

# **The Research Council 2008**

**Report of the Executive Board and key economic figures**

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# Report of the Executive Board for 2008

A new overall strategy has been drawn up for the Research Council. This new strategy has emerged from the conviction that research, development and innovation will come to play an increasingly important role in society.

## The ability to deal with global challenges is dependent on knowledge

In 2008 the world was struck by the worst financial crisis since the 1930s. At the same time, the challenges related to climate change gained a stronger footing on the international agenda. There is widespread agreement that these represent major challenges to society, and that new knowledge will be needed to address them adequately. The cross-political agreement on climate policy reached in the Storting will provide substantial growth in investments in research and development (R&D) in the field of environment-friendly energy. Moreover, the Government targeted its financial stimulus package toward competence development and research as the basis for increasing economic activity.

The activities of the Executive Board are rooted in the belief that research, development and innovation will play an increasingly vital role for Norwegian societal and industrial development as well as for Norway as a cultural nation, in a world that is growing increasingly interconnected. This was the basis for the Executive Board's efforts to draw up a new overall strategy for the Research Council.

## In the Vanguard of Research

*In the Vanguard of Research* sets out the strategy for the Research Council of Norway's activities for the period from 2009 to 2012. This strategy revolves around four key challenges facing the Norwegian research establishment:

- **To ensure adequate capacity and quality:** There must be greater investment in research activity and the overall quality must be enhanced to help researchers, trade and industry and society at large to develop and compete in an increasingly globalised world.
- **To meet the changing needs of society:** Research must be more directly targeted to specific social and industrial challenges, especially in relation to welfare and industrial development, as well as global climate and energy problems.
- **To create a sounder structure:** The structure of the Norwegian research system, its national partnerships and its international participation must be brought to an even higher level to achieve optimum utilisation of Norway's overall R&D resources.
- **To promote new learning:** As the role of research gains in significance, it becomes even more essential that knowledge is shared and that results are applied in the private and public sectors as well as within society at large. Research must provide a framework for learning that will benefit the national knowledge culture.

The Research Council seeks to strengthen its efforts in basic research, internationalisation, industry-oriented research and innovation in each of these areas. The new strategy incorporates contributions received from the entire research sector. The points of action identified in the strategy serve both as input to the authorities and various stakeholders in the research establishment, and as guiding principles for the Council's own activity.

## Major challenges for Norwegian research

The current downward economic spiral will likely weaken R&D investments from trade and industry, whereas in the long term Norwegian industry must seek to increase its commitments in this area. The financial crisis may be turned to our advantage through the implementation of public measures that allow industry to maintain a strong focus on R&D and take advantage of opportunities for competence development. Focus on priority research areas and technologies must be strengthened, and the same is true for Norwegian basic research in general. Internationalisation efforts must be expanded. Growth in

recent years has laid the foundation for increased recruitment, and there is potential for further growth in the research communities. There is a tremendous need for investments in scientific equipment. Norway has dynamic research communities in a number of areas that conduct research of great relevance to industry and the public sector. Several of these are international leaders in their fields. The number of publications in recognised, peer-reviewed journals has increased dramatically in recent years, reaching the level of the other Nordic countries.

Government funding of R&D activity is increasing, and now exhibits the highest rate of growth among the Nordic countries. The budget for 2008 resulted in real growth of nearly three per cent. Nonetheless, Norway's total R&D investment lags far behind both Sweden and Finland, and Norway's total R&D expenditures as a percentage of value creation is lower than the EU average (1.7 % compared to 1.8 %). Much of this is due to the structure of the Norwegian industrial sector, but clearly in the long run industry must become more knowledge intensive, which the OECD also recommended in its report on the Norwegian innovation system. This will require more research activity in and for industry. It is therefore worth noting that Norwegian companies increased their R&D investments by 11 per cent in 2007.

In 2008, a record number of doctoral dissertations were submitted in Norway, 1,244 in all, which is an increase of 21 per cent over 2007. The Research Council provided funding for 1,490 doctoral research fellowships and 840 post-doctoral research fellowships in 2008. In addition, the Council entered into long-term contracts with five national graduate-level researcher schools with an overall budgetary framework of NOK 115 million.

