

FINANCIAL REPORT FOR 2002 AND 2003 OF THE IAC EXECUTIVE DIRECTOR

General observations

In 2002 the IAC moved from planning to implementation with the self-initiated study on Promoting Worldwide Science and Technology Capacities and with the Annan-requested study on Agricultural Productivity in Africa. Financially, this implied that in 2002 the IAC began to spend, for the first time, significant amounts of money. It also meant that the IAC Secretariat experienced a significant increase in the number of financial transactions to be processed. The fact that this additional workload could be met without any significant problems is largely due to the professional support received from the financial staff of the host academy, the Royal Netherlands Academy of Arts and Sciences.

In view of the deadlines imposed by Kofi Annan – the report should be completed within one year after his March 2002 letter to the IAC – the study on Agricultural Productivity in Africa was initiated in April 2002 even though its funding had not yet been arranged. However, start-up costs could be covered from a special grant of the Alfred P. Sloan Foundation for program development, while there also was a reasonable expectation that the UN Foundation would be prepared to contribute about 50 % of the budget required for the study.

Unfortunately – and unexpectedly - the UN Foundation informed the IAC in July that it was unable to support the study. Since then it has been a struggle to find the funds necessary to keep the study on track. Most helpful so far has been:

- A grant of US \$ 100.000 from the Netherlands Ministry of Development Cooperation, arranged jointly by one the study's Co-Chairs, Prof. Rudy Rabbinge, and the IAC Executive Director.
- A special line of credit of US \$ 250.000 arranged by the Royal Netherlands Academy of Arts and Sciences.

At this moment funding applications have been submitted to the Carnegie Foundation and the Gates Foundation and initial contacts suggest that these Foundations may be interested in supporting the study. Additionally, the IAC has also been invited to submit a multi-million proposal to the European Union, not only for the study as such, but also for the implementation of its recommendations. However, the timelines of EU decision-making indicate that any EU funding will not become available on short notice. Finally, the services of a specialized consultancy firm have been retained to assist the Executive Director with efforts to raise funds from non-governmental sources in Europe. European Board members have been asked to support this initiative.

Financial administration

At its last meeting in January 2002 the IAC Board indicated that a special Financial Protocol should be developed to establish basic guidelines for the IAC financial administration and procedures. In August the Executive Director submitted a draft to the IAC Co-Chairs.

Among other things the draft Protocol proposes the creation of an IAC Financial Committee. In November the Co-Chairs authorized the Executive Director to contact three members of the IAC Board – Janne Carlsson, Dato Lee and Jacob Ziv – with the question of whether they would be willing to serve as ad hoc members of the Financial Committee in preparation of the

2003 Board meeting - ad hoc as the formal appointment of the members of the Committee is a decision of the IAC Board.

The Financial Protocol attached to the agenda of the 2003 meeting of the Board is the result of informal discussions within the above group of persons: IAC Co-Chairs, ad hoc members Financial Committee and Executive Director. If approved by the Board, Protocol and Committee will contribute to the development of the IAC as an institution.

Financial statement 2001

The funds of the IAC are administered by the Royal Netherlands Academy of Sciences and for each cluster of IAC-activities a separate booking number is introduced in that administration whenever an activity is initiated and closed whenever an activity is finished. Accordingly, the annexes to this report present a summary of incomes and expenditures for each booking number, that is: each ongoing IAC activity.

- IAC studies have a special budget for the duration of the study and this implies that there is no need to present any figures on an annual basis.
- The exception is of course the IAC Secretariat and for this reason that summary presents not only the actual 2002 figures, but also the budget for 2003.

Compared with last year it has been possible to reduce staff salaries – both for the IAC Secretariat and the various IAC studies – by an agreement between the National Academy of Sciences and the Royal Netherlands Academy of Arts and Sciences to waive any overhead charges on staff made available to the IAC.

Financial projection 2002

As can be seen from the various summaries, with the exception of the study on Agricultural Productivity in Africa, the IAC financial situation is in order for the year 2003. It is to be hoped that for the Agricultural Productivity in Africa study adequate financial resources can be mobilized on the very near future.

The grant of the Netherlands Ministry of Education, Culture and Science – to continue for as long as the Secretariat is located in the Netherlands - and the support of the Royal Netherlands Academy of Arts and Science are adequate to cover all costs of the IAC staff in Amsterdam and India, as well as other necessary costs of the Secretariat.

The support of the US National Academy of Sciences is essential to meet other staff costs. The National Academy also supports the IAC website, due for a major renovation now that the first IAC report is about ready for publication.

Voluntary contributions

So far pledges have been received from the following members:

- Brazilian Academy: \$ 5.000 incidentally
- Chinese Academy: \$ 5.000 incidentally.
- Deutsche Forschungsgemeinschaft: \$ 20.000 annually.
- Indian National Science Academy: \$ 5.000 incidentally.
- Israel Academy: \$ 5.000 incidentally.
- National Academy of Sciences, USA: \$ 50.000 annually.

