



INTER-AMERICAN INSTITUTE FOR GLOBAL CHANGE RESEARCH

CORE BUDGET REQUEST FOR
FISCAL YEAR 2014/2015
and
PRELIMINARY REQUEST 2015-2017

For review by the EC / CoP
Mexico D.F. - August 12th to 15th, 2014

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1) Overview

This document contains the Directorate's operational budget for the 2014/2015 fiscal year. The budget shows all the funds needed to maintain the current level of service and operations, including the monitoring and synthesis of CRN III and SGP-CRA Programs, training activities and additional programs according to current plans. It maintains operational expenses at a minimum despite an increase in activities related to the science policy work and planning, and expenses for the implementation of the change in host country and additional sites for the IAI Directorate.

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 that support activities coordinated and executed by the Directorate.

The major IAI Directorate activities during fiscal year 2014/2015 include:

a) Scientific activities

Management and Monitoring of the CRN III and SGP-CRA Programs

The CRN III program (2012-2016) is now in its 2nd year and the majority of funds for the year disbursed. An additional program, the Collaborative Research in the Americas (SGP-CRA) will be ending by December 2014.

The MacArthur foundation grant is in its final year, concluding field research to be followed by synthesis, dissemination and science-policy events.

IAI observer status at the UNFCCC and participation in SBSTA.

The Directorate continues its participation both at the United Nations Framework Convention on Climate Change, and its Subsidiary Body for Scientific and Technological Advice. The IAI submissions again highlight its Tropi-Dry network in response to the current topic for the June 2014 SBSTA meeting in Bonn, Germany.

b) Outreach and Communication

For the past two years and after attempts to reduce cost and provide only an electronic form of the IAI Newsletter, a full paper version is still being

produced, supplemented with more targeted electronic articles and science briefs.

The synthesis of CRN II is resulting in publications and web content - several of these are available on the IAI website.

c) Data Information System

The IT manager had left IAI in April 2013, and all of the IT service has been outsourced. This change to outsourced service is expected to improve security, connectivity and development potential of the system. In addition a new, more user-oriented web site is under construction.

d) Finance and Administration

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

As in past years, the budget for 2014/2015 includes the contracting of an additional position to improve management, reporting and analysis, particularly of the science and capacity building programs, and assist the development of accounting records, for those activities across member countries. Also, funds have been allocated for the transition period in Montevideo, to ensure a smooth transition and transfer of duties.

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.

Ongoing activities include budget development, strategic planning, as well as management reporting and analysis.

2) Budget Request for Fiscal Year 2014-2015

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 2014/2015.

The proposed FY 14/15 budget amount increases the operational budget of the Institute by 6% as proposed over the previous year. The budget considers a proposal for changes in the total contribution amount, as was anticipated the previous year. The proposed budget level allows IAI to continue with an improved level of activities and services and compensation for additional liabilities that have in the past not been included in the budget (see below).

The proposed budget estimates the full cost for the following fiscal year operating in Montevideo plus 2 transition staff in Brazil for up to 6 months.

a) Core budget comparison

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

**Table I: Budget Comparison 2014/2015 - 2013/2014
Summary by major category**

Amounts in US\$	Fiscal Year 2014-2015	Fiscal Year 2013-2014	Difference
Salaries & Benefits	977,702	927,599	50,103
Travel	99,280	99,280	-
Equipment	10,700	10,700	-
Operational Costs	189,346	166,135	23,211
Dissemination & Outreach	39,000	39,000	-
Director's Fund	54,000	54,000	-
Total	1,370,028	1,296,714	73,314

b) Salaries and Benefits

Under this category the cost of 5 international positions and 2 locally hired staff is budgeted (once the Montevideo offices are fully operational). It also includes the current Brazilian Staff for a period of up to six months.

The current details by employee status are provided below:

Employees by Type	Quantity
International Staff (DIR, 3 A.D.'s , PM)	5
Locally Hired (IAI) (1 Assistant, 0.5 IT, Accountant)	2.5

Other details of the Salaries and Benefits line include:

- The amount shown under salaries includes the full cost of the Program Manager since it is no longer covered by the CRN Program.
- The US dollar to Uruguayan Peso exchange rate has been stable during the previous year. Therefore, no change in the Post-adjustment level is recommended in this budget. The procedure for future changes has been clearly defined and has been in use for the past 4 years. Based on the Post Adjustment procedure in place, the budget considers the same level of Post Adjustment as the calculation made in the third quarter of 2012, with a level of 25.1% for the International Positions. This level represents an average exchange rate of 21 Pesos per one US dollar.
- A total of US\$60k was reduced from the salary line as this is the IAI's income arising from the ENSOCIO and MacArthur projects. This amount includes only the indirect costs covered by these projects for the administration of the grant.
- The Salaries and Benefits line represents 71% of the IAI Core Budget (same as in 2012/2013 and down 1% from 2013/2014) due to the effect of savings in the salary lines and reduced cost of living adjustments from the previous estimate presented at the CoP in 2013, to reflect part of the country contribution situation.

c) Travel

The travel budget for the 2014/2015 fiscal year has been maintained at the same level as the previous fiscal year still considering two combined EC meetings per year, however leaving an allowance for travel for the possible new positions of the Directorate in Argentina. It includes attendance to the Executive Council and Conference of the Parties meetings for the Executive Director, area Directors, Directors in Argentina and two Assistants; it also includes attendance by the Director, A.D. for Science Programs, and Program Manager at the SAC Meetings, attendance of the Program Manager at the UNFCCC-COP-SBSTA meetings, and other travel based on previous years.

