

# AGREEMENT

FNR/CP1-08-10

Between the State of the Grand Duchy of Luxembourg, hereinafter “the State”, represented by the Minister of Culture, Higher Education and Research and the Minister of the Treasury and Budget,

on the one hand,

and

the public institution “National Research Fund” (*Fonds national de la Recherche*), hereinafter “the Fund”, represented by Mr. Romain Henrion, President, and Mr. Raymond Bausch, Administrator and Secretary-General,

on the other,

having regard to the State's desire to support high-level research and development activities and the transfer of technology with a view to promote scientific progress and technological innovation on a national level,

acting in accordance with Articles 2 and 3 of the amended Law of 31 May of 1999 on the creation of a national fund for research in the public sector, which confer on the Fund the general mission of receiving, managing and using allocations and donations from public or private sources to promote research and technological development on a national level in the public sector,

It is hereby agreed as follows:

## **Article 1 Purpose**

In accordance with the above-mentioned provisions, the Fund

- participates, in the framework of multiannual programmes that it organises, through financial contributions, in bearing the costs linked to the research activities carried out by national contributors to public research; these programmes may be organised by theme (thematic programmes) or on a cross-disciplinary basis with the aim of bringing structure to the national public research system (structural programmes),
- implement support and accompanying measures in the interest of developing the national public research system,
- implement activities aiming to promote scientific culture,
- shall oversee, in the future and subject to confirmation of this mission through legislation, the national scheme for research training grants: *Aides à la Formation-Recherche* (AFR), the “AFR Grant Scheme”.

The purpose of this agreement is to define the general framework concerning the terms and conditions for allocating State financial contributions for the financing of the Fund's activities pursuant to the amended Law of 31 May 1999 on the establishment of a national research fund in the public sector.

The reference number assigned to this agreement is FNR/CP1-08-10.

Both the objectives to achieve in the implementation of the Fund's activities and the associated performance indicators are set forth in Annex 1, which is an integral part of this agreement.

The Fund undertakes to:

- i) take adequate and reasonable measures to achieve the stipulated objectives;
- ii) provide all detailed information required by the State for the proper management of the stipulated activities;
- iii) notify the State of any event which may directly affect efforts to achieve the stipulated objectives;
- iv) provide the State, or any other organisation or individual duly authorised by the State, with the information requested during inspections and audits;
- v) participate actively in inspection, monitoring and assessment activities.

## **Article 2 Term**

This agreement is signed to take effect on 01 January 2008 and shall remain in effect for a period of 36 months. It will therefore automatically cease to have effect on 31 December 2010. Negotiations for the next pluriannual agreement shall take place no later than 31 March 2010.

## **Article 3 Funding**

In the interest of carrying out the stipulated activities, pursuant to the provisions of Article 15 of the amended Law of 31 May 1999 referred to above, the State shall grant, under this agreement, limited to available budget resources and by crediting the budget appropriation registered at the Ministry having under its authority scientific research and applied research, hereinafter "the Ministry", a financial contribution of EUR 90,860,000, established in accordance with the objectives and results to be achieved.

This contribution does not preclude the allocation of additional public funds taken from other budget appropriations.

The State's annual financial contributions are as follows:

for the year 2008: EUR 22,360,000 by charging budget item 03.5.41.013 and the balance of budget item 03.5.43.060 on the date of entry into force of the law on AFR Grants<sup>1</sup>.

for the year 2009: EUR 28,200,000

for the year 2010: EUR 40,300,000

Annual contributions shall be made in 2 instalments:

- a first instalment of 60% of the annual amount payable on 01 February following approval of the current year's budget by the Government Council
- the remaining 40%, following approval of the previous year's revised year-end accounts, provided the Fund submits the reports described in Article 6.

The parties agree to adjust the objectives and performance indicators if the financial assumptions set forth herein have not been met or if the national organisational framework (infrastructure, equipment, etc.), legal framework or regulatory framework prevents said objectives and indicators from being met.

## **Article 4 Terms of management**

---

<sup>1</sup> Subject to favourable vote of Draft Law 5733 on AFR Grants.

The Government's financial contribution is reserved for the implementation and management of the activities referred to in Article 1 in view of meeting the objectives set forth in Annex 1.

