The innovation contracts scheme is a strategic support program offered to the industry and the public sector. The objective is to promote the development of new products, services and solutions for the national and international market.

The scope of innovation contracts
Innovation Norway annually spend about NOK 300 million on new innovation contracts.

The financial scheme makes grants available to Norwegian small and medium sized companies (SMEs) developing new products or services in collaboration with companies representing the market, referred to as “pilot customers”. The objective of innovation contracts is to stimulate innovation and value creation by reducing risk.

The modality
Support is based upon a contractual cooperation between one or more pilot customer(s) and the Norwegian supplier company. The pilot customer can be a private company (foreign or Norwegian) or a public entity. Importantly, the pilot customer must have a specific need for the new product or service and the Norwegian company must meet the requirements set forth by the pilot customer. The product or service to be developed should have a high level of innovation and represent a novelty in the market.

The cooperation must be a genuine partnership where both parties contribute with the resources and competence necessary to carry out successful industrial development projects. The pilot customer's efforts in the project in terms of workload and incurred cost must be at least 20% of total eligible project costs. Grants may cover up to 45% of the development costs incurred by the Norwegian companies.
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The pilot customer should be a “demanding customer” in the sense that the development of the new product or service requires high competence and industrial R&D skills. In order to profit from an innovation contract supported by Innovation Norway, one should look for a Norwegian company with competence and ability to develop the products or solutions the pilot customer has a need for.

The benefits for pilot customers entering into innovation contracts with Norwegian SME:
- Significant reduction of project costs and financial risk
- Opportunity to collaborate with Norwegian SMEs with unique skills and knowledge in the relevant product areas.

Innovation contracts with public entities
The business community can contribute to innovation in the public sector by providing new and unique solutions that improve the efficiency and quality of public services. The pilot customer could be a government agency such as a hospital, a municipality or any other public entity. If their specific needs are not covered by what is available on the market, an R&D project with financial support from Innovation Norway could provide them with the products or services they need. The public customer will obtain a better solution to important societal challenges and a better understanding of how to perform innovative procurement processes.

Facts and prerequisites
The Norwegian company (the supplier company in innovation contracts) is responsible for submitting the application for funding to Innovation Norway. The financial support (cash grant) is normally available only to the supplier company in innovation contracts. Limits for funding from Innