

Inter Academy Council

FINANCIAL REPORT OF THE IAC EXECUTIVE DIRECTOR FOR 2003

BUDGET IAC SECRETARIAT FOR 2004

Challenges ahead

In 2003 the IAC completed its first study on worldwide S&T capacities, while the Study Panel on agricultural productivity in Africa approved its draft report in December 2003, with review scheduled for early 2004. In contrast to these successes – or rather: because of them - all is not well with the IAC's financial situation. There are two concerns.

Agriculture study

A first problem is that there still is a shortfall in the funding for the study on agriculture in Africa. The budget allocated for the study is USD 1.000.000, actual funding amounts to USD 800.000 and expenditures so far add up to about USD 950.000. This implies that USD 150.000 has been pre-financed from other sources, mostly from funds of the Royal Netherlands Academy. Recently, the Netherlands Ministry of Development Cooperation has pledged an additional contribution of Euro 75.000 (USD 90.000), but those funds are intended for follow-up activities in Africa and conditional upon funding from other donors as well.

New type of costs

A second problem is perhaps even more important as it is structural in nature and concerns the IAC as a whole. So far IAC funding needs fall into two categories: studies and Secretariat. Funding for studies can be a problem – see above – but from a financial perspective such problems are in principle manageable by postponing a study until sufficient funding is available.* Funding for the Secretariat is secure in view of the long-term contributions of the Netherlands Ministry of Education, Culture and Science, the Royal Netherlands Academy and the National Academy of Sciences, USA.

However, in the near future the IAC will also need funding for a new category: external representation as an ongoing activity.

By way of illustration: on 5 February 2004 an U.N. "Publication Launch", chaired by Kofi Annan, will take place in New York on the S&T report. As a minimum, the IAC must be represented in this meeting by the IAC Co-Chairs and the panel Co-Chairs - which may easily cost USD 10.000 to 15.000 in tickets, hotels and other expenses. The budget for the study is exhausted - so where to find USD 15.000?

Problem is that costs like these cannot be avoided (the IAC has no choice but to participate in the "Publication Launch"), that they cannot be anticipated when developing a budget and that so far the IAC has no general budget category for such

* As was done with the study on sustainable energy systems.

costs. In other words: now that the IAC has successfully produced its first report with a second report to follow shortly, it becomes essential for the IAC to have, on a structural basis, financial resources to make its voice heard in the international arena. It will not suffice to reserve funds for this purpose in the budgets of studies as it will be an ongoing activity; as it may relate to one or several reports at the same time or to the IAC in general; and as it will be largely driven by the agenda of other organizations.

The implication is that – because of its success – the IAC must structurally increase its financial resources.*

Fundraising in Europe

As a worldwide organization seeking to provide unbiased advice, it is most essential that the IAC be balanced and broad-based in all respects, also in terms of its financial resources. However, so far about 95 percent of the funding for IAC study projects has come from US sources and it is therefore essential to strengthen the support base of the IAC in Europe and elsewhere.

At the request of the Executive Director, a specialized consultancy firm (Warner-Marketing, the Netherlands) produced, in May 2003, a comprehensive overview of some 200 potential funding opportunities for the IAC in Europe. On the basis of that overview a strategy was developed focusing initially on seven European countries and, within each country, on a mix of public and private sector organizations. In June 2003 each of these organizations received an information package on the IAC with a request to agree to a personal meeting with the Executive Director in September or October 2003.

In September and October the IAC Executive Director visited fifteen organizations in seven European countries for the purpose of introducing the IAC; a survey of the organizations and persons visited is annexed to this report. Typical for fundraising in Europe is that it is necessary to first identify and agree on programmatic synergies before there is any chance of generating financial support for specific activities. Accordingly, although the financial aspect was always on the agenda, these meetings focused on strategies and plans for the future and on the question of how, from a programmatic perspective, the two organizations could work together.

On that basis of these discussions, letters were sent in December to the following organizations with a request to indicate whether that organization could be approached with a concrete funding proposal for three specific activities.

For the proposed energy study

Germany:

1. Deutsche Bundesstiftung Umwelt
2. Gottlieb Daimler- und Karl Benz Stiftung
3. Volkswagen Stiftung

* To give a very tentative estimate: USD 100.000 to 150.000 per year should go a long way.

Spain:

4. Ministerio de Ciencia y Tecnologia
5. Fundacion Marcelino Botin

Sweden:

6. The Swedish Agency for Innovation Systems

United Kingdom:

7. Shell Foundation
8. Department for International Development

For the proposed study on world heritage sites

9. The Foundation for Strategic Environmental Research, Sweden

For a study on science indicators

10. Swedish International Development Agency

So far no replies have been received.

