operational Costs	50,730	
New car purchase	29,200	
SAC - Meetings	17,230	Increased level of activities
Other Op. Costs	4,300	
(d) Director's Fund	8,600	
Director's Fund	8,600	Increase level to further impact

5) Three-year Core Budget (FY 08/09 / 09-10 / 10-11)

Budget by Year 2008/2009 - 2009/2010 - 2010/2011
Summary by major category

Amounts in US\$	Fiscal Year 2008-09	Fiscal Year 2009-10	Fiscal Year 2010-11
Salaries & Benefits	826,932	850,098	908,538
Travel	84,200	88,635	88,635
Equipment	26,000	25,000	10,500
Operational Costs	138,330	106,422	91,654
Dissemination & Outreach	43,000	35,000	36,000
Director's Fund	45,000	45,000	45,000
Total	1,163,462	1,150,155	1,180,327

The budget for 09/10 and 10/11 are for reference and planning purposes, and each year a three-year budget will be presented, however approval for each one is made yearly.