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Core Budget Request for FY 2009/2010

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1) Overview

This document contains the Directorate's operational budget for the 2009/2010 fiscal year. The budget considers all the funds needed to maintain and improve the current level of service and operations, including the monitoring and synthesis of CRN II and SGP-HD Programs, strategic planning, training activities and additional programs according to current plans, the direction from the Conference of the Parties, and the input from the Scientific Advisory Committee. It maintains operational expenses at a minimum despite an increase in activities.

The IAI Core Budget supports the Directorate's operations; it represents approximately a quarter of the total budget administered by the IAI. The remainder is program funds or funds held on behalf of the IAI by UCAR or NCAR which support activities coordinated and executed by the Directorate.

The major IAI Directorate activities during fiscal year 2009/2010 include:

a) Scientific activities

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

Projects under CRN-II will be completing their third year. The last meeting of the CRN II and SGP-HD PIs held in 2008 made concrete proposals on how to better utilize and improve the IAI website as a communication tool and to more effectively use project briefs for addressing stakeholders. Project descriptions have been posted for each project, and a peer-reviewed synthesis volume on applications of ecological knowledge to landuse decisions is now available free on the IAI web page. The next meeting of the PIs is scheduled for 24-26 June 2009 in Montevideo, Uruguay. It will also involve investigators in the IDRC-funded La Plata Basin initiative and a number of stakeholders. It will be held back to back with the meeting of the IAI Scientific Advisory Committee (23-25 June 2009 at UNESCO, Montevideo). The meeting will initiate the synthesis process across all current projects and programs.

The additional CRN II project on The Impact of Land Cover and Land Use Changes on the Hydroclimate of the La Plata Basin is fully operational including the interface with the IDRC funded project on "Land use change, biofuels and rural development in the Rio de La Plata basin". In addition, the project will integrate the continuation of project SGP-HD14, PI Clyde Fraisse on "Decision Support System (DSS) for Risk Reduction in Agriculture Phase II: Soybean DSS for Eastern Paraguay and Rio Grande do Sul". Talks between the two PIs are in their final stages.

The Directorate will continue the close involvement in shaping the networking and coordination of all projects. 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 be initiated at the end of CRN II project year 3.

The SGP-HD first annual report has been submitted and approved. Following a recommendation of the SAC, the Directorate, with the support of the PIs will submit a proposal to the US-NSF for a 2-year extension of the program until June 2011, so that the end coincides with the end of CRNII. The project PIs have been asked for their input to this proposal. As mentioned above, all PIs will participate in the Montevideo meeting, 24-26 June 2009.

Additional agreements have been signed, to extend the reach of the current programs in the last two years, as follows:

- an addendum with CRN2015-Diaz for the development of the final version of f-Diversity software, extension and update of the software and a training course;
- CRN2017_Klenner for the development of CCATT-BRAMS modelling efforts and a grid computing initiative;
- CRN2021-Sanchez: Monitoring Plant Phenology Using Hypertemporal Observations with NDVI - Sensing Towers to be used in CRNs 2021, 2015 and 2031, and an International Course on GIS, Remote-Sensing and Wireless Sensing Networks offered across several CRNs;
- CRN2047-Luckman for Capacity-building for 8 project students, and a joint meeting with PAGES;
- CRN2050-Liu for study of paleotempestology of Eastern North Pacific hurricanes along the Pacific coast of Mexico, extending his CRN to includes the study areas of CRN 2048, and a workshop for co-PIs;
- CRN2076-Piola for the synthesis activity resulting in an "Atlas of the Patagonian Sea Distribution of Seabirds and Marine Mammals".

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 first annual technical report has been submitted and was very well received by IDRC, although the progress is not even across all components, so that continuing detailed intervention and coordination of activities by the IAI remains important.

The IAI Directorate main task is the overall coordination and further integration with other activities, and the facilitation of stakeholder participation. The network of projects in the La Plata Basin has been further expanded and now includes seven components, four funded by IDRC, and

three by NSF. All PIs and representatives of several producer associations involved will participate in the Montevideo meeting, 24-26 June 2009.

IAI observer status at the UNFCCC and participation in SBSTA.

The Directorate continues its participation at the UNFCCC SBSTA, using its observer status to link regional scientists to convention activities and other international networks. Following IAI participation in an informal session and the organization of a special side event at the SBSTA in June 2008, the Directorate will again be part of an informal session during the first week of the SBSTA in June 2009 in Bonn, Germany. The IAI will, as feasible, participate and involve project PIs in Working Group meetings of the UN Conventions.

b) Capacity building

Develop IAI interdisciplinary training institutes (TI).

