



ORIGINAL: ENGLISH

19 May 2023

**CONFERENCE OF THE PARTIES TO THE  
INTER-AMERICAN INSTITUTE FOR GLOBAL  
CHANGE RESEARCH  
Thirty-first meeting  
Panama City and Videoconference  
21-22 June 2023  
Agenda item 6(a)**

**Financial and budgetary matters**

**Annex 1: Overview of the Financial Status for FY 2022-2023**

1. This document has been prepared by the IAI Directorate.

Introduction

2. This document presents an overview of the financial status for the fiscal year 2022-2023 and an update on Party contributions to 30 April 2023.

Background

3. The *Agreement establishing the Inter-American Institute for Global Change Research*, Article XIII, *Financial provisions*, paragraph 1, states:

*A budget of operational expenses for the Institute, consisting of salaries for the Directorate and basic support for the Directorate, Scientific Advisory Committee, and Executive Council shall be supported by the 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 US\$ 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.*

4. The Conference of the Parties, at its 26th meeting (CoP-26, Antigua, 2018), adopted Decision XXVI/3 which urges Parties to:

*...submit their contributions to the Core Budget in a timely manner and in accordance with the basic scale and encourages them to make extraordinary contributions above their regular contributions whenever possible and as appropriate.*

5. The CoP-26 also adopted Decision XXVI/4 which invites Parties to:

*...submit their contributions as far as possible during the year prior to the one to which they relate or, otherwise, by the beginning of the calendar year to which the contributions apply.*

6. CoP-6 adopted Resolution 7, which proposes an amendment to Article XIII of the Agreement. It states:

*A budget of operational expenses for the Institute, consisting of salaries for the Directorate and basic support for the Directorate, Scientific Advisory Committee, and Executive Council shall be supported, by the 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 US\$ 1,000. The minimum contribution shall be US\$ 5,000<sup>1</sup>. The adoption of the annual budget shall be by consensus of the Parties. The Parties recognized that regular contributions to the operational budget are essential to the success of the Institute and that such contribution shall take into account the research resources of the contributing Parties.*

7. At the time of writing, the amendment to Article XIII has not entered into force. as the required 2/3 of the Parties, which are currently members of the Institute, have not notified the Depository (General Secretariat of the Organization of American States) through appropriate diplomatic channels, that they have completed their corresponding domestic legal requirements<sup>2</sup>.

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<sup>1</sup> Underlined text by the IAI Directorate. Underlined text identifies proposed amendments to Article XIII.

<sup>2</sup> For a list of Parties which have notified the Depository, see: [http://www.oas.org/juridico/english/sigs/c-19\(1\).html](http://www.oas.org/juridico/english/sigs/c-19(1).html)

## Financial status for the fiscal year 2022-2023

### Party Contributions

8. As of April 30, 2023, the contributions received (cash incomes) represent the equivalent of 70% of the approved contributions for the fiscal year 2022/2023.
9. On 18 May 2021, the IAI Directorate communicated with those Parties that are late with their submissions on the urgent need to submit their voluntary contributions.
10. Parties are invited to consider Decision XXVI/3 particularly as the non-submission of expected contributions is placing stress on the ability of the IAI Directorate to fulfill its mandate and complete its activities.
11. Table I shows the status of the Party contributions.

**Table I**

<b>Contribution</b>	
<b>Argentina</b>	69,000
<b>Bolivia</b>	5,000
<b>Brazil</b>	120,000
<b>Canada</b>	173,000
<b>Chile</b>	8,000
<b>Colombia</b>	13,000
<b>Costa Rica</b>	5,000
<b>Cuba</b>	5,000
<b>Dominican Republic</b>	5,000
<b>Ecuador</b>	5,000
<b>Guatemala</b>	5,000
<b>Jamaica</b>	5,000
<b>Mexico</b>	85,000
<b>Panama</b>	5,000
<b>Paraguay</b>	5,000
<b>Peru</b>	6,000
<b>Uruguay</b>	5,000
<b>USA (*)</b>	831,000
<b>Venezuela</b>	45,000
<b>Totals</b>	<b>1,400,000</b>

<b>Delay in Payment</b>	<b>Number of countries</b>	<b>% of the Budget</b>
up-to-date	3	
less than 3 years	4	<b>17%</b>
more than 3 years	12	<b>23%</b>

12. The IAI Directorate also refers Parties to Decision XXV/25 which encourages proactive participation by country representatives to work for the timely payment of country contributions.
13. Since 1992, Party contributions remaining at the level of USD5000 have lost approximately 89% of its purchasing power.

#### Status of the core budget and expenses

##### Expenses

14. Table II summarizes expenses at the close of 28 February 2023 (8 months into the fiscal year).
15. Expenses were -16,7% lower than that foreseen in the core budget, representing a slight improvement in expenses from the budget performance for previous fiscal years.

**Table II**

**Budget Performance**  
**July 2020- February 2021**  
 Amounts in US\$

Category	Actuals 2022/2023	YTD Budget 2022/2023	Difference	%
Salaries & Benefits	592.368	674.932	-82.564	-12,2%
Travel & Training	42.626	49.653	-7.027	-14,2%
Equipment	2.375	4	-1.625	-40,6%
Operational Costs	137.104	156.081	-18.977	-12,2%
Dissemination & Outreach	3.16	12.667	-9.507	-75,1%
Director's Fund	-	36	-36	-100,0%
<b>Total</b>	<b>777.633</b>	<b>933.333</b>	<b>-155.7</b>	<b>-16,7%</b>

### Salaries and benefits

16. Salaries and benefits show a slight decrease of -12.2% from what was budget for the 2020/2021. At the end of the fiscal year, the IAI Directorate expects to be in line with the full-year budget.

### Travel

17. Travel and training expenses are significantly lower than expected, i.e. -14.2% due to Covid-19. The IAI Directorate made efforts to cover travel costs from non-core funds whenever possible and as appropriate. Part of the planned budget is budgeted for the end of the financial period.
18. An economy class travel only policy, with exceptions for health reasons, will continue to contribute to lower travel costs once travel restrictions are lifted.

### Equipment

19. Equipment costs were lower than expected, -40.6%, owing to the continued harmonization of services, better training of staff in the use of new information technologies, centralization of IT services through one provider and greater oversight in the purchase of new equipment and software.

### Operational costs

20. Operational costs were also slightly lower, -12.2%. Again, greater oversight of general services and use of resources, including IP telephony and general office supplies, has contributed to a more cost-effective Directorate

### Dissemination and outreach

21. Costs associated with dissemination of information are related to the development of the new Database of scientific articles generated by IAI sponsored projects and activities and website design and updates.
22. The costs associated with the disclosure of information about the IAI were lower, 75.1% due to the expected improvements in the design and functionality of the website that have not yet been paid

## Administration

### Internal Controls

23. Internal controls continue to be updated when opportunities for improvement are detected. Currently there are no critical internal control issues either from the FAC or the external auditors.
24. The IAI Directorate received the external auditor's report for the past fiscal year (2021/2022) and it is available as an Annex to document IAI/COP/31/6c.

### Accounting and Information Management Software

25. The Accounting and Information management software, SAP, continues contributing to more efficient administrative and financial controls to the budget and provides easier-to-manage information used by the management of the IAI Directorate.

## Recommendation

26. The Conference of the Parties is invited to take note of this document.
27. The Conference of the Parties is invited to take note of the draft decisions contained in document Financial and budgetary matters, Annex 2: *Core Budget and Country Contributions for FY 2023-2024 and Preliminary request 2024-2026* (document no. IAI/COP/31/6b.)