The Fund's management of the contribution must be done in conformity with the provisions of Article 12 of the above-mentioned amended Law of 31 May 1999.

### **Article 5 The Fund's commitments**

The Fund commits, on the one hand, to the key performance indicators derived from the strategic objectives for the period 2008-2010 (referred to in Chapter 2 of Annex 1) and, on the other hand, to the implementation of targeted policies to achieve said objectives.

### **Article 6 Reports and assessment**

On the dates below, the Fund shall provide the Ministry with a summary report with an overview of the year's activities and the progress made in meeting the targets (10 pages maximum), including a scorecard of the performance indicators referred to in Annex 1 of this agreement:

- by 01 February of the year following the year in question: the report of activities
- by 15 May of the year following the year in question: the direct, indirect and financial indicators.

Annexes to the document will provide the items supporting the scorecard.

The Ministry shall study, together with the Fund, the progress made on the basis of this document in a workshop-style meeting no later than six weeks from the date on which the report is submitted. The minutes of this meeting will contain the findings and must be approved jointly.

If there are obvious, significant differences between the results obtained and the set objectives, both parties shall examine the reasons for said differences in the eight weeks following approval of the minutes, possibly at the request of the Ministry with the assistance of external experts. After this examination, and taking into account the answers gathered and, where appropriate, the recommendations of the external experts, the Minister reserves the right to propose corrective measures, which the Fund agrees to implement.

By 31 March 2011, the Fund must draw up and submit to the Ministry a final report covering the full term of this agreement. The final report shall contain a table of the performance indicators set forth in the Annex, a brief description of the activities carried out and a critical analysis of the results and objectives achieved including, in particular, an assessment of shortcomings.

In the framework of the implementation of this agreement, an external independent assessment of the Fund will take place. This assessment shall take place during the first quarter of 2010.

The Ministry undertakes to develop a specifications document for this assessment, including, notably, the methodologies and assessment grids. This specifications document shall be drawn up jointly with the Fund by the end of 2009.

The Fund undertakes to cooperate and make available all information needed for the assessment.

A study of the Fund's impact on the national research and innovation system shall be prepared for execution during the year 2012.

## **Article 7 – Non-performance, delays or failures**

The contracting party shall promptly report to the State any event likely to prejudice the performance hereof and provide all relevant details. The parties shall determine by mutual consent the measures to be taken.

## **Article 8 - Inspection**

The Fund shall keep, for a period of 5 years after the expiry date of this agreement's term, the original or, in exceptional, duly justified cases, certified copies true to the originals of all of the documents concerning this agreement. During audits carried out under this agreement, these documents shall be handed over upon request to the persons in charge of said audits.

## **Article 9 Changes to the agreement**

The Fund is responsible for requesting approval before making any substantial change to the activities covered by this agreement.

Within three weeks of notification by the Fund, the Government shall decide, at the request of the minister having scientific research under their authority, on how to respond to the request.

Likewise, the provisions of the agreement and its Annexes may not be changed or added to except by amendments(s) signed by a duly authorised representative of each party.

## **Article 10 – Dissemination of knowledge**

Without prejudice to the provisions of confidentiality agreements signed between the Fund and other parties, the Government is entitled to notify third parties of the purpose of the works covered herein, their status and their results,

- either by distributing general, brief reports in an approved format, on any medium chosen by the Ministry, including electronic formats,
- or at any other level of detail, after obtaining the written consent of the Fund.

## **Article 11 – Applicable law and jurisdiction**

This agreement is subject to the laws of Luxembourg, and any dispute arising from the performance hereof shall fall under the exclusive jurisdiction of the district courts of Luxembourg, Grand Duchy of Luxembourg.

Signed in Luxembourg on 28 July 2008 in one original copy per party.

For the Fund,

For the State, represented by the Government,

The President,

Minister of Culture,  
Higher Education and Research,

The Administrator-Secretary-  
General

The Minister of the Treasury and Budget,

# ANNEX

## 1 Preamble

THE FNR was established under the Law of 31 May 1999, and its initial configuration reflects the situation of the national R&D policy and the institutional context of that time.

