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15 July 2020

**CONFERENCE OF THE PARTIES TO THE
INTER-AMERICAN INSTITUTE FOR GLOBAL
CHANGE RESEARCH
Twenty-eighth meeting
Videoconference, 19 August 2020
Agenda item 5a**

Financial and budgetary matters

Annex 1: Overview of the Financial Status for FY 2019-2020

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 2019-2020 and an update on Party contributions to 30 April 2020.

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\$ 5,000¹. 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 requirements².

¹ Underlined text by the IAI Directorate. Underlined text identifies proposed amendments to Article XIII.

² 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 2019-2020

Party Contributions

8. As of April 30, 2020, the contributions received (cash incomes) represent the equivalent of 37% of the approved contributions for the fiscal year 2019/2020.
9. 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.
10. Table I shows the status of the Party contributions.

Table I

	Contribution for FY 19/20
Argentina	69,000
Bolivia	5,000
Brazil	120,000
Canada	173,000
Chile	8,000
Colombia	13,000
Costa Rica	5,000
Cuba	5,000
Dominican Republic	5,000
Ecuador	5,000
Guatemala	5,000
Jamaica	5,000
Mexico	85,000
Panama	5,000
Paraguay	5,000
Peru	6,000
Uruguay	5,000
USA (*)	831,000
Venezuela	45,000
Totals	1,400,000

Delay in Payment	Number of countries	% of the Budget
up-to-date	5	
less than 3 years	8	37%
more than 3 years	6	46%

11. 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.
12. Since 1992, Party contributions remaining at the level of USD 5000 have lost approximately 86% of its purchasing power.

Status of the core budget and expenses

Expenses

13. Table II summarizes expenses at the close of 28 February 2020 (8 months into the fiscal year).
14. Expenses were -4.4% 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 2019 - February 2020
 Amounts in US\$

Category	Actuals 2019/2020	YTD Budget 2019/2020	Difference	%
Salaries & Benefits	653,000	662,041	(9,041)	-1.4%
Travel & Training	43,530	57,953	(14,423)	-24.9%
Equipment	4,358	8,799	(4,441)	-50.5%
Operational Costs	145,327	155,873	(10,546)	-6.8%
Dissemination & Outreach	21,000	12,667	8,333	65.8%
Director's Fund	25,000	36,000	(11,000)	-30.6%
Total	892,215	933,333	(41,118)	-4.4%

Salaries and benefits

15. Salaries and benefits show a slight decrease of -1.4% from what was budget for the 2019/2020. At the end of the fiscal year, the IAI Directorate expects to be in line with the full-year budget. It is noted that the advent of COVID-19 lowered overall expenses during last trimester of 2020/2021, including expenses related to travel, CoP-28 and other meetings and activities.

Travel

16. Travel and training expenses are significantly lower than expected, i.e. -24.9% due to COVID-19. The IAI Directorate made efforts to cover travel costs from non-core funds whenever possible and as appropriate.
17. An economy class travel only policy, with exceptions for health reasons, has also contributed to lower travel costs.

Equipment

18. Equipment costs were lower than expected, -50%, 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. Due to COVID-19 it was not possible to buy 2 equipment that need to be changed, and we hope to do it when we were in the USA.

Operational costs

19. Operational costs were also slightly lower, -6.8%. Again, greater oversight of general services and use of resources, including telephony and general office supplies, has contributed to a more cost-effective Directorate. However, it is expected that operational costs will meet what was originally budgeted by the end of the fiscal year.

Dissemination and outreach

20. Costs associated with dissemination of information on the IAI were higher, 65%, due to expenses for improvement in the design and functionality of the website.

Administration

Internal Controls

21. 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.

The IAI Directorate received the external auditor's report for the past fiscal year (2018/2019) and it is available as an Annex to document IAI/COP/28/5/Annex 3.

Accounting and Information Management Software

22. 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

23. The Conference of the Parties is invited to take note of this document.
24. 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 2020-2021 and preliminary request 2021-2023*, no. IAI/COP/27/5/ANNEX/b.