



Inter-American Institute
For Global Change Research

QUARTERLY STATUS REPORT
YTD – MARCH 31, 2009

Report for the FAC Meeting
S. J. Campos - April, 2009

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1) Status of the Core Budget

a) Country Contributions

As of March 31, 2009 the funds collected (cash incomes) represent 81% of the approved contributions for the fiscal year 2008/2009.

Table I shows the status of the contributions received as of March 31, 2009.

Core Budget - 2008 / 2009
Status of Country Contributions as of March 31, 2009
 Amounts in US\$

	Due as of 30-Jun-08	Contribution for FY 08/09	Paid - in 2008/2009 to be applied to:			Due as of 30-Jun-09
			Arrears	Current year	Advances	
Argentina	51,957	57,000				108,957
Bolivia	20,000	5,000				25,000
Brazil	5,000	100,000	(85,000)			20,000
Canada	-	143,000		(71,500)		71,500
Chile	(15,000)	6,000	-	-	-	(9,000)
Colombia	50,000	11,000	(10,000)	(11,000)		40,000
Costa Rica	12,000	5,000		(3,568)		13,431
Cuba	25,067	5,000		(5,000)		25,067
Dominican Republic	55,000	5,000				60,000
Ecuador	35,000	5,000				40,000
Guatemala	55,000	5,000				60,000
Jamaica	20,000	5,000				25,000
Mexico	-	70,000			-	70,000
Panama	(5,000)	5,000				-
Paraguay	60,000	5,000				65,000
Peru	13,351	5,000				18,351
Uruguay	50,000	5,000				55,000
USA (*)	595,000	691,000	(595,000)	(155,000)		536,000
Venezuela	189,521	37,000		(12,500)		214,021
Totals	1,216,896	1,170,000	(690,000)	(258,568)	-	1,438,327
				Total Revenues:		(948,568)
				Total Advances:		-
				Contributions not received:		(221,432)
				Difference:		-

TABLE I: Status of Member Country contributions as of March 31, 2009 (cash basis)

The response from the countries to the IAI contacts has been slow at best, and collections in the first quarters 2008/2009 are low in comparison to the previous fiscal year despite the increased contacts with many country representatives.

b) Collection of Country Contributions

The funding requests continue to involve all senior members of the IAI staff, with different strategies depending on the situation of each specific country.

Talks with high-level government officials have taken place in Guatemala and Uruguay, but without tangible results so far. Guatemala has never paid its contributions, and Uruguay only once upon joining.

Colombia and Cuba have paid contributions in arrears. Costa Rica paid the balance from the 2005/2006 fiscal year and part of the contribution for the 2006/2007 in arrears.

Every opportunity to promote IAI and request funds is used. Whenever there is staff travel, contacts are made in order to promote IAI with the high level country officials, usually requesting meetings with persons with enough political and budgetary decision power, to move towards a decision to engage the country and commit funds.

Honduras has expressed interest in joining IAI and the documentation needed for its participation has been forwarded to the officials in charge. We expect this process to be concluded in the 2009/2010 fiscal year.

The strategy to engage more countries is based on content driven efforts, first creating the local scientific content and then involving local scientists in the IAI's request for contributions. This encompasses not only current members of the Institute, but also potential members, with a focus on the Caribbean and the Central American countries.

Whenever the IAI had communications with member countries (or those not actively contributing or participating), a country profile sheet is provided in order to show the tangible benefits that the countries have obtained from participating in IAI. This has had a very positive impact.

However, the IAI needs more support from the member countries, as contributions should be received at the earliest. We will undertake additional collection efforts before the end of the current fiscal year, and we expect a positive response from a number of member countries.

c) Expenses

The following table shows the expenses year-to-date March 2009 (9 months into fiscal year 2008/2009). This comparison shows the status of the core budget compared to the actual expenses in the corresponding period.

These expenses include the provisions for holidays, contributions to social security, and depreciation of fixed assets.

Budget Performance
July 2008 - March 2009
 Amounts in US\$

Category	Actuals	9-month Budget	Difference	%
	2008/2009	2007/2008		
Salaries & Benefits	607,046	620,199	(13,153)	-2.1%
Travel & Training	22,859	63,150	(40,291)	-63.8%
Equipment	7,610	19,500	(11,890)	-61.0%
Operational Costs	88,079	103,748	(15,668)	-15.1%
Dissemination & Outreach	11,711	32,250	(20,539)	-63.7%
Director's Fund	2,366	33,750	(31,384)	-93.0%
Total	739,671	872,596	(132,925)	-15.2%

Budget was included for the period (9 months) - total budget is US\$1,163k

TABLE II: Core Budget expenses as of March 31, 2009.

Year-to-date expenses at the end of March 2009 are -15.2% lower than the 9-month budget, in all categories.

Salaries and Benefits appear lower than expected due to a higher than expected US dollar exchange rate generating savings in US dollar terms.

Travel and training expenses are also lower than expected as the budget considers travel to the EC meeting (usually in the 2nd quarter) that this year has not been held. In the line of operational costs, the variance comes from the SAC meeting (occurred in November) as the expenses are not yet reflected in the accounting.