However, the context has changed significantly since then, mainly due to the creation of the University of Luxembourg (2003), a proactive policy of increasing public expenditures in the area of R&D (2004), the study of the national innovation system by the OCDE in 2005 and the resulting conclusion of performance agreements between the Ministry of Research and the major research institutions and Luxinnovation (2007), the planned establishment of the Cité des Sciences (2012), the reform of the AFR Grants and their transfer to the FNR (2008), the document concerning the Lisbon Agenda (2006) and the creation of the High Committee for Research and Innovation (2008).

Today, and in light of the considerable increase of the volume of competitive public funding, the FNR must play a greater role in implementing the national R&D policy. The FNR shall to that end benefit from total autonomy in order to contribute towards the achievement of national objectives in the area of R&D.

This document sets out the FNR's missions, objectives and performance indicators, as well as the responsibility of the two parties involved, the FNR and the State.

## 2 The FNR's mission

Pursuant to the provisions of Article 2 of the Law of 31 May 1999 on the creation of a national research fund in the public sector, the Fund has the following mission:

- *To receive, manage and use funds and donations from public or private sources to promote research and technological development in the public sector at national level, hereinafter "R&D", and*
- *To maintain an ongoing process of reflection in the field of national R&D policy orientation, in accordance with economic data and scientific and technological developments, as well as on the basis of in-depth studies.*

*Accordingly, it is called upon to:*

- 1. draw up proposals related to national R&D policy objectives,*
- 2. propose priority measures to take in order to achieve these objectives,*
- 3. prepare, on the basis of the set priorities, multiannual activity programmes and contribute in this manner to the establishment of a national multiannual R&D programme,*
- 4. assume responsibility, through allocating the funds at its disposal, for the execution of these multiannual programmes and see to the monitoring of their implementation,*
- 5. provide systematic and ongoing assessment of the results obtained in order to enable any necessary priority adjustments,*
- 6. promote, in general, the efficient coordination of the national R&D actions and Luxembourg's participation in international R&D cooperation programmes,*
- 7. at its own initiative, present to the minister having under their authority scientific research and applied research any proposal, suggestion and information related to the implementation of national R&D policy.*

Article 3 of the same law states:

*...In the framework of its mission, the Fund may organise activities intended to promote scientific culture, award grants to researchers and scientists and allocate subsidies to individuals and associations pursuing activities of a scientific nature...*

Draft Law 5733 on AFR Grants, submitted before Parliament on 14 June 2007, amends Article 3 of the Law of 31 May 1999 by adding, notably, the following paragraph:

*Moreover, the Fund may allocate AFR Grants and finance measures related to the promotion thereof in order to support individuals carrying out research works in the framework of doctoral or post-doctoral training, hereinafter “researchers in training”, at a host institution.*

In the framework of the above-mentioned missions and the activities covered by this agreement, the Fund shall devote its efforts, in particular, to contributing to the ongoing and long-term development of the national public research system. To that end, the Fund shall develop and implement priority actions<sup>2</sup> in order to achieve these objectives, while committing to an ongoing process of improving the efficiency of its operation:

<b>Strategic objective 1 (SO 1):</b>	<b>Support researchers in order to improve scientific quality and excellency in domains of socio-economic importance</b>
<b>Strategic objective 2 (SO 2):</b>	<b>Contribute to the development of the research environment, in particular of human resources, in terms of volume and scientific quality so as to strengthen the performance of public research institutions and the impact of their activities</b>
<b>Strategic objective 3 (SO 3):</b>	<b>Promote scientific culture, notably among youth aged 6-19</b>

Through priority actions, the Fund shall play its role as provider of funds in view of achieving the stated objectives in the interest of developing research in the public sector in terms of volume, quality and potential socio-economic impact.

The FNR shall seek to ensure efficient coordination between its activities and those of the other players in the public research sector and to promote research activities on the national and international level.

In addition to its primary role as provider of funds, the Fund may act as an informed advisor to the Government and, where applicable, the Higher Committee on Research and Innovation in the area of research, in accordance with missions 1 and 7 of Article 2 of the Law of 31 March 1999 on the creation of the National Research Fund. In its counsel and recommendations, the Fund shall rely on the evidence and findings it will have drawn from its own activities or studies.

### 2.1 The FNR's strategy in the middle term

Based on the outcomes of the Foresight study undertaken by the Fund, and for the sake of concentrating national research efforts, the Government has adopted a list of thematic national research domain priorities deemed to have socio-economic benefits for the country.