The internationalisation of Norwegian research has come far. In 2008, research cooperation with other countries and international organisations gained considerable momentum. More platforms for cooperation among national stakeholders and with international actors are being created, the multinational organisations are taking on a greater role as coordinator and catalyst, and thematic priorities are being linked more closely to the needs of industry and society. The R&D communities are exploring new structures for cooperation and international ownership. Development of the European Research Area (ERA) represents the strongest driving force in Norway's international research cooperation.

The first two years of the EU's Seventh Framework Programme for Research (2007-2013) show that Norway has continued its positive trend from the Sixth Framework Programme. Norwegian research is well represented in most programme areas. Growing participation by Norwegian researchers is also an indication of the quality of Norwegian research. Finding ways to encourage industry to participate in the framework programme remains a challenge, however. It is therefore positive to note that several Norwegian companies have recently received funding under the Eurostars Programme.

## **Broad-based research policy input**

The Research Council plays a role as key research policy advisor to the Government. Input is provided directly in connection with government efforts to draw up various reports to the Storting as well as through submission of the Council's own reports and recommendations. This includes the submission of annual budget proposals that reflect central research policy assessments. In 2008, the Research Council provided input to reports to the Storting on both innovation and research policy. In addition, energy and climate research has been high on the agenda, and the Council has been instrumental in the follow up of the cross-political agreement on climate policy reached in the Storting.

## **Need for an offensive white paper on research**

The Research Council's new strategy forms the basis for the input it submitted to the Government's new white paper on research. The input stressed the importance of continuing to increase investment in research. The Research Council has recommended that the report retains the target of achieving public R&D allocations equal to one per cent of GDP and that a specific timeframe for this be established. It has also recommended that the main priority areas from the previous white paper on

research be kept and that a new priority area on the *cultural prerequisites underlying social development* be established. The Research Council has also recommended that the white paper address the distribution of responsibility within the research policy system and that an effort be made to avoid too highly detailed principles for setting priorities and allocating funding both in general, and within the individual fields. Critical challenges remain in the areas of researcher recruitment and research infrastructure as well as the conditions for basic research. The Council also stressed the importance of a predictable, long-term budget regime.

## **Input on the new white paper on innovation**

The Ministry of Trade and Industry is a key player in innovation policy. In December 2008, the ministry presented *Report No. 7 to the Storting (2008–2009): An Innovative and Sustainable Norway*, which addresses innovation policy on a broad scale. The Research Council provided wide-ranging research policy input to the white paper, in addition to submitting working memoranda and background material and participating in several working groups in connection with these efforts.

## **Evaluation of the SkatteFUNN scheme**

At the request of the Ministry of Finance, the Research Council conducted an evaluation of the SkatteFUNN tax deduction scheme. Statistics Norway was responsible for and carried out most of the work involved. The evaluation confirmed that the scheme has functioned as intended. Each Norwegian crown of public investment in the SkatteFUNN scheme gives rise to NOK 1.3-2.9 in investment by industry. In an international context this is an excellent result. The Research Council finds the SkatteFUNN scheme to be a vital supplement to other funding instruments. The scheme has mobilised companies that have not conducted much research previously, especially from among SME's. Based on the evaluation, the Research Council has recommended that the tax deduction scheme be continued, administered in cooperation between the Research Council, Innovation Norway and the Norwegian Tax Administration.

## **New strategy for infrastructure**

The Research Council has long viewed the lag in investments in scientific equipment as a major challenge that needed to be dealt with. The presentation of a national strategy for research infrastructure (2008-2017) in February therefore represented an important step forward. The strategy is based on consultations with a wide array of stakeholders and calculates that funding of NOK 800 million per year is needed. According to the strategy, the Research Council should be responsible for nationally-oriented infrastructure while the institutions themselves must finance basic equipment. The Government created a framework for a long-term fund to finance research infrastructure in its national budget proposal, making it possible for the Research Council to launch a new funding scheme, the first funding announcement for which was issued in January 2009. The objective of the scheme is to develop a research infrastructure that enables Norway to meet the knowledge challenges and need for efficiency and quality in research while at the same time fulfilling the needs of industry and the public administration.

## **Policy on intellectual property rights**

Practice related to intellectual property rights is an area of increasing importance, and in April 2008 the Executive Board adopted a set of revised principles for the Research Council's policy on such rights. These efforts began in 2007 in consultation with the ministries as well as various organisations, companies and research institutions. The objective is to ensure that research funding is used for the benefit of society through commercialisation, publication and further research. The principles are laid down in the Research Council's General Terms of Contract effective as from 2009.