The IAI will organize one Interdisciplinary Training Institute and one Science-Policy Forum on science themes that are policy relevant or that can strengthen the development of current IAI science programs.

A Science-Policy Forum on Ecosystems Services and Climate Change Adaptation in the Andes will be held from July 2-3, 2009, Quito, Ecuador. The forum will be organized in collaboration with CIIFEN, PUCE, SENACYT, IUCN-SUR and Ecuador's Ministry of the Environment, and it will be held back to back with the IAI - MacArthur Foundation Regional Workshop for Institutional and Government Consultation on climate change and biodiversity (June 29-July 1, 2009).

The forum objectives are to encourage dialogue between decision makers and scientists involved in biodiversity, ecosystems, climate change, economics, social ecology and political science to discuss the political relevance of the ecosystemic approach to adaptation, to systematize the views of policy makers regarding ecosystems services within national development plans, and to develop national/regional agendas that foster inclusion of these issues in a political framework. Participants will include scientists, government representatives, NGOs and environmental managers.

A training institute on Cities' Responses to Climate Change will be held in 2010 in Santiago, Chile, with the Economic Commission for Latin America and the Caribbean- ECLAC. Partnership is also being pursued with UN Habitat, UNEP/ROLAC and the International Union of Local Governments. This Institute will seek to link urban studies, sustainability, and climate

change with practical knowledge towards policies shaping the construction and functioning of urban areas.

Publications and web outputs of the Training Institute on Remote Sensing Application to Hydrology in Semi-Arid Regions (April 20-24, 2009, Natal, Brazil) will be produced, jointly with partners at INPE.

IAI -INPE/CPTEC Research Internships.

Two Latin American young scientists will participate in the internship program in the second semester of 2009. They will be working on the application of climate circulation models to improve climate predictions in the Tropical Andes combined with the current IAI-MacArthur assessment project on biodiversity and climate change in the Andes.

Climate Change and Andean Biodiversity project funded by the MacArthur Foundation (2008-2010).

In 2009, the IAI will conduct a series of national meetings in the participating countries – Bolivia, Colombia, Ecuador and Peru - and two large regional workshops: a Regional assessment workshop with climate and biodiversity scientists (May 24-30, 2009, Ubatuba, Brazil) which is conducted as a SCOPE rapid assessment to synthesize knowledge on climate effects on biodiversity, and will produce an IAI-SCOPE-MacArthur book; and a Regional workshop for institutional and government consultation (June 29-July 1, 2009, Quito, Ecuador) which will develop a synthesis of institutional and governance issues surrounding research and adaptation.

From July-December 2009 the IAI will be working on completing and finalizing the IAI-SCOPE-MacArthur science book and the institutional strategy papers addressing institutional themes of national/regional priorities for biodiversity conservation and management. Second year and final reports with project activities and results will be prepared and submitted to the MacArthur Foundation (August and December 2009).

In addition, at the end of 2009, the IAI and the project steering committee will prepare a project outline, based on the research priorities and knowledge gaps identified in the assessment project, for a new proposal to be submitted to the Foundation's program on biodiversity conservation and climate change adaptation in the Andes.

c) Outreach and Communication

We will maintain the costs of the IAI Newsletter and Biennial Report. Both publications will increasingly be electronic rather than paper since the greatest expense is mailing. The design of the Newsletter the Annual Report and the web-redesign are now done in-house with occasional external consultations.

Following the joint UCAR-IAI workshop on issues of seasonality and climate impacts, a further training workshop is planned for 2010.

As the CRNII synthesis progresses, publications and web content will be developed

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 working with several of the CRNs to facilitate a smooth metadata flow from current projects, and is organizing workshops and tutorials on data management.

Internally the IT unit of the IAI will continue to offer training to staff on different applications and interact with outside organizations to optimize IT functions and data storage.

e) Finance and Administration

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

The budget for 2009/2010 includes the contracting of basic accounting services, due to increased duties and in order to improve management reporting and analysis, and to achieve timely and better quality information for decision making.

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.

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

2) Budget Request for Fiscal Year 2009-2010

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 2009/2010.

The budget amount has been kept at same level as the previous fiscal year as initially considered with the 3-year budget presented in Buenos Aires, and will not require changes in the total contribution amount. The proposed budget level allows IAI to continue with a steady level of activities and services even though it contains lower operating costs. The lower operating costs compensate for additional liabilities that have in the past not been included in the budget (see below). The budget is also helped by the effect of a stronger US dollar than last year in comparison to most currencies including the Brazilian real.

a) Core budget comparison

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

Table I: Budget Comparison 2009/2010 - 2008/2009
Summary by major category

Amounts in US\$	Fiscal Year 2009-2010	Fiscal Year 2008-2009	Differences
Salaries & Benefits	777,477	826,932	(49,455)
Travel	74,510	84,200	(9,690)
Equipment	14,200	26,000	(11,800)
Operational Costs	187,930	138,330	49,600
Dissemination & Outreach	49,000	43,000	6,000
Director Fund	60,000	45,000	15,000
Total	1,163,117	1,163,462	(345)

As shown in Table 1 the request for the FY 2009-2010 proposes a similar budget level as the previous fiscal year. The budget bridge to 2008/2009 by category is explained in detail below.

b) Salaries and Benefits

Under this category the cost of 6 international positions and 3.5 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 as the funding provided for these three positions was no longer enough to cover salaries at market rates for the level of qualification required and detailed in the above mentioned agreement.

After extensive negotiations with the Brazilian representation, the following steps were taken:

- Since the ceiling value for the different salaries offered by Brazil did not match existing staffing needs, staff and employment modes had to be changed: the highest salary had to be assigned to the accountant, who was therefore dismissed from the IAI payrole and hired on the Brazilian staff. The lowest paid assistant is given an opportunity to supplement her salary with work on the MacArthur project. One assistant remains fully paid by Brazil. Contracts of one administrative assistant and a clerk have not been renewed and the two employees have left. The driver (previously paid by IAI) has been hired on the Brazilian contract. The two part-time assistants to the Director were hired directly by IAI.

These changes meant a reduction of 50% on the Staff Incentives, a reduction of the salaries paid directly by IAI (Accountant, Driver), and an increase of salary costs for the 2 part-time assistants to the Director, now fully covered by IAI.

The current details by employee status are provided below:

Employees by Type	Quantity
International Staff (DIR, 3 A.D.'s , PM, ITM)	6
Locally Hired (IAI) (2.5 Assistants, Programmer)	3.5
Provided by INPE (Accountant, Driver, 2 Assistants)	3
MacArthur - Part-time Not funded with Core Budget	1

Other details of the Salaries and Benefits line include:

- The amount shown under salaries includes the full cost of the Program Manager with the CRN II Program as per the CRN II approved project proposal.
- The US dollar exchange rate in terms of Brazilian real appears to have stabilized therefore no additional changes in the Post-adjustment level are considered on this budget. The procedure for future changes has been clearly defined and has been in use for the past 3 quarters.
- A 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, other than the inflation rate adjustment for the previous calendar year calculated at 6.0%.
- For the international positions, an inflation adjustment of 5% has been considered in the budget (CPI index was 5.9% in 2008); for the A.D. for Finance and Administration, a 10% salary increase was included with the renewal of the contract in December 2009; this last item reflects a revaluation of the position and duties, and also its level relative to other Assistant Director salaries in IAI.
- The position of A.D. for Science Programs was included at a level of US\$88k (including a 15% P.A. to maintain flexibility) generating savings from the previous level.
- Changes have been made in the budget considering a continuous health coverage plan after retirement, which is not included in the current insurance policy for the Director and the Scientific Officer, the parties affected the most 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 defined rate.
- The Salaries and Benefits line represents 67% of the IAI Core Budget (down from 71% in 2008/2009 and 74% in 2007/2008).

c) Travel

The travel budget for the 2009/2010 fiscal year has been reduced from the previous fiscal year's level, considering only one EC meeting per year. 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 at the SAC Meetings, attendance of the Program Manager at the UNFCCC-COP-SBSTA meetings, and other travels based on previous years.

The detailed travel budget is as follows:

TRAVEL ESTIMATES FOR THE FISCAL YEAR 2009/2010
Amounts in US\$

Position	Perdiem	Air Fare	Total
Priority 1			
Director	10,800	10,800	21,600
Scientific Officer	4,600	9,315	13,915
Financial Officer	1,800	2,695	4,495
TCO Officer	3,350	4,860	8,210
Program Manager	4,600	8,165	12,765
IT Manager	800	1,200	2,000
Local Staff	2,220	3,225	6,345
Subtotal: Priority 1 Travel	28,170	40,260	69,330
Priority 2 and 3	2,228	2,952	5,180
Total Travel	30,398	43,212	74,510

d) Operational Expenses

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

Two new lines have been removed from the 2008/2009 budget, one the purchase of a tax-free car for IAI, the other was office furniture for the Directorate which is being quoted and should be in place before the end of the 2008/2009 fiscal year.

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. The design of the Newsletter and the Annual Report is done in-house. The amount for web design was increased from the 2008/2009 budget level, since the content of the IAI web presence is increasing.

f) Director Special Fund

The Director's Special Funds was increased from the previous fiscal year for a total of US\$60,000, to compensate for activities for Cuba under CRN and extend the reach of the Fund. For the past three years, the Directorate no longer supports activities that do not fit the science and outreach program, thereby making it more effective and strategically managed; there will also be a carry-over from the 2006/2007 and 2007/08 and 2008/2009 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 2009-2010, the IAI Directorate is requesting the same level of contributions from the previous fiscal year.

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

Country	% (*)	Contrib.
Argentina	5.01%	57,000
Bolivia	0.07%	5,000
Brazil	8.73%	100,000
Canada	12.63%	143,000
Chile	0.55%	6,000
Colombia	0.96%	11,000
Costa Rica	0.13%	5,000
Cuba	-	5,000
Dominican Republic	0.18%	5,000
Ecuador	0.18%	5,000
Guatemala	0.13%	5,000
Jamaica	0.18%	5,000
Mexico	6.21%	70,000
Panama	0.13%	5,000
Paraguay	0.20%	5,000
Peru	0.42%	5,000
United States	60.75%	691,000
Uruguay	0.27%	5,000
Venezuela	3.27%	37,000
FUND TOTAL	100.00%	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 requested contributions in multiples of US\$1,000 implemented in 2007

The proposed Core Budget level will guarantee current and increasing levels of operations of IAI for the next two fiscal years (2009/2011).

With the current forecast for contributions, IAI expects to fund 100% of the 2009/2010 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 and contribute to the IAI's activities.

4) Core Budget Request Bridge

The comparison to the previously approved Core Budget shows decreases in Salaries and Benefits, due to the hiring of the new A.D. Science Programs, decreases in Travel and Equipment, as well as increases in Dissemination and Outreach and the Director's Special Funds.

**Table III: Budget Comparison 2009/2010 - 2008/2009 - Bridge
Summary by major category**

Amounts in US\$	Fiscal Year 2009-2010	Fiscal Year 2008-2009	Differences
Salaries & Benefits	777,477	826,932	(49,455)
Travel	74,510	84,200	(9,690)
Equipment	14,200	26,000	(11,800)
Operational Costs	187,930	138,330	49,600
Dissemination & Outreach	49,000	43,000	6,000
Director's Fund	60,000	45,000	15,000
Total	1,163,117	1,163,462	(345)

(a) Salaries and Benefits	(49,455)	
Salaries International Staff	32,305	Inflation adjustment
Staff Incentives	(11,200)	Complement to INPE staff increase
Post-adjustment	(59,720)	Revised PA procedure
Pension Plan Intl. Staff	(10,521)	% cost of Salaries for Intl. Staff
Salaries - Local Staff	(2,782)	Salaries updated for Inflation
INSS Local Staff	9,713	% cost of Salaries for Local Staff
Health Allowance	(1,693)	Expected savings A.D. position
Education Allowance	(9,880)	Expected savings A.D. position
Others	4,323	
(b) Travel	(9,690)	
Staff Travel	(9,690)	Due to only one EC per year
(c) Equipment	(11,800)	
Equipment (net)	(11,800)	Optimization of office space 08-09
(d) Operational Costs	49,600	
New car purchase	(28,900)	
Severance and Relocation Reserve	60,000	Cash reserve build-up
Relocation Expenses	12,000	A.D. Science Programs
Professional Services	6,500	Part-time accounting services
(e) Dissemination & Outreach	6,000	
Brochures, web-design	6,000	Increased webdesign
(d) Director's Fund	15,000	
Director's Fund	15,000	Increase level to further impact

5) Three-year Core Budget (FY 09/10 / 10-11 / 11-12)

Budget by Year - 2009/2010 - 2010/2011 - 2011/2012
Summary by major category

Amounts in US\$	Fiscal Year 2009-2010	Fiscal Year 2010-2011	Fiscal Year 2011-2012
Salaries & Benefits	777,477	796,003	862,891
Travel	74,510	78,437	82,636
Equipment	14,200	15,000	10,000
Operational Costs	187,930	174,422	213,654
Dissemination & Outreach	49,000	40,000	40,000
Director's Fund	60,000	60,000	70,000
Total	1,163,117	1,163,862	1,279,181

The budgets for 2010/2011 and 2011/2012 are presented for reference and planning purposes, each year a 3-year budget will be presented, however approval for each year's budget will be requested yearly at the EC-CoP meetings.