The detailed travel budget is as follows:

TRAVEL ESTIMATES FOR THE FISCAL YEAR 2014/2015
Amounts in US\$

Position	Perdiem	Air Fare	Total
Priority 1			
Director	9,800	9,800	19,600
A.D. Science	3,800	7,015	10,815
A.D. Finance and Admin.	9,700	9,695	19,395
A.D. Outreach	2,900	4,300	7,200
Program Manager	3,800	7,245	11,045
Argentina Directorate	10,800	11,225	22,025
Local Staff	1,620	1,500	4,020
Subtotal: Priority 1 Travel	42,420	50,780	94,100
Priority 2 and 3	2,228	2,952	5,180
Total Travel	44,648	53,732	99,280

d) Operational Expenses

This budget category primarily includes support for the following: staff training, professional services (external audit, legal advice, IT Services and transition contracts, 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. The increase from the previous year is due to the IT Services contract, as planned the previous year.

e) Dissemination and Outreach

The costs of the IAI Newsletter and the IAI Annual Report are being kept level with last year. The previous budget included an amount for web design, which is now part of an outsourced contract.

f) Director Special Fund

The Director's Special Funds was maintained from the previous fiscal year for a total of US\$54,000. For the past five years, the Directorate no longer supports activities that do not fit the science and outreach program, thereby making it more effective and strategically managed.

g) Core budget request bridge to 2013-2014

**Table II: Budget Comparison 2014-2015 - 2013-2014 - Bridge
Summary by major category**

Amounts in US\$	Fiscal Year 2014-2015	Fiscal Year 2013-2014	Difference
Salaries & Benefits	977,702	927,599	50,103
Travel	99,280	99,280	-
Equipment	10,700	10,700	-
Operational Costs	189,346	166,135	23,211
Dissemination & Outreach	39,000	39,000	-
Director's Fund	54,000	54,000	-
Total	1,370,028	1,296,714	73,314

(a)

(a) Salaries and Benefits	50,103	
Salaries and Benefits	50,103	Salary Adjustments + locally hired staff
(b) Operational Costs	23,211	
IT services and transition	9,500	IT Management contract
Others	500	
(d) Dissemination & Outreach	-	
Web design	-	Part of IT Management Contract

(b)

3) Member Country Contributions to the Core Budget

For fiscal year 2014-2015, the IAI Directorate is proposing a 8.9% increase in the level of contributions from the previous fiscal year (which had been constant for 4 years). This increase was originally planned and delayed the previous fiscal year (2013-2014), however is consistent with the data presented for the previous budget at the last EC/CoP.

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

Country	Part. %	Current US\$	Proposed US\$
Argentina	5.01%	63,000	69,000
Bolivia	0.07%	5,000	5,000
Brasil	8.73%	110,000	120,000
Canada	12.63%	159,000	173,000
Chile	0.55%	7,000	8,000
Colombia	0.96%	12,000	13,000
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%	77,000	85,000
Panama	0.13%	5,000	5,000
Paraguay	0.20%	5,000	5,000
Peru	0.42%	5,000	6,000
United States	60.75%	762,000	831,000
Uruguay	0.27%	5,000	5,000
Venezuela	3.27%	41,000	45,000
FUND TOTAL	100.00%	1,286,000	1,400,000

(*): 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

With the current forecast for contributions, IAI expects to fund 100% of the 2014/2015 budget, either by current year contributions or payments to previous year's contributions; 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) Three-year Core Budget (FY 14-15 / 15-16 / 16-17)

Table IV: Budget by Year 2014/2015 - 2015/2016 - 2016/2017
Summary by major category

Amounts in US\$	Fiscal Year 2014-2015	Fiscal Year 2015-2016	Fiscal Year 2016-2017
Salaries & Benefits	977,702	982,091	1,063,770
Travel	99,280	93,909	93,909
Equipment	10,700	15,000	5,000
Operational Costs	189,346	229,065	178,419
Dissemination & Outreach	39,000	40,000	40,000
Director's Fund	54,000	60,000	40,000
Total	1,370,028	1,420,065	1,421,098

The budget for 15/16 and 16/17 are for reference and planning purposes, and each year a three-year budget will be presented, however approval for each one is made yearly.