As host academy the Royal Netherlands Academy of Arts and Sciences contributes about \$ 65.000 annually.

Annex: summaries of IAC accounts

For each specific IAC activity a special account is set up in the administration of the Royal Netherlands Academy.

The following pages present a summary of each of these accounts, listing both incomes and expenditures.

Most of the IAC accounts relate to a study and these account cover the duration of the study in question. The exception is the account for the IAC Secretariat that is based on an annual budgetary cycle. For that account a budget for 2003 is presented.

Missing account numbers relate to IAC activities that have been completed.

IAC Secretariat: 2002 and 2003

Internal KNAW booking number: 4815.

In Euro's

Incomes	Available 2002	Projected 2003	Expenditures	Payments 2002	Projected 2003
Special grant Board meeting	25.000,00		Meeting Board January 2002	25.000,00	
Annual subsidy Ministry of OC&W	180.495,00	180.495,00	Incidental		
			Shortfall over 2001	9.878,00	
			Consultancy fund-raising	30.951,00	4.049,00
			Ongoing		
			Meeting Board January 2003		10.000,00
			Salary Executive Director	90.000,00	92.500,00
			Honorarium Ass. Director	10.526,00	12.500,00
			Meetings and non-staff travel	11.141,00	15.000,00
			Staff travel - international	20.932,00	25.000,00
			Other expenditures	7.592,00	10.000,00
			Reserve		11.446,00
Contribution KNAW	62.500,00	67.500,00	Salary Office Manager	27.500,00	30.000,00
			Office facilities	35.000,00	37.500,00
Contribution NAS	50.000,00	55.000,00	Salary Ass. Director	50.000,00	55.000,00
To receive	525,00				
Total	318.520,00	302.995,00	Total	318.520,00	302.995,00

Special grant Alfred P. Sloan Foundation for IAC Initiation and Program Development

Internal KNAW booking number: 4817.

In US dollars

Incomes	Expenditures	Budget	Payments
Grant IAC Initiation	30.000,00	Prep. meetings and legal incorporation	13.036,00
Grant Program Development	100.000,00	IAC Board meeting at Davos, 2001	17.800,00
		Start-up costs IAC study on APA	58.650,00
		Start-up costs study on SES	10.579,00
Total	130.000,00		100.065,00
		Surplus as per 1-1-2003	29.935,00

IAC Study on Science and Technology Capacities

Internal KNAW booking number: 4818.

In US dollars

Incomes		Expenditures	Budget	Payments
Grant Alfred P. Sloan Foundation	400.000,00	Preparatory workshop	30.000,00	7.598,00
Grant Alfred P. Sloan Foundation	85.000,00	Travel and per diem panel members	135.000,00	136.029,00
Grant NAS on staff overhead	35.000,00	Expenses meetings	10.000,00	5.293,00
		Study Director and staff	190.000,00	172.188,00
		Travel and per diem staff	20.000,00	32.140,00
		Support IAC Secretariat	35.000,00	3.498,00
		Review process	25.000,00	
		Publication and dissemination	40.000,00	6.625,00
		Unforeseen	35.000,00	
Total	520.000,00		520.000,00	363.371,00
		Surplus as per 1-1-2003		156.629,00

IAC Study on Agricultural Productivity in Africa

Internal KNAW booking number: 4820.

In US dollars

Incomes		Expenditures	Budget	Payments
Advance Neth. Ministry Dev. Coop.	80.000,00	Meetings study panel	225.000,00	61.884,57
Credit KNAW	250.000,00	Regional Cons. Workshops	260.000,00	57.300,90
Remainder Neth. Min. Dev. Coop.	20.000,00	Pan African meeting FARA	40.000,00	
		Synergy papers chapters	100.000,00	
		Thematic round table	45.000,00	
		Staff support/staff travel	250.000,00	229,45
		Editing and writing support	15.000,00	
		Publication and dissemination	40.000,00	
		Unforeseen	25.000,00	
Total	350.000,00		1.000.000,00	119.414,92
		Still available		230.585,08

The start-up phase has been financed from a special grant from the Alfred P. Sloan Foundation for program development. This phase ended at the first meeting of the study panel in September 2002. The start-up costs came to \$ 58.650,00 and they consisted of the following items:

Meeting core group, London	16.063,00
Meeting UN officials, New York	1.749,00
Meeting WSSD, Johannesburg	5.837,72
Staff support and consultancy	35.000,00

Possible IAC Study on Sustainable Energy Systems

Internal KNAW booking number: 4821.

In US dollars

Incomes	Expenditures	Budget	Payments
Total	0,00	0,00	0,00

The start-up phase has been financed from a special grant from the Alfred P. Sloan Foundation for program development. This phase has not yet ended. So far the start-up costs came to \$ 10.579,05 and they consisted of the following item:

Workshop CAS/IAC, Beijing 10.579,05