## **Budget proposal includes increase of NOK 1.65 billion**

The Research Council's budget proposal for 2010 followed up the new strategy's four priority areas, including proposals to strengthen user-driven research and innovation as well as basic research, and in

particular to cultivate a special focus on the thematic area of energy and the environment. The proposal includes a budget increase of NOK 1.65 billion and an increase of NOK 11 billion in capital for the Fund for Research and Innovation.

The proposed budget increase has four main priorities: *open competitive arenas* for industry and researchers; *energy, the environment and climate*; *advanced scientific equipment and research infrastructure*; and separate *recruitment measures*. The proposal also puts special emphasis on internationalisation activities and basic funding to the independent research institute sector and the other thematic and technology areas specified in the white paper *Climate for Research*. A considerable budget increase in 2010 is also proposed for the Research Council's Focus on the Northern Areas Initiative.

## **Economic downturn creates opportunities to develop new expertise**

The Research Council has recommended that Norway address the financial crisis from a knowledge perspective. In December 2008, the Council provided input to the Government's employment stimulus package. In its recommendation, the Council proposed a more attractive Industrial Ph.D. scheme, a larger number of fellowships especially in the MST subjects, an increase in funding for user-driven research, and more basic funding to the industry-oriented research institutes. It also called for the development of a demonstration programme for offshore renewable energy, a funding increase for the Programme for Optimal Management of Petroleum Resources (PETROMAKS) and the DEMO2000 programme, and accelerated growth in investments in infrastructure. The Executive Board is pleased that many of the Research Council's recommendations were followed in up the stimulus package.

## **Regional research funds established**

In 2007, the Government agreed to establish regional research funds, and asked the Research Council to submit a proposal on how these should be organised. The Council hosted a large conference in January 2008 to discuss this topic. A recommendation was drawn up and circulated for review, and as a result the Government's national budget for 2009 included provisions for the establishment of five to seven regional research funds in accordance with the Research Council's proposal, with total capital of NOK 6 billion. The objective is to strengthen innovation and research and to promote competence-building in the regional priority focus areas. The yield of the funds will be made available for allocation as from 2010. The Research Council and the county administrations have been asked to look into how the regional research funds should be further developed. These efforts will be completed by June 2009.

## **Policy for research at the university colleges**

A framework for R&D efforts at the state university colleges was drawn up for the period 2008-2012, and focused on how the Research Council can help to strengthen research expertise at this level. The university colleges fill a special societal role in the areas of teaching, research and regional development activities, and R&D activities must support these efforts. The document was developed in consultation with the Board and Research Committee of the Norwegian Association of Higher Education Institutions (UHR).

## **National strategy for humanities research**

In spring 2008, the Research Council completed its work on a national strategy for humanities research. The strategy states that Norwegian humanities research is characterised by high scientific merit and a high level of activity, but more attention needs to be drawn to its relevance to society. For the research communities, fragmentation of the field presents the greatest challenge. The Research Council recommends that focus be placed on strengthening the scientific merit and relevance of humanities research through the use of cooperative and networking measures.

## **Government Commission for Higher Education**

The Government Commission for Higher Education has recommended that all higher education be consolidated under eight to ten large universities as a means of enhancing the quality of higher education in Norway. While Research Council shares the commission's concerns about the impact of fragmentation of doctoral-level education, it does not support the recommendation for a mandatory consolidation into large units with a dispersed geographical distribution. Stronger focus and cooperation within and between institutions, achieved through stronger scientific and strategic leadership as well as through competition for research funding, is a better path to follow.

## **New funding scheme for research institutes**

The Research Council has played a key role in the development of a new, cohesive basic funding scheme for the independent research institute sector, which was presented in the national budget for 2009. New guidelines for public basic funding of independent research institutes were adopted in December, and the Council will assume a clearer strategic responsibility for the sector.

## **The Research Council takes active part in the public dialogue**

The Research Council has worked actively vis-à-vis political spheres and the general public to enhance understanding of the role and significance of research. Internally the Research Council has worked to improve its capabilities in relation to analysis of research and innovation policy, and externally the Research Council has engaged in an ongoing dialogue with the ministries, the Storting, special interest organisations and others concerning research and innovation policy matters.