The national R&D policy shall place particular emphasis on the long-term development of human resources by taking into account the specific context of research in Luxembourg, such as the challenges posed by the country's size, the high number of researchers going to other countries and legislation on labour law. A key element of a favourable research environment is effective support of collaboration among researchers on an international and national level by establishing platforms that unite all of the players and users in a particular domain.

---

<sup>2</sup> Types of priority actions: multiannual programmes, accompanying measures, AFR Grants, promotion of scientific culture

In the years to come, in accordance with the stated objectives, the FNR shall continue to work towards improving the scientific quality of the activities funded in the framework of the priority actions and promoting scientific quality in general in the national priority domains selected by the Government to maximize the socio-economic impact of its research activities. The FNR shall also contribute to national R&D policy in Luxembourg by implementing efficient human resources support in the research sector and by providing funds to be able to address the structural deficits identified on a national level. The priority actions support the research institutions so they can fulfil their respective missions and objectives. Moreover, the FNR shall actively continue to promote scientific culture among the general population in collaboration with all players concerned.

### **3 Financial framework**

The expenditures related to the implementation of the activities under this agreement amount, for the period 2008-2009, to EUR 105,300,000, of which the Government allocation covers EUR 90,860,000.

The table provided in Annex 2 indicates the annual revenue for the priority actions and the FNR's other activities.

Using its experience in implementing research programmes as a basis, the FNR shall improve its financial planning to reduce the gap between forecasted expenditures, obligations and payments in connection with the funding of research projects.

Any balances of current thematic programmes shall be integrated into the budgets of the CORE programme's respective priorities.

If this is deemed appropriate, the expenditures budgeted under the different types of actions may be respectively increased or decreased by an amount which may not exceed, in total, by priority action type<sup>2</sup>, 20% of the overall annual budget for each action type, without, however, affecting the annual financial contribution by the State. The Fund shall report these changes in the budget, which it must submit for approval by the Government after notifying the minister responsible for scientific research and applied research, pursuant to Article 10 of the Law of 31 May 1999 on the creation of a national fund for research in the public sector.

Covered by this exemption are the thematic programmes, the structural programmes, the accompanying measures and the promotion of scientific culture. This exemption also includes the development of new priority actions, after approval by the Government.

The Fund also undertakes to apply the model for calculating overall costs used by the public research centres and the CEPS for research projects funded and launched after 01 May 2008.

The priority actions referred to above that are already underway or set to start after 01 January 2008 are listed in the Annex hereto. When executing the priority actions, the FNR shall take commitments that go beyond the year 2010. These commitments are to be covered by the next performance contract.

#### **Annulment of existing agreements**

The following agreements, including their respective amendments, for current programmes are replaced by this agreement:

SECOM	agreement FNR/00/01 of 21-Nov-00 and amendments of 21-Jan-02 and 24-Feb-06
-------	--

---

<sup>2</sup> Types of priority actions: multiannual programmes, accompanying measures, AFR Grants, promotion of scientific culture

NANO	agreement FNR/00/02 of 21-Nov-00 and amendments of 21-Jan-02 and 01-Apr-05
BIOSAN/PROVIE	agreements FNR/00/04 and FNR/03/04 of 24-Nov-00 and amendments of 21-Jan-02, 27-July-03, 12-Feb-07 and 13-Dec-07
VIVRE	agreement FNR/02/05 of 20-June-02 and amendment of 12-Dec-06
TRASU	agreement FNR/03/06 of 23-July-03
SECAL	agreement FNR/03/07 of 23-July-03 and amendments of 01-April-05, 12-Feb-07, and 13-Dec-07
INTER	agreement FNR/05/08 of 02-February-08 and amendment of 26-Feb-08
ATTRACT	agreement FNR/06/09 of 29-Nov-06

As regards the AFR Grants, a law and Grand-Ducal regulation shall specify the procedures for managing and awarding these grants.

#### 4 Performance: objectives, indicators

This chapter and Annex 3 set out the role and objectives of performance, derived from the missions set out in the Law of 31 May 1999, which the FNR undertakes to carry out during the subsidy period of 2008 to 2010 with the funds allocated by the Government, and define the indicators used to gauge the accomplishment of the objectives.