Voluntary contributions

Voluntary contributions have been received from:

- Brazilian Academy of Sciences: USD 5.000.
- Deutsche Forschungsgemeinschaft: USD 20.000.
- Indian National Science Academy: USD 5.000.

Although at its 2003 meeting the Board took a decision on the purposes for which income from voluntary contributions could be used, no funds have been spent so far from this source.

As host academy the Royal Netherlands Academy of Arts and Sciences contributed about USD 75.000 in 2003, while the National Academy of Sciences, USA, contributed about USD 50.000.

Financial administration

As a result of the progress made with the studies the IAC Secretariat experienced in 2003 a very significant increase not only in the number of financial transactions to be processed, but also in the need to allocate budgets and monitor spending. The four regional workshops for the Africa agriculture study in particular placed heavy demands on the IAC Secretariat, especially the Office Manager. The fact that this additional workload could be met without additional staff is due not only to the professionalism of the IAC Office Manager, but also to the generous support received from the financial staff of the Royal Netherlands Academy.

In its January 2003 meeting the Board approved the IAC Financial Protocol and it appointed Janne Carlsson, Lee Yee Cheong and Jacob Ziv members of the IAC Financial Committee. In accordance with the Protocol this report and its annex with the account summaries has been first submitted to the Financial Committee so that the Committee may report its findings to the full Board.

The funds of the IAC are administered by the Royal Netherlands Academy of Sciences and for each study, or cluster of activities, a separate account number is introduced in that administration as soon as a new activity is initiated (and closed when that activity is

finished). In a separate Excel file attached to this report a summary is presented of incomes and expenditures for all IAC accounts taken together, as well as of each account separately.

- IAC studies have a specific budget for the duration of the study and this implies that it is not useful to present figures on an annual basis.
- The exception is of course the IAC Secretariat and for this reason that summary presents not only the actual 2003 figures, but also the budget proposed for 2003.

Albert Koers
IAC Executive Director
12 January 2004

Annex

Visits fundraising Europe

Finland

1. Ministry for Foreign Affairs of Finland
Ms Satu Mäki, Senior Advisor to the Minister for Trade and Development

France

2. Ministry of Foreign Affairs, D-G Development and International Cooperation,
Mme Elisabeth Beton-Delegue, Director Academic and Research Cooperation
Yves Quéré, member of the IAC Board, also participated in the meeting
3. Fondation de France
Dr Francis Charhon, Chief Executive

Germany

4. Volkswagen Stiftung
Dr phil. Wilhelm Krull, Secretary General
5. Gottlieb Daimler- und Karl Benz-Stiftung
Professor Gisbert Frhr. zu Putlitz, President
Dr Jorg Klein, Executive Director
6. Deutsche Bundesstiftung Umwelt
Dr. Dirk Schötz, Head of Group Energy Technology and Systems

Netherlands

7. European Foundation Centre
Rien van Gendt, Chairperson of the International Committee of the European
Foundation Centre and Executive Director of the Van Leer Group Foundation

Spain

8. Ministerio de Ciencia y Tecnologia
Mr Pedro Morenes Eulate, Secretary of State for Science and Technology
Mr Gonzalo Leon Serrano, Secretary General
Mr Jose Antonio Sanchez Quintanilla, Chief of Cabinet of the State Secretary
9. Fundacion Marcelino Botin
Dr Rafael Benjumea, Executive Director

Sweden

10. Royal Swedish Academy of Engineering Sciences (IVA)
Dr Per Storm, MBA, Secretary to the Academy
Janne Carlsson, member of the IAC Board, participated in the meeting
11. The Swedish Agency for Innovation Systems (Vinnova)
Mr. Goran Pagels-Fick, Technology Foresight and Innovation System Analysis
Janne Carlsson also participated in this meeting.

12. The Foundation for Strategic Environmental Research (MISTRA)
Dr Måns Lönnroth, Managing Director
Janne Carlsson participated in this meeting as well.
13. Swedish International Development Agency (SIDA)
Ms Berit Olsson, Head of Department for Research Cooperation, SAREC
Mr Sten Ake Eking, Staff SAREC
Janne Carlsson participated in this meeting.

United Kingdom

14. Shell Foundation
Dr Kurt Hoffman, Director Shell Foundation
15. Department for International Development (DFID)
Mr. Paul Spray, Head of Central Research Team