Activities such as the Nysgjerrigper Science Knowledge Project, National Science Week in Norway and the research news website *forskning.no* have stimulated greater interest in research within the general population, not least among young people. Research has also been afforded more attention within political circles and in the public debate. The Research Council will continue to work actively to strengthen dialogue and understanding between the research communities on the one hand and politicians, the media and the general public on the other.

## **The Research Council is working to achieve a more cohesive funding structure**

The Research Council receives funding from 16 ministries and is responsible for research activities across all fields and thematic areas. About one-third of all public research funding is allocated through the Council. Substantial effort goes into drawing up strategies and budget proposals, as well as the planning of programme and networking activities, to increase cross-sectoral coordination of research activity. In 2008, for example, the Council took part in the successful endeavour to coordinate R&D follow up of the Storting's cross-political agreement on climate policy. To be able to promote cohesiveness and a long-term perspective in public research funding in the years to come, the Research Council is dependent on adequate funding that is not based on too highly detailed, sector-restrictive principles, such as via the Fund for Research and Innovation. This will be an important challenge in the future.

## **The Research Council's budget increased by 6.5 per cent**

The accounts for 2008 show that the Research Council allocated NOK 5.8 billion to Norwegian research. Not counting administrative activity, this was an increase in R&D funding of NOK 345 million, or 6.5 per cent, compared with 2007. The Research Council's share of the total growth in R&D allocations from the national budget was about 19 per cent in 2008, which was a decrease from its 2007 share of 28 per cent. As a result of the agreement on climate policy achieved in the Storting, NOK 70 million from the national budget was allocated to research on renewable energy with a promise of an additional NOK 230 million in 2009.

The Research Council's total revenues in 2008 came to NOK 6.0 billion. Of this amount, the ministries contributed NOK 5.8 billion while the yield of the Fund for Research and Innovation comprised NOK 942 million. Total operating revenues (R&D funds and administrative expenditures) came to NOK 6.4 billion. Net revenues for 2008 totalled NOK 364 million, including R&D funds and administrative obligations.

In 2007, the Executive Board set a target of achieving budget transfers of less than 15 per cent of the disposable budget for 2009. Transfers from 2008 were reduced to NOK 980 million using measures such as long-term programme budgeting and more realistic budgeting at the project level. As a result, the target set by the Executive Board was achieved. The Research Council will continue to make an effort to reduce budget transfers.

In 2008, the Research Council processed 4,715 grant proposals for a total of NOK 23.6 billion. As of 1 May 2009, 95 per cent of all applications for funding received in 2008 had been fully processed. Funding was awarded to 2 043 proposals. The research programmes received roughly 1,980 proposals for a total of NOK 10.8 billion. Of these, 47 per cent were in the areas of mathematics, natural science and technology. About 37 per cent of the proposals were submitted by the university and university college sector, 39 per cent by the independent research institute sector and 19 per cent by industry. Approximately 33 per cent of these received funding.

The Research Council received 954 grant proposals for independent researcher-initiated project support for a total of NOK 5.3 billion. The applications were distributed as follows: 3 per cent in technology subjects, 17 per cent in the social sciences, 18 per cent in the humanities, 31 per cent in mathematics and the natural sciences, and 31 per cent in the medical sciences. About 80 per cent of the proposals were submitted by the university and university college sector and 13 per cent by the independent research institute sector. A total of 14 per cent of the proposals for independent projects were awarded funding.

## **New Centres for Environment-friendly Energy Research**

The Research Council continues to enhance its strategic and structural role in the development of the research system. The establishment of the Centres of Excellence (CoE) and the Centres for Research-based Innovation (CRI) schemes has been instrumental in changing the landscape of Norwegian research. The new funding scheme for research infrastructure holds similar potential for further developing the distribution of tasks and cooperation within the research system. In keeping with such structural objectives, funding for the Centres for Environment-friendly Energy Research (CEER) scheme is a vital component in following up an increase in funding for renewable energy. The scheme has been established within an annual budgetary framework of NOK 125 million. The purpose of the CEER scheme is to facilitate long-term, strategic cooperation between researchers, industry and other users with the aim of enhancing value creation and addressing the impacts of climate change. The guiding principles underlying the scheme have been taken from the Energi21 initiative, Norway's national R&D strategy for the energy sector, and the cross-political agreement on climate policy achieved in the Storting. Eight centres are ensured stable funding for an eight-year period.

## **Crucial measures for basic research**

The report on the situation for Norwegian research by the Norwegian Academy of Science and Letters (*Evne til forskning*) states that university professors perceive the financial framework conditions for the universities to be under increasing pressure. The Research Council is addressing this problem with a variety of instruments. The fund established in 2008 for investment in and operation of research infrastructure is a new and important measure for procuring and operating up-to-date infrastructure. *Independent researcher-initiated project support* is designed to provide good framework conditions for the best researchers, regardless of field or thematic area. The size of the projects awarded such support has been increased, both in order to bring better structure to this sector and to ensure that full financing is provided more often. Increased budgetary parameters for independent researcher-initiated project support is a top priority for 2010. Through the Outstanding Young Investigators (OYI) scheme,

the Research Council seeks to provide Norway's best young researchers with reliable, long-term funding on which they can build their research careers.

## **Instruments that strengthen industry-oriented research**

The Research Council administers key schemes that strengthen industry-oriented research, development and innovation. The *Programme for User-driven Research-based Innovation* (BIA) is an open competitive arena that awards funding on the basis of the projects' research content, level of innovation, relevance and benefit to society, and potential for value creation. The BIA programme provides funding to projects that were previously not eligible for funding under any of the individual programmes at the Research Council. All projects have their foundation in the strategies and needs of the companies, regardless of field or thematic area.

BIA projects are highly innovative, have great potential for value creation and involve broadly based consortia that cooperate along value chains or across branches of industry. Most of the projects address important industrial policy topics, such as the environment and energy, health and ICT. Industry-based researcher training has been given a new boost through the BIA projects. Since 2006, 212 new projects incorporating 160 doctoral and post-doctoral research fellowships have been launched. The Industrial Ph.D. scheme that was launched under the BIA programme will be reorganised into an independent scheme in 2009.

## **The Research Council focused on the International Polar Year**

*The International Polar Year* (IPY) was launched in March 2007 and continued throughout 2008. The Research Council has hosted the secretariat that coordinated Norway's participation. IPY is a research programme under the auspices of the International Council for Science (ICSU) and the World Meteorological Organization (WMO). Researchers from more than 60 countries have taken part in the programme, which was concluded in March 2009. International Polar Year is unique with regard to the scope of international cooperation and the vast amount of data compiled. Through a coordinated effort, IPY has achieved much more than what would be expected judging by the national budgets for polar research.

In September 2008, the members of the Executive Board conducted a study trip to Svalbard, visiting the University Centre in Svalbard (UNIS) in Longyearbyen and research stations in Ny-Ålesund. The trip provided interesting and useful perspectives on the development of Svalbard as an international research platform as well as on Norwegian polar research policy, the focus on the Northern Areas, and the implementation of IPY.

## **Gender equality is crucial to enhance recruitment**

In keeping with the Research Council's policy for gender equality and gender perspectives in research, an overview was compiled of the efforts under the OYI, CoE and CRI schemes to integrate gender perspectives into their funding announcements and grant allocations during the period 2001-2006. The second funding rounds for the CoE and OYI schemes included specific gender equality considerations, and the percentage of women researchers increased substantially. This gives reason to hope that it will be possible to achieve more gender-balanced recruitment to top-level positions in the centres' subject areas. The defection of women from the research sphere before achieving top staff positions remains a problem. Good research management is a key factor in meeting this challenge. In 2009, the Research Council will update the action plan for gender equality in the R&D sector to include several more gender equality measures.

## **Challenges**

International cooperation will be an underlying component and integral part of the Research Council's overall R&D portfolio, and the Council's role as strategic adviser in international forums will increase.

The achievement of the Research Council's own objectives will therefore become more closely tied to success in international cooperation.

The EU will become the major driving force in this through the expansion of the European Research Area (ERA) both within and outside the EU's Seventh Framework Programme. The Research Council is following the development of the new strategic initiatives launched in 2008. This includes the improvement in conditions for research careers and mobility, new practices for knowledge transfer, cooperation with countries outside of Europe, and proposals for a new structure for European research cooperation. Outside of the framework programme there is a clear trend toward more and smaller funding schemes which may be suitable for Norway.

