

The Research Council of Norway

1999

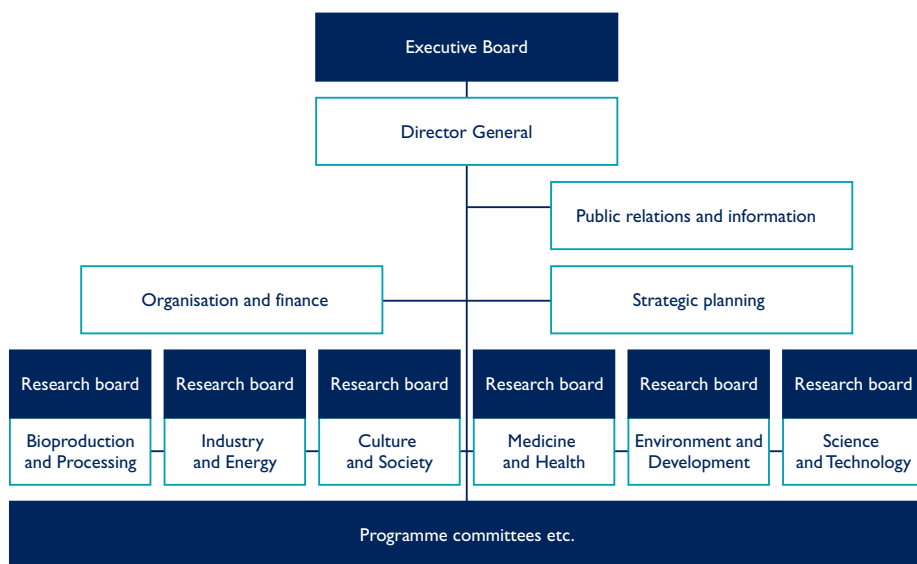
Report of the Executive Board  
Income Statement and Balance Sheet



The Research Council  
of Norway

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## Organisation

The Executive Board of the Research Council is a key player in the development and implementation of Norway's national research strategy and is responsible for the Research Council's policy at the national level. Six research boards, each responsible for one particular area of research, submit annual strategic plans and budgets to the main Board for final approval. The Research Council's administration is organised into six divisions, corresponding to the six research boards, in addition to general staff that provides services for all Research Council activities.

Some one third of Norway's public sector research investment is channelled through the Research Council. The Research Council of Norway has an annual budget of approximately NOK 3 billion.

## The Research Council of Norway

*In 1993, the five existing Norwegian research councils were merged into one national research council to cover all areas of research: the Research Council of Norway. The Council plays a vital role in developing and implementing the country's national research strategy. The Research Council of Norway acts as:*

### Government adviser

One of the Research Council's main responsibilities is to advise the Norwegian Government, both upon request and on its own initiative, identifying present and future needs for knowledge and research, and providing advice on research priorities as well as on the appropriate levels of funding for the different areas of research.

### Funding agency

The Research Council is directly responsible for the implementation of national research policy. It initiates and funds a large number of research programmes and independent research projects. Furthermore, the Research Council allocates substantial resources to the basic budgets of research institutes to fund strategic programmes designed to stimulate long-term professional and human resources development, and for the purchase of sophisticated scientific equipment. The Council also contributes to the financing of Norwegian participation in international research programmes.

### Matchmaker

The Research Council takes the initiative for networks and promotes synergies between R&D institutions, ministries, business and industry, public agencies and enterprises, other sources of funding, and users of research.

# Report of the Executive Board for 1999

*1999 was a milestone year for Norwegian research in several respects, not least because it brought signs of political intentions to give a much-needed boost to the Norwegian research system.*

## The Research Council of Norway's three main areas of activity involve:

- advising the government and the Storting (Norwegian parliament) on research policy issues, based on thorough analyses of the current status and future needs of Norwegian research;
- funding research through research programmes and various types of allocation schemes;
- facilitating the development of strong long-term networks between the various agencies, enterprises and organisations in Norway's research system.

## Results of the year's activities

Research Council revenues aggregated MNOK 3 006 in 1999, of which grants from the ministries totalled MNOK 2 938.

Operating expenses, including both administrative and R&D expenditure, totalled MNOK 2 971. MNOK 325 were carried over to 2000, compared with MNOK 295 from 1998 to 1999.

The Research Council earned a net profit for the year of MNOK 35.

During its parliamentary deliberations on the Industrial Policy Report (Report No. 41 (1997–1998) to the Storting: *Industrial Policy into the 21 Century*) in March, the Storting voted unanimously to have the Government devise a plan for bringing Norway up to the OECD average for R&D spending as a percentage of GDP, at the very least.