During the current fiscal year, we have funded few activities with the Director's Special Fund, since the funding is held in reserve pending the signing of Cuban contract components in CRN II.

We expect to close the end of the 2008/2009 (June 2009), with a year-to-date variation of -8% compared to the budget for the same period, the severance payments for the A.D. for Science Programs offsetting some of the savings in other categories, as well as some

budgeted expenses that will be incurred before the end of the fiscal year as planned.

2) Cash Composition and Core Budget Reserves

The cash balance at the end of April 30, 2009 was -35.1% higher than the ending balance at the end of March 2008; expenses continue to be tightly controlled and some countries continue to pay for previous year's contributions, by September IAI temporarily covered Core Budget expenses with reserves, before requesting the funds from the NSF waiting for the new grant to be approved, and also expecting contributions from other countries.

The grant to cover the U.S. Contribution for 08/09 was submitted to NSF for approval in December, therefore we have not been able to withdraw the funds for the 2008/2009 U.S. contribution, however expenses have been incurred and the funds will be requested (reimbursement) in the following months.

Cash Reconciliation

At the end of Apr-09

Amounts in US\$

	Mar-08	Mar-09	Variance
Program Funds	183,451.52	146,329.33	-20.2%
IAI CB Funds	333,496.65	189,301.25	-43.2%
Total Cash	516,948.17	335,630.58	-35.1%

This level of reserves (IAI Core Budget Funds) would cover 2.0 months of operations with the current annual budget level of \$1,163,462 (Fiscal Year 2008/2009 budget approved by the 15th CoP in Buenos Aires, June 2008).

If the funds for the U.S. and other contributions expected for 2008/2009 were taken into consideration in terms of reserves, the IAI Core Budget Funds would cover 9.1 months of operations at the current budget level.

3) Administrative Area

a) Changes to Administrative Processes / Internal Controls

CRN II Program Audit

From Aug. to Dec. 2008, the IAI performed the audits for the CRN II program, covering all PI institutions and several Co-PI institutions that were considered relevant. The audit was made with a focus on reported expenses compared to the physical receipts, internal controls, operational effectiveness, and the project in general.

All receipts were reviewed (100% sample at the PI sites and Co-PIs sites visited) and the results were satisfactory.

Employee Manual

The changes to the forms and approved policies are being compiled and attached to the manual as a new annex. The manual is up-to-date with all changes.

Accounting Manual

For several reasons, the accounting manual has not received a high priority during the past fiscal year and it is still pending. The need for such a manual is being discussed with the FAC; a decision will be made during the next FAC meeting (2009).

Host Country Agreement with Brazil

This item is still unresolved, however there are very positive signs from the Brazilian representation to IAI, as well as from INPE as the administrator of the contract. Additional talks are still needed, however in time we believe all issues will be resolved or clarified. A proposal will be presented to the Brazilian representation to IAI before the EC/CoP meeting in Bogota.

Brazilian Staff provided by INPE

After several sessions and negotiations with INPE, the contract for the IAI staff was issued with some changes, however not fully covering the IAI needs. Changes were needed, to reduce as much as possible the supplements paid with Core Budget funds; due to this, the contracts of two staff members were not renewed (Finance and Administration Assistant, Office Clerk), activities were re-distributed and the contract values and salaries were assigned to those positions that more closely reflect the reality of the salaries, while minimizing the amounts paid out of the normal payroll. This change will translate into savings of about US\$35k per year, and

avoids potential problems related to the salary supplementation with the Brazilian revenue service.

Cash management

Improvements were made in the handling of cash for IAI; Banco do Brasil which has been a cause for a major security breach is no longer being used, and has been substituted by Citibank which now is able to handle US dollar operations, providing more security and a more discrete location. Cash withdrawals are now being handled by a security company (armored truck) albeit at a higher cost.

Internal Controls

The controls remain in place, being reviewed and updated when opportunities for improvement are detected. Currently there are no critical Internal Control Issues outstanding either from the FAC or the External Auditors. The external audit report is again delayed, however the latest communications indicate that it will be received shortly.

Inflation for 2008

Inflation Rate	%	Cumm. % Year
Jan-08	0.96%	0.96%
Feb-08	0.26%	1.22%
Mar-08	0.19%	1.41%
Apr-08	0.76%	2.17%
May-08	0.68%	2.85%
Jun-08	0.89%	3.74%
Jul-08	0.65%	4.39%
Aug-08	0.23%	4.62%
Sep-08	-0.06%	4.56%
Oct-08	0.25%	4.81%
Nov-08	0.52%	5.33%
Dec-08	0.58%	5.91%

The inflation in the current calendar year is already higher than 2007 (4.54%).

Exchange rate – current year

Jan-08	1.779
Feb-08	1.758
Mar-08	1.678
Apr-08	1.749
May-08	1.672
Jun-08	1.628
Jul-08	1.592
Aug-08	1.566
Sep-08	1.634
Oct-08	1.914
Nov-08	2.115
Dec-08	2.333

In Q4-2008, the average exchange rate at the day of payroll increased to 2.121. With these values, the post-adjustment was reduced to the 2007 level in 01-Jan-09.