The framework programmes' budgets and new forms of partnership will be targeted to attract a larger percentage of national research funds and to increase overall investments in R&D activity. Cooperation agreements with countries outside of Europe may be established both bilaterally and on the basis of European cooperation.

There are signs that international research cooperation will increasingly be coordinated through negotiations between governments and research funding organisations, based on agreements entailing reciprocally binding contribution of resources. This will require greater awareness of the division between national and international initiatives. With regard to the development of cooperative relationships, government authorities must help to ensure that Norwegian researchers seek out partners whose activities maintain a high scientific standard.

## **Social challenges are also international**

Both the economic situation and climate change make it apparent that research is a pre-requisite for developing sound, sustainable solutions. The agreement on climate policy achieved in the Storting in January 2008 gave research a clear role in this regard. The Research Council has proposed a step-wise increase in climate research under the auspices of the Research Council, from about NOK 0.25 billion in 2008 to NOK 1.0 billion in 2012. There is a strong Norwegian research community that can make a vital contribution to emissions reduction through technology development. There is productive cooperation between industry players and the research community, which will be crucial for achieving climate-related objectives and promoting value creation in the areas of renewable energy and CO<sub>2</sub> storage and management.

Both the USA and the EU have linked the climate crisis with the financial crisis. President Barack Obama seeks to invest large sums in research on and the implementation of renewable energy, and expects this to have a positive impact on employment. Corresponding plans have been launched by the European Commission. These are interesting signals for Norway, which has the potential to play an important role as an energy nation. The need for R&D is enormous, and an increase in research activity will be a vital contribution to the restructuring of energy policy.

## **The Research Council as an organisation**

The Research Council works to refine its administrative activities on an ongoing basis. Issues that have been given focus during 2008 include:

Forskningsrådet arbeider kontinuerlig med forbedringer i den administrative virksomheten. Saker som har hatt stor oppmerksomhet i 2008, er bl.a.:

- development of the knowledge base for strategic R&D analysis and advisory services;
- interministerial cooperation to set out common guidelines to be used by the ministries as a basis for performance management and assessment in relation to the Research Council;
- analysis of efficiency and quality enhancement measures for programme administration;
- examination of the income base and financing model for administrative costs;
- improvement in research management through staffing development, among other things;

- finalisation of the new organisational strategy.

The finalisation of the organisational strategy has been followed by the drawing up of a competence strategy. A leadership development programme has been implemented and a number of competence-building activities have been carried out, within R&D administration and internationalisation, for example.

An annual analysis of the Research Council's R&D portfolio has been introduced to provide a good basis for policy shaping and design of funding instruments. The Council's databases are being used to map out the distribution of funding along relevant axes. Working groups have been established for more of the major priority research areas. The portfolio analysis is also being used actively by the ministries.

The activities of the Research Council do not affect the external environment, nor do they cause emissions that pollute the environment. The occupational health service conducted a health survey during the autumn of 2008. The survey was directed towards the physical working environment and issues relating to ergonomics, but also provided staff with an opportunity to discuss other aspects of their situation, such as their psychosocial work environment. The results support the results of the internal staff survey carried out in 2007, indicating that employees at the Research Council consider it overall to be a good place to work, although a number of departments continue to report that workloads are very high.

The total sickness absence remains low in 2008, and at 3.0 per cent was somewhat lower than it has been in recent years.

As of 31 December 2008, the Research Council's staff consisted of 380 individuals (340 man-years). Advisers (advisers and senior advisers) comprise the largest group of employees, accounting for a total of roughly 100 man-years. Women comprise a total of 60 per cent of the staff, and more than 40 per cent of the representatives on the Executive Board and all division research boards and programme boards.

The Executive Board would like to thank the Research Council staff for its effective execution of tasks throughout 2008.