The decision embodied in the Revised National Budget for 1999 regarding the establishment of a NOK 3 billion national research and innovation fund was also a milestone as it signals that research has moved up the political agenda. The intention is to build up the fund further to enable it to contribute to more stable, comprehensive public funding for long-term research. The Research Council will manage the return on the invested capital.

On 11 June 1999, the Government presented Report No. 39 (1998–99) to the Storting on *Research at the beginning of a new era*. The report contains a number of assessments and proposals which are generally favourable for Norwegian research, creating optimism and positive expectations in many quarters.

The Research Council invested a great deal of effort in its contributions to the preparation of the Research Report. The Research Council's proposals and assessments were submitted to the Ministry of Education, Research and Church Affairs (KUF) on 28 November 1997. They were followed up by ongoing contact with the Government's Research Committee, the Storting and the ministries, as well as through public relations activities such as lectures, newspaper articles and participation in discussion fora.

Once the Research Report was presented, the Research Council worked actively to promote its viewpoints and recommendations prior to the parliamentary debate. The recommendation (Recommendation S. No. 110) submitted by the Education, Research and Church Affairs Committee followed up all the salient points in the Research Report, and was to some extent even more ambitious than the Government had been. The majority opinion was that the goal should be to ensure that Norway's R&D investments exceed the OECD average within a reasonable period of time. The Storting voted to have the Government propose an escalation plan for research allocations in the Revised National Budget in spring 2000.

The Research Report identifies a number of challenges which the Research Council will be addressing proactively in the years ahead. The list includes questions related to the position of basic research, sophisticated scientific equipment, the issue of quality in research, the establishment of a scheme for “Centres of Excellence for Research”, recruitment to research, knowledge-based economic development, thematic campaigns and cross-sector initiatives.

Norwegian business and industry do not perform enough industrial research. As a result, the Hervik Committee, appointed by the Government in early 1999, was asked to draw up a list of proposals for measures and incentives designed to promote industrial research. Christian Hambro, Director General of the Research Council, was a member of the committee, which submitted its recommendation on 8 March 2000. In its recommendations regarding the Research Report, the KUF Committee assumes that the Hervik Committee’s recommendations will be followed up.

Although the state budget for 2000 marked the end of a long, downward spiral in allocations to research, it was not sufficient to achieve the escalation goals on which there is now broad consensus. Total R&D allocations for 2000 added up to NOK 9.8 billion, an increase of some MNOK 650, or 7.1 per cent, compared with the 1999 budget. Allocations to the Research Council will increase by approximately MNOK 400.

### Strategic efforts

As a link in the Research Council’s efforts to improve the quality of its advice on issues involving research strategy, the second report in the series entitled *The Norwegian Research and Innovation System – Statistics and Indicators* (“The Indicator Report”) was prepared in 1999 in collaboration with the Norwegian Institute for Studies in Research and Higher Education, the STEP Group and Statistics Norway. The report provides a systematic description of the current status and trends in recent years.

The Research Council’s paramount strategy *Research for the future. Strategy for Norwegian research and the Research Council of Norway in the run-up to 2000* was revised in 1998, and preparations for drawing up a new paramount strategy were instituted in 1999. The revision will be completed in 2001.

In 1999, the Executive Board adopted an *Action Plan for the Environment and Development Division*, describing how the Research Council plans to put the *Strategic Plan for Environmental and Developmental Research* into practice.

In 1999, the Executive Board discussed and approved the report on “*Climate Research in Norway*”, the first in a series of annual reports to be submitted by the Joint Committee for Climate Research. One important objective for the committee is to strengthen climate research in Norway by better co-ordinating efforts.

The Research Council proceeded with the implementation of its *Strategy for Industrial Research and Development* in 1999.



Halvor Stenstadvold, Chairman



Christian Hambro, Director General

*Major campaigns* are part of the Research Council's contributions to the ministries' efforts to draw up the state budget. Major campaigns are targeted at areas in which circumstances and needs call for significant changes in the level of funding. Efforts to underpin such target area proposals and to flesh them out were continued in 1999. The Research Council's nine main target areas in the 2001 budget are (not in order of priority):

- Basic research – a key to the future
- An ocean of opportunities – wealth creation based on marine resources
- Information and communications technology
- Research today, good health tomorrow
- Energy and climate research towards the year 2020
- Learning enterprises through research and human resources development
- Food science as part of the international future
- Polar research
- Public sector revitalisation and improvement



#### **Advisory services, dialogue and interaction**

The Research Council generally influences research policy through its dialogue with the Ministry of Education, Research and Church Affairs (KUF) and the Ministry of Trade and Industry (NHD), although its co-operation with the other ministries, the Government's Research Committee and the individual ministries' research committees is becoming increasingly more important. Contact takes place through meetings, letters, evaluations and statements on reports circulated for comment. A good dialogue with the universities, colleges, research institutes, business and industry and employees' and employers' organisations is essential, not least in terms of this particular aspect of the Research Council's activities. In 1999, contact with the facilities which actually perform research was continued and strengthened through meetings for the heads of institutes, meetings of university faculties, and meetings with the University Council, College Council and Norgesnett Council, etc. The dialogue also takes place through professional events and conferences.

The June 1999 Executive Board meeting was held in Rogaland County, where there were two days of meetings with representatives from several of the research institutions in Rogaland County. Various research topics were discussed on the basis of the institutions' presentations.

In 1999, the Executive Board continued its efforts to draw up an R&D policy for Norway's state colleges. In that connection, a letter was submitted to the Ministry of Education, Research and Church Affairs, proposing how further collaboration in this sector should proceed. The Executive Board underlines that the sector will require more resources if it is to fulfil its ambitions in terms of improving the quality of research, and that the Norgesnett concept must be the basis for the allocation of resources.

The Research Council has also further developed its dialogue with the universities, and co-operates closely with them. One important item on the 1999 agenda was the universities' proposal for funding restructuring as from 2000, which the Executive Board supported.

In 1999, the Research Council worked to further the tripartite collaboration established in 1998 with the Norwegian Industrial and Regional Development Fund (SND) and the Norwegian Trade Council. Among its achievements, the group organised a joint meeting on innovation and economic development for representatives of the Standing Committee on Finance, the Standing Committee on Industry and the Standing Committee on Education, Research and Church Affairs. The group also organised a conference entitled "2000 – more than oil! New industrial growth in Norway".

1999 marked the opening of the new information and documentation centre for women's and gender research – KILDEN (THE SOURCE). Primarily a net-based service, KILDEN is funded by the Research Council.

The Research Council has been commissioned by the Government to evaluate two reforms, i.e. the introduction of a 'parental payment scheme' (cash payments for parents who remain at home and care for infants up to age 3) and Reform 97 (involving school start at age 6).

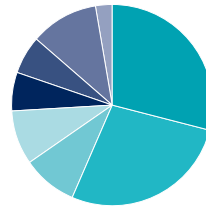
The Research Council has been asked by the Ministry of Education, Research and Church Affairs to fund and liaise with Norway's new Technology Council. The Research Council was instrumental in the Technology Council sharing premises with Norway's National Research Ethics Committees.

The Research Council submitted its evaluation of the Ministry of the Environment's proposal to amend the Gene Technology Act, which lays down a general ban on the cloning of vertebrates. The Research Council agrees that the cloning of animals raises ethical questions which call for legislative regulation, but advises against a total ban.

The Research Council also submitted an evaluation of the EU's directive on the legal protection of biotechnological inventions. The Ministry of Justice and a majority of the consulting agencies recommend that Norway reject to the directive. The Research Council is of the opinion that the question of patenting must be distinguished from questions involving biotechnological research and the application of biotechnological knowledge. Rejecting to the directive would make Norway an 'outsider' also when it comes to areas of biotechnology which do not involve ethical problems, meaning that the biotechnology industry would not be developed to any great extent in Norway, at the same time as the country would run the risk of becoming a less interesting venue for such research.

**1999 income budget of the Research Council:**

Basic funding and special funding from the Ministries + miscellaneous income. Values are in MNOK.

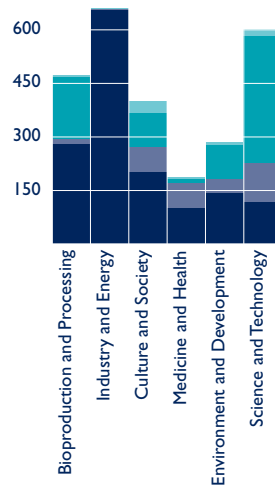


Total income, MNOK 3 006

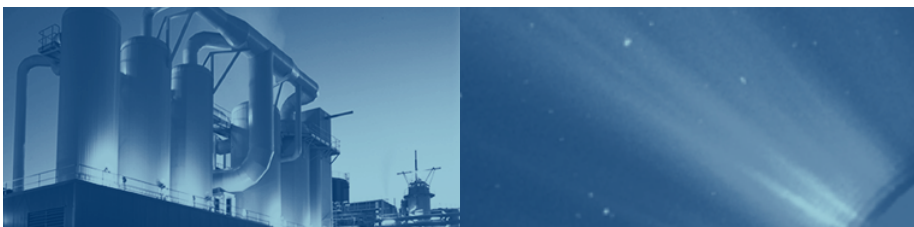
- Ministry of Education, Research and Church Affairs, MNOK 876
- Ministry of Trade and Industry, MNOK 830
- Ministry of Agriculture, MNOK 267
- Ministry of Petroleum and Energy, MNOK 263
- Ministry of the Environment, MNOK 187
- Ministry of Fisheries, MNOK 185
- Special funding from the Ministries, MNOK 330
- Miscellaneous income, MNOK 68

**The distribution of funds from the Research Council in 1999:**

This figure indicates the distribution of the Research Council's budget among six research divisions. It also shows how its research divisions subdivide the funds among various programmes, projects and other activities. Values are in MNOK.



- Research programmes
- Independent projects
- Infrastructure
- Miscellaneous







### International activities

In 1999, the Storting decided that Norway will participate in the EU's 5th framework programme for research and technological development (FP5), as recommended by the Research Council. Norwegian groups were involved in nearly 1000 applications for FP5. The applications paid off in the form of Norwegian participation in well over 200 projects, many of which involved marine ecosystems and environmental research.

The Research Council is aiming at closer integration between EUREKA and Norway's national research programmes to enhance the synergy between national and international activities.



Given its considerable market potential and opportunities for long-term co-operation on human resources development, South-east Asia is an important area. Research collaboration established with Indonesia, Singapore and Malaysia has been followed up by stationing a research and technology envoy in Singapore. In 1999, the maritime authorities in Singapore and the Research Council of Norway laid the foundation for a research agreement aimed at the maritime industry, which was subsequently signed on 7 March 2000.



Several Research Council programmes and other activities devote great attention to collaboration with researchers in developing countries. Through the Eastern Europe Programme, institutional co-operation has been established with social science and health professionals, strengthening expertise at institutions in Eastern Europe. On 14 April 1999, the Research Council and the Eastern Europe Programme Committee organised an environmental seminar with participants from Eastern Europe and the EU.

The Research Council has contributed to the international research debate through the European Science Foundation (ESF), and participated in the restructuring of this organisation in 1999.

During the year under review, the Research Council worked on drawing up a master policy for the growing internationalisation of Norwegian research, international strategies for the divisions, and a strategy for international industrial R&D.

### Information, the media and public relations

One high-priority task for the Research Council is to increase the general public's knowledge and understanding of the role of research in society. Towards that end, the Research Council organises Research Week, a nation-wide public relations campaign which set a new record in 1999 with about 700 events and 540 articles in the media.

Research Council Day at the Oslo Konserthus on 22 September attracted some 1000 participants. Karmøy Rolling Mills was the recipient of the Research Council's 1999 Prize for the Outstanding Application of Research Results. The Prize for the Outstanding Dissemination of Research Results was awarded to the Nestor of electoral research in Norway, Professor Henry Valen.

Media efforts were stepped up in 1999. The Research Council's views on important matters such as the Research Report, the Research Fund, new economic growth in Norway, recruitment and EU Directive 44/98 attracted considerable attention. By December, there had been more than one million electronic hits on the Research Council's new website which was introduced in January. Electronic application forms were introduced prior to the main deadline for project applications on 15 June.



The Curious George Club for children exceeded 100 000 members. The Research Council's magazine "Forskning" was also published in an Internet edition in 1999, and it has been visited by up to 12 000 people a week.

### Prospects for the future

The Research Report and the Storting's deliberations on it have now laid the foundation for the future development of Norwegian research, helping to furnish a solid basis for the Research Council's future activities. One of the Research Council's main tasks will be to help bring to fruition the growth in public and private R&D investments targeted in the Report, and to direct this growth into measures that will benefit both research and society at large.

The Research Council will continue to advocate less earmarking of research funding from the ministries over the ordinary budgets, and to promote greater congruence between research policy and public research budgets. Among other things, this will convey the wish that developments move towards cross-sector research efforts. Accordingly, the Executive Board was gratified to note that the KUF Committee's recommendation on the Research Report requests that the Government amend the presentation of the budget to show overall research allocations as a whole. It is also promising to note that the KUF Committee is of the opinion that the Research Fund ought to be built up to NOK 10 to 15 billion over a five-year period.

The Executive Board aspires to further its timely dialogue with the facilities which perform research as well as with the political community. The goal is to generate more focus on research issues, and to continue to provide support for the assertive attitude to research policy currently being expressed in political circles.