##### Efficiency of internal administration and transparency of processes

- The FNR shall plan the priority actions in a coherent manner with an approach integrated into each phase of the action's cycle (preparation, implementation and assessment), using the "Logical Framework"<sup>3</sup>.
- For the sake of ensuring quality, the FNR shall develop written procedures, specifying the information process and the competences of the FNR's different organs, covering all recurring tasks in connection with its activities. An internal audit will confirm compliance with the rules of procedure and the allocation of skills in the FNR's processes.
- For thematic and structural programmes, the FNR shall maintain an efficient system of assessment by independent and international experts (peer review) according to internationally-recognised best practices.
- The FNR shall develop, until 30 June 2010, a powerful information system that will contribute to the ongoing monitoring and reporting of all of the FNR's activities, covering, notably, the funding and results of the priority actions. Based on this monitoring and on impact studies, the FNR will, where appropriate, make adjustments to improve the impact of the priority actions.

##### National participation in international cooperation programmes

- In the framework of promoting international cooperation coordination actions, the Fund and Luxinnovation, with the cooperation of the Ministry, shall develop an IT platform used to manage information concerning national participation in R&D programmes such as the FP7, ESA, ESF, COST and INTER. The specifications document related to this IT platform shall be developed until October 2008 so that the implementation of its first version will be operational in the first quarter of 2009.

---

<sup>3</sup> **Logical Framework:** Matrix that represents a project's Narrative (description), Assumptions, Objectively Verifiable Indicators and Means of Verification. Narrative: Underlying strategy of the project. Description of the project at each of the four levels (Purpose, Goal, Outputs, and Activities).

- In order to increase the attractiveness of calls for proposals by the European Research Council (ERC) for research institutions in Luxembourg, the FNR is planning to earmark a budget starting in 2009 for supporting the best proposal with a host institution in Luxembourg for each ERC call. However, this request must have passed a very high quality threshold (to be determined) and not have been selected by the ERC for funding.
- To ensure efficient and intelligent coordination between the Fund's national programmes and international programmes with the aim of developing its own programmes, the FNR shall participate in the framework of FP7, notably in the committees of the following programmes, in accordance with the procedures set out in the modus operandi for participating in programme committees, as set out by the Ministry:
  - Specific "Cooperation" programme
    - Health
    - Food, agriculture and biotechnologies
    - Environment
    - Socio-economic and human sciences
  - Specific "Idea" programme
  - Specific "Personnel" programme
  - Specific "Capacities" programme:
    - Science and Society
    - International cooperation
- In addition to national representation in the programme committees, the FNR shall, in close collaboration with Luxinnovation, act as a national contact point for the Mobility programme.
- Along these same lines, the Fund shall be responsible for the national coordination of COST (European Cooperation in the Field of Scientific and Technical Research), for which it will take charge of promotion among national players by convening a national conference during the period 2008 to 2010.
- In view of joint calls for proposals by the FNR and one or more foreign funding agencies, the FNR shall actively participate in the following ERA-Nets:
  - MATERA
  - NEURON
  - ERA-Age

Moreover, the FNR shall be an active member of the consortia (MATERA and ERA-AGE) that will submit an ERA-Net Plus proposal in 2008 for the European Commission's FP7.

The FNR shall also examine the possibility of participating in other ERA-Net and ERA-Net Plus calls for proposals, in accordance with the efficiency and valued added criteria for national public research.

Furthermore, the FNR shall submit in 2008, as part of the European Commission's "People" programme, a proposal for the co-funding of AFR Grants and a proposal for the "Researcher's Night" call for proposals.

- The FNR shall participate in a certain number of international organisations, including ESF, ERCIM, EUROHORCS, European Network on Research Careers, Annual meeting of the advisory councils, ICSU, etc., to promote the visibility of research in Luxembourg on an international level.  
In general, the FNR shall contribute actively and jointly with its international counterparts in the discussions about a European and international R&D policy.

Promote, in general, the efficient coordination of R&D actions

In the context of coordination activities, the Fund shall sign a collaboration agreement with Luxinnovation

- emphasising the value of the results of research
- coordinating and cooperating in
  - activities aimed at promoting the innovation and research by Luxinnovation
  - activities aimed at promoting the scientific culture by the FNR

The FNR shall ensure, where possible, that the activities funded by the FNR are coordinated efficiently

- internally to guarantee efficient funding
- nationally to favour the impact of the FNR's priority actions
- as regards the activities of the other players on national level

through the exchange of information with all of the players concerned and by promoting all of its activities effectively. Moreover, the priority actions shall address one or more of the strategic objectives set out in the FNR's strategy.