RESEARCH COUNCIL OF NORWAY

INCOME STATEMENT 1 Jan-31 Dec 2008

(NOK 1,000)

	Note (only in Norwegian version)	2008	2007
<b>REVENUES</b>			
General allocations	2	4 837 637	4 638 324
Special allocations	2	986 059	1 105 238
Other public and private funding		169 086	136 783
Revenues from sales and commissioned work		15 820	20 171
<b>Sum revenues</b>		<b>6 008 602</b>	<b>5 900 516</b>
<b>OPERATING EXPENSES</b>			
Research programmes	3,2	3 061 416	2 635 391
Independent projects	3	729 611	763 374
Infrastructure measures	3	1 454 589	1 482 846
Networking measures	3	434 471	371 160
Miscellaneous R&D expenses	3	122 280	103 333
Administration		195 934	221 591
Payroll expenses	4	298 913	308 408
Ordinary depreciation	5	30 363	28 366
Other operating expenses	3	54 132	3 005
<b>Sum operating expenses</b>		<b>6 381 709</b>	<b>5 917 474</b>
<b>FINANCIAL ITEMS</b>			
Financial revenues		10 797	8 256
Interest expenses		(1 253)	(2 230)
Other financial items			
<b>Sum financial items</b>		<b>9 544</b>	<b>6 026</b>
<b>PROFIT/LOSS, INCL. ADMINISTRATIVE AND RESEARCH OBLIGATIONS</b>		<b>(363 563)</b>	<b>(10 932)</b>
Provisions for administration	13	(8 404)	7 795
Research obligations	12	(279 973)	34 259
<b>PROFIT/LOSS AFTER ADMINISTRATIVE AND RESEARCH OBLIGATIONS</b>		<b>(75 186)</b>	<b>(52 986)</b>
<b>Allocation of profits for the year</b>			
Change in pension commitments		(18 850)	(52 385)
Property fund	11	(52 825)	4 530
Investment fund	14	(3 511)	(5 131)
<b>Sum allocations</b>		<b>(75 186)</b>	<b>(52 986)</b>

RESEARCH COUNCIL OF NORWAY

BALANCE SHEET 31 Jan 2008 (NOK 1,000)

	Note	31.12.2008	31.12.2007
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Tangible fixed assets</b>			
Land	5	17 715	17 715
Buildings	5		84 370
Machinery, inventory, etc.	5	49 706	55 549
<b>Sum tangible fixed assets</b>		<b>67 421</b>	<b>157 634</b>
<b>Financial fixed assets</b>			
Long-term receivables	8	2 004	3 628
<b>Sum financial fixed assets</b>		<b>2 004</b>	<b>3 628</b>
<b>Sum fixed assets</b>		<b>69 425</b>	<b>161 262</b>
<b>Current assets</b>			
Receivables from the ministries	9	5 000	0
Short-term receivables		77 063	129 338
Cash, bank, postal accounts	7	2 128 363	2 175 733
<b>Sum current assets</b>		<b>2 210 426</b>	<b>2 305 071</b>
<b>SUM ASSETS</b>		<b>2 279 851</b>	<b>2 466 333</b>

## RESEARCH COUNCIL OF NORWAY

### EQUITY AND LIABILITIES

<b>Equity</b>			
Property fund	11	20 090	72 915
Investment fund	14	59 048	63 068
<b>Sum equity</b>		<b>79 138</b>	<b>135 983</b>
Change in pension commitments	16	(84 404)	(65 556)
<b>Provisions for liabilities</b>			
Pension commitments	16	88 718	68 164
Provisions for administration		34 170	42 574
Research obligations	12	980 695	1 259 978
<b>Sum provisions for liabilities</b>		<b>1 103 583</b>	<b>1 370 716</b>
<b>Long-term liabilities</b>			
Long-term loans	6	0	39 155
Long-term allocations	15	0	2 664
<b>Sum long-term liabilities</b>		<b>0</b>	<b>41 819</b>
<b>Short-term liabilities</b>			
Account payable to suppliers	10	1 074 259	853 804
Unpaid charges and tax deductions		6 647	24 131
Unpaid wages and holiday pay		28 177	25 731
Other short-term liabilities	17	72 451	79 705
<b>Sum short-term liabilities</b>		<b>1 181 534</b>	<b>983 371</b>
<b>SUM EQUITY AND LIABILITIES</b>		<b>2 279 851</b>	<b>2 466 333</b>

Oslo, 31 December 2008  
30 April 2009

The Executive Board of the Research Council of Norway

Geir Stene-Larsen  
(chair)

Unni Steinsmo  
(vice-chair)

Knut Liestøl

Vibeke Hammer Madsen

Kari Melby

Margareth Øvrum

Ole Henrik Magga

Signe Bang

Arvid Hallén  
(Director General)