

EU conference: Giving more to research in Europe

*Presentation by
Steen Hemmingsen, Managing Director, The Lundbeck Foundation*

- The Danish research funding system
- The Danish foundation sector
 - a. Charitable
 - b. Industrial
 - c. Dual purpose (Commercial Foundation Act)
- The Lundbeck Foundation
 - Trust Deed and Governance
 - Grant policies
 - Centres of Excellence
- Interaction between Foundation controlled pharma industry, university research and biotech cluster

The Danish Research Funding System*

<u>Private sector</u>	Euro 3,44 bn.	70%	1,78% of GNP
<u>Public sector</u>	Euro 1,49 bn.	30%	0,79% - -

- Council for independent research Euro 124 m.
 - Council for strategic research Euro 47 m.
 - National research foundation Euro 27 m.
 - Technology foundation Euro 26 m.
- Private foundations**) Euro 134 m. (The Lundbeck Foundation contributes Euro 30 m.)

*) Source: The Danish Centre for Studies in Research and Research Policy, some figures relate to 2003.

**) Estimate 2005, included in public sector statistics.

THE LUNDBECK FOUNDATION

- Established in 1954 by Mrs. Grete Lundbeck (no descendants)
- Owns 70% of the listed pharmaceutical company H. Lundbeck A/S
- An industrial foundation regulated under The Commercial Foundations Act.
- Several large Danish companies are controlled by industrial foundations
- The Lundbeck Foundation operates independently of its industrial subsidiary/founder family
 - no company executives on the Board/management
 - no grants given to company
- The Lundbeck Foundation provides grants to research of Euro 30 m. H. Lundbeck A/S has a R&D budget of Euro 250 m.
- The Lundbeck Foundation's asset base is Euro 4 bn. – 65% hereof in donor stock

Several foundation-owned companies among the largest Danish firms

- A. P. Møller Maersk - APM og CMMs Fond
- Novo Nordisk - Novo Nordisk Fonden
- H. Lundbeck - Lundbeckfonden
- Leo Pharma - Leo Fondet
- Carlsberg – Carlsbergfondet
- J. Lauritzen – J.L. Fonden
- Skandinavisk Holding - Augustinus Fonden
- Danfoss - Bitten & Mads Clausens Fond
- Lego - Legofonden
- Grundfos- Poul-Due Jensens Fond
- Gutenberghus - Egmont H. Petersens Fond
- J.C. Hempel - J.C. Hempels Fond
- Carl Allers Etablissement - Allerfonden
- Velux - V. Kann Rasmussen Fonden

Objectives

The Trust Deed:

- "To support and develop the business of The Lundbeck Group".
- And - among others – to provide funding for research of the highest standard.
- All "at the discretion of the Board of Trustees".

Board of Trustees:

- 6 members with commercial, scientific and investment qualifications.
- Elected "among themselves".
- In addition 2 employee representatives from H. Lundbeck A/S company.

Grant Policies

- Independent of government and industry.
- Aimed at strengthening Danish research within health & natural sciences.
- Financing of individual projects and Centres of Excellence.
- Grants should have a size which enables the foundation to make a difference.
- High scientific quality / more important than subject field.
- Research normally carried out at Danish universities or by Danish researchers abroad.
- Special program to support talented young researchers.
- Research prizes.

Centres of Excellence

- In 2005 The Lundbeck Foundation funded 3 Centres of Excellence within neuroscience (Euro 16 m.)
- Initiated a call for applications for a Theoretical Centre for Quantum System Research in 2006.

From “The call for applications”:

- The Foundation will favour proposals based on ambitious, original front-line research of the highest international standard and based on an innovative principal idea, and under the direction of an internationally recognized researcher in his or her particular field.
- The centre should comprise top Danish and international researchers in their particular fields, with close contacts to other relevant research entities – either by physical presence in the centre or through formal collaboration. The proposals should include an appropriate framework for research education and recruitment, and describe in concrete terms how aspiring Ph.D. candidates can contribute to the centre’s activities.
- It is important that such collaborative research cannot otherwise be carried out through traditional professional means or sources of funding.

Principles of governance for grant-making applied by the Board of Trustees

- Transparency.
- Involvement of external reviewers.
- Policy for addressing potential conflicts of interests.
- Board self-evaluation every 2-3 years.

Conclusions

- Danish industrial foundations are increasingly (also) funding university research.
- Overall contribution to research probably larger than from the purely charitable foundations.
- Share of total research funding still limited but important contribution to medical research. Substantial indirect effects i.e. by the 3 largest Danish pharmaceutical companies controlled by industrial foundations resulting in:
 - Strong university based medical research in Denmark
 - Cluster of biotech companies.
 - Interaction between university based and industrial research.
 - Continued development of an independent Danish pharmaceutical industry.