In view of ensuring the Science Festival's ongoing success, the FNR shall sign in 2008 a collaboration agreement with the National Natural History Museum.

To optimise national coordination, the Ministry of Research and the FNR shall analyse the available data (statistics and other) on the research environment in Luxembourg and determine if there is a need to gather additional data.

The indicators contained in the following tables are grouped into 3 categories:

1. Internal management
2. Direct results  
These indicators measure the FNR's performance within the areas under the direct control of the FNR
3. Indirect results  
These indicators measure the results of activities funded by the FNR that are not under the direct control of the FNR.

<b>Internal management</b>		
<b>Objective</b>	<b>Indicator</b>	<b>Performance target</b>
M <sup>4</sup>	GI 1: Development of a powerful information system covering the FNR's activities	Initial start-up of the following activities: AFR starting June 2009 Programmes and AM by end 2009 Complete system by mid-2010
OS1 & OS 2	GI 2: Impact studies	EAU in 2008  SECOM in 2009 NANO in 2009 INTER in 2009  TRASU in 2010 ATTRACT in 2010 CORE in 2010

<sup>4</sup> The objective M refers to objectives related to the FNR's internal management.

		AFR in 2010
M	GI 3: Reduce gap between payments and budgeted costs for each priority action	Difference between total payments and total budgeted expenditures in relation to total budgeted expenditures less than 20%
OS 2	GI 4: Turnaround time between submission of complete proposals and announcement of selected proposals for the CORE and ATTRACT programmes	Less than 5 months
OS 2	GI 5: Turnaround time between announcement of selected proposals and start of project	Less than 6 months
OS	GI 6: Turnaround time between AFR Grant proposal submission deadline and announcement of selected proposals	Less than 4 months for the Post Doc 2 months for PhD
OS 2	GI 7: Signing of a collaboration agreement with Luxinnovation	Agreement to be signed in 2009

Direct results								
Objective	Indicator	Performance target						
OS 2	RD 1: Total budgeted expenditures for 2008-2010	EUR 105,300,000						
OS 2 + OS 3	RD 2: Increase in number of AM requests	2008: 270 2009: 325 2010: 390  Total 2008-2010: 985						
OS 3	RD 3: Number of projects that will receive the PROSCIENCE group label	<table border="1"> <thead> <tr> <th>2008</th> <th>2009</th> <th>2010</th> </tr> </thead> <tbody> <tr> <td>20</td> <td>30</td> <td>40</td> </tr> </tbody> </table> Total 2008-2010: 90	2008	2009	2010	20	30	40
2008	2009	2010						
20	30	40						
OS 2	RD 4: Participation in FP7	ERA-Net Plus: <ul style="list-style-type: none"> <li>○ MATERA</li> <li>○ ERA-AGE</li> </ul> PEOPLE: COFUND AFR Co-funding by EC over EUR1.9 million as part of COFUND  Researcher's Night						

Indirect results		
Objective	Indicator	Performance target
OS 1	RI 1: Number of publications <sup>5</sup> accepted with FNR cited as a funds contributor	2008: 30 2009: 50 2010: 70 Total 2008-2010: 150
OS 1	RI 2: Number of theses in progress as part of AFR programme or of FNR-funded projects	2008: 50 2009: 150 2010: 300
OS 1 & M	RI 3: Percent of projects having met the targets fixed in terms of: <ul style="list-style-type: none"> <li>○ doctoral students</li> <li>○ referenced publications</li> <li>○ patents and licences</li> <li>○ public awareness events</li> </ul> based on the final assessment of the project	At least 85% of projects meet the target results (a)

(a) The first projects in the context of the CORE programme will finish no sooner than 2010. Until then, the FNR will monitor the progress of the projects by comparing target progress objectives and actual progress.

---

<sup>5</sup> "Referenced publication" means:

a publication in one of the journals in the list of journals having an impact factor published annually by ISI Thompson

a publication in a journal appearing in the index compiled by SCOPUS, or  
a monograph submitted to a review panel.