

## **2005 FINANCIAL REPORT OF THE IAC EXECUTIVE DIRECTOR**

### **2006 BUDGET PROPOSAL IAC SECRETARIAT**

#### **Financial statement 2005**

**Secretariat.** As may be seen from the attached Account Summaries, in 2005 the IAC Secretariat has been able to live within the budget approved by the Board in February 2005. In fact, there is a small surplus that will be transferred to the budget for 2006. Within the overall budget there were no major discrepancies between the amounts budgeted for specific purposes and the actual expenditures.

**Women for Science.** The total costs of this project are projected at Euro 150,000. To date the IAC has received Euro 97,000 for this project. These funds have been received from L'OREAL, a private contributor, and the Netherlands Ministry OC&W. Additional funding requests for this study will be submitted to other organizations.

**Transitions to Sustainable Energy Systems.** The total costs of the study are projected at Euro 1743,000. To date, funds received from this project total Euro 650,000. These funds have been received from the Hewlett Foundation, the Chinese Academy of Sciences, the Government of Brazil, the U.N. Foundation, and the Deutsche Forschungsgemeinschaft. To date, funds received from this project total Euro 650,000. Additional funding requests for this study have been submitted to other governments and institutions. The IAC has submitted a proposal to the Global Environment Facility (GEF) for matching funds (ratio max. 1:1) obtained from other sources, with a maximum of US\$ 1 million from the GEF.

**Follow-up to African Agriculture Study.** Total costs of this project were Euro 19,340. Funds of Euro 20,000 were obtained in a grant from the Netherlands Ministry DGIS.

**Follow-up to S&T Capacity Study.** Funds of Euro 36,885 were obtained in a grant from the Alfred Sloan Foundation. In 2005, Euro 8378 were expended on a February 2005 workshop on S&T and development; Euro 1200 was expended on production of a joint statement to the UN General Assembly on S&T and Millennium Development Goals.

#### **Financial projection 2006**

**IAC Secretariat.** As the Account Summary indicates for 2006, there is a proposed increase in the Secretariat expenditures of 5.6% increase in total costs, allocated entirely to increased activity in the budget category of Website management, public information, and funding development. Like the KNAW, the NAS will continue to absorb part of the costs of the IAC staff positions. Funds are available for support of the Secretariat in 2006 at the projected budget.

**Transitions to Sustainable Energy Systems.** Additional funding for completing this project will have to be found from external donors, totaling approximately Euro 1,089,000.

**Women for Science.** Additional funding for completing this project will have to be found from external donors, totaling approximately Euro 48,000.

As the IAC Board approves additional projects, funds will be sought from appropriate sources.

### **Financial sustainability of IAC**

During 2005, the IAC paid interest in the amount of Euro 5,282 for debt service on funds owed to the Royal Netherlands Academy of Arts and Sciences for fund shortfalls in the financing of the first two IAC studies, totalling over Euro 200,000.

Since 2001, the Royal Netherlands Academy of Arts and Sciences (KNAW), as IAC host academy, has made available to the IAC a line of credit up to Euro 250,000 to assist the IAC in cash-flow management. This line of credit is important to IAC because it permits IAC to launch projects expeditiously on the basis of formal funding commitments by external financial donors, yet prior to the actual receipt of funds. Because of the shortfalls in funding of the first two IAC studies, the KNAW line of credit was exhausted during 2005, preventing start-up expenditures for IAC activities and projects. This situation in fact resulted in a temporary halt in IAC financial obligations during late fall 2005. This situation was of course corrected at the end of the 2005 fiscal year upon the transfers to IAC of Euro 425,000,00 from external funding donors. Accordingly, the IAC does not find itself currently in an acute financial crisis.

However, such cash-flow disruptions must be avoided in the future through re-establishment of a line of credit and development of a cash reserve.

- Negotiations will be undertaken with KNAW management to resolve the debt and to address the financial obligations by KNAW for support of IAC project management.
- Efforts should also be launched to develop a source of cash reserves for project start-up and report dissemination and implementation.