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04 May 2022

**CONFERENCE OF THE PARTIES TO THE
INTER-AMERICAN INSTITUTE FOR GLOBAL
CHANGE RESEARCH**

Treintava reunión

Montevideo and Videoconference

14-15 June 2022

Agenda item 5a

Financial and budgetary matters

Annex 1: Overview of the Financial Status for FY 2021-2022

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 2021-2022 and an update on Party contributions to 30 April 2022.

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 2021-2022

Party Contributions

8. As of April 30, 2022, the contributions received (cash incomes) represent the equivalent of 75% of the approved contributions for the fiscal year 2021/2022.
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

| | Contribution for FY 21/22 |
|---------------------------|--------------------------------------|
| 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 |
|-------------------------|----------------------------|
| | |
| up-to-date | 4 |
| less than 3 years | 6 |
| more than 3 years | 9 |

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 2022 (8 months into the fiscal year).
15. Expenses were -15,9% lower than that foreseen in the core budget, representing a slight improvement in expenses from the budget performance for previous fiscal years.
16. However, lower expenses are a direct result of the extraordinary situation posed by COVID-19, particularly with regard to international travel and physical meetings. Expenses are expected to increase once travel restrictions are lifted and physical meetings become possible.

Table II

Budget Performance
July 2021- February 2022
 Amounts in US\$

| Category | Actuals 2021/2022 | YTD Budget 2021/2022 | Difference | % |
|--------------------------|----------------------|-------------------------|------------------|---------------|
| Salaries & Benefits | 604.850 | 662.041 | (57.191) | -8,6% |
| Travel & Training | 20.928 | 36.095 | (15.167) | -42,0% |
| Equipment | 538 | 6.000 | (5.462) | -91,0% |
| Operational Costs | 138.990 | 157.356 | (18.366) | -11,7% |
| Dissemination & Outreach | 19.416 | 35.841 | (16.425) | -45,8% |
| Director's Fund | - | 36.000 | (36.000) | -100,0% |
| Total | 784.722 | 933.333 | (148.611) | -15,9% |

Salaries and benefits

17. Salaries and benefits show a slight decrease of -8.6% from what was budget for the 2021/2022. 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, including expenses related to travel, CoP-30 and other meetings and activities.

Travel

18. Travel and training expenses are significantly lower than expected, i.e. -42% due to Covid-19. The IAI Directorate made efforts to cover travel costs from non-core funds whenever possible and as appropriate.
19. 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

20. Equipment costs were lower than expected, -91%, 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

21. Operational costs were also slightly lower, -11.7%. 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

22. 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.

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 (2020/2021) and it is available as an Annex to document IAI/COP/30/5/Annex/c.

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 2022-2023 and Preliminary request 2023-2025* (document no. IAI/COP/30/5b.)