The Research Council's activities are based on a system involving more than 1000 elected representatives who perform a tremendous amount of work. Over the years, they have engaged in dynamic debates and made constructive contributions to reinforcing Norway's research efforts, both within the Research Council and between the Research Council and representatives for research, industry and the authorities. The Executive Board recognises and appreciates the determined efforts made by the divisional research boards, the programme committees and other elected representatives in 1999. Similarly, the Executive Board would like to thank the administrative staff for their steadfast efforts and good results.

### The working environment

The Research Council has initiated a number of measures to ensure a good working environment. Examples include a fitness room for the employees, a corporate cabin in the mountains, anti-smoking courses and a choir. An employee survey is scheduled to be conducted in mid-May, and the results will be announced in August/September 2000.

The statistics for absence due to illness indicate a total level of 4.6 per cent in 1999. No cases of work-related illnesses or on-the-job accidents were reported in 1999.

# Income statement | Jan – 31 Dec 1999

(NOK   000)	1999	1998
<b>Revenue</b>		
General funding	2 389 968	2 326 914
Special funding	548 473	401 966
Other government and private grants	45 303	71 164
Revenue from sales and commissioned research	22 292	16 834
<b>Total revenues</b>	<b>3 006 036</b>	<b>2 816 878</b>
<b>Operating expenses</b>		
Research programmes	1 545 167	1 534 347
Independent projects	321 834	325 699
Infrastructure measures	783 020	749 068
Misc. R&D expenses	129 607	129 620
Payroll expense	106 933	107 757
Ordinary depreciation	6 683	5 325
Other operating expenses	84 964	66 465
<b>Total operating expenses</b>	<b>2 978 208</b>	<b>2 918 281</b>
<b>Financial items</b>		
Interest income	12 995	18 743
Interest expenses	-3 821	-4 088
Other financial items	-1 260	-2 098
<b>Total financial items</b>	<b>7 914</b>	<b>12 557</b>
<b>Net profit/loss for the year</b>	<b>35 742</b>	<b>-88 846</b>
<b>Allocation of the profit for the year</b>		
Property fund	4 963	2 634
Administrative allocation	1 253	-421
Transfers	29 526	-91 059
<b>Total allocations and transfers</b>	<b>35 742</b>	<b>-88 846</b>

Oslo, 31 December 1999  
12 April 2000

The Executive Board of the Research Council of Norway

  
 Halvor Stenstadvold

  
 Aril Underdal

  
 Jan Balstad

  
 Anne Breiby

  
 Kirsti Koch Christensen

  
 Edel O. Elvevoll

  
 Olav Helge Førde

  
 Ole Gjølberg

  
 Olav Hesjedal

  
 Elizabeth Baumann Ofstad

  
 Mari Nes

  
 Christian Hambro (Director General)

## Balance sheet at 31 Dec 1999

(NOK 1 000)	31 Dec 1999	31 Dec 1998
<b>Assets</b>		
<b>Fixed assets</b>		
Land	11 495	11 495
Buildings	110 921	115 182
Machinery and plant	6 262	6 621
Long-term receivables	21 792	27 846
<b>Total fixed assets</b>	<b>150 470</b>	<b>161 144</b>
<b>Current assets</b>		
Receivables from the ministry	35 073	27 199
Short-term receivables	20 406	18 635
Bonds	53 124	54 384
Shares	1 025	1 025
Deposits on housing	48	48
Prepayments	9 195	13 692
Cash, bank and postal accounts	871 809	718 398
<b>Total current assets</b>	<b>990 680</b>	<b>833 381</b>
<b>Total assets</b>	<b>1 141 150</b>	<b>994 525</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Transfers	160 095	130 569
Property fund	34 018	30 055
Administrative allocations	11 238	14 004
Investment fund	56 885	56 805
<b>Total equity</b>	<b>262 236</b>	<b>231 433</b>
<b>Allocations to meet commitments</b>		
Pension commitments	2 679	0
<b>Total allocation to meet commitments</b>	<b>2 679</b>	<b>0</b>
<b>Long-term liabilities</b>		
Long-term loans	67 631	71 190
<b>Total long-term liabilities</b>	<b>67 631</b>	<b>71 190</b>
<b>Current liabilities</b>		
Trade creditors	732 355	615 269
Tax payable, including withholding tax	12 838	14 357
Payable wages and holiday pay	15 069	15 754
Other current liabilities	48 342	46 522
<b>Total current liabilities</b>	<b>808 604</b>	<b>691 902</b>
<b>Total equity and liabilities</b>	<b>1 141 150</b>	<b>994 525</b>

## The Research Council's vision

is a society which appreciates  
research-based insight as a source  
of enrichment, knowledge and  
innovation



### **The Research Council of Norway**

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