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**Novelties introduced in the 2003 French action plan to
foster foundations funding research**

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I. WHY AN ACTION PLAN TO FOSTER FOUNDATIONS FUNDING RESEARCH ?

□ Modest number of foundations in France and peculiarly of research foundations

- **1100 foundations** in France,
- 550 public utility foundations
- **30 public utility research foundations**
- contribution to R&D funding = **0,04 % of GDP**
- public utility foundations mainly support **healthcare** with top foundations as Pasteur, Curie, Pasteur Lille who are **operating** foundations and few **funding** foundations as « Fondation pour la Recherche Medicale »
- for the past ten years, 25 % only of new foundations have been initiated by **companies**

❑ **The advantage of promoting research foundations as a new way to fund research**

➤ **By developing and diversifying foundations**

- Covering **new** research fields
- Creating new **funding** foundations
- More of them being initiated by **companies**

➤ **Such foundations are adapted to present objectives of research policy**

In line with the « 3% » Lisbon objective, they can

- Attract **companies** towards funding public and private research, some of these companies being directly concerned by the results of research
- Promote **project-based management** including calls for proposals
- Steer focus on **key research programs** in all fields of science
- Privilege a **common management** of research programs associating companies and research institutes
- Strengthen credibility of science **in the French society**

II THE ACTION PLAN :

A general reform of legal and fiscal environment of public utility foundations in 2003 and a specific action plan for research foundations in 2004 & 2005

□ A general reform in 2003

➤ A reform of legal environment which made easier creation of foundations on many issues with two models of approved by-laws

The most important issue for research foundations : a new kind of foundation « **spending down foundations** »

- Centred about a program of more than 5 years
- Limited to the life of the program
- Spending down its endowment

➤ A fiscal reform

- Concerning **taxation of donors**, very profitable to companies
 - 66 % donation credit on individual income tax with a 20 % earnings cap
 - 60 % donation credit on company income tax with a 0,5 % company turnover cap : twice as much as the preceding credit ;
 - A 5 year carry-forward mechanism of tax credit for donors if and when capping applies ;
- Concerning **foundations taxation**
 - No tax about property income for all foundations
 - In a research law which has just been voted, no tax about patent fees of research foundations

❑ A specific action plan for research foundations in 2004 and 2005

➤ A new State fund for creation or development of research foundations

- A seed fund
- A fund for key sectors
- A fund which takes the law into account : private endowment must be more than 50 %

➤ A specific thought about public benefit purpose since some donors are concerned by the results of research : two principles

- **Various donors adding their funding**

- **No advantage for donors**

Patenting : no donor's ownership per se

Results disclosure : free scientific communication by labs and no privileged and exclusive rights of competitive development to companies donors ;

Contractor selection : subject to fair competition process, led by the foundation scientific committee, and open to donors' labs

III RESULTS

- ❑ Creation of **21** foundations, from 30 to 50
- ❑ Great efficiency of the State fund : a public and private endowment of **235 M €** with **110 M €** from the State fund
 - In 2004 : 1 public € for 1 private €
 - In 2005 : 1 public € for 2 private €
 - Planned foundations without State fund in 2006
- ❑ Various donors with **companies** in all new foundations (but 2)

❑ New foundations in **various fields** : health, safety, sustainable development, economy, scientific culture, university research...

❑ Spending down foundations funding **research programs**

❑ A choice of public benefit purpose programs **on long term problems** compatible with the rule of non advantage for donors

The Research Foundation for Aeronautics and Space is a good example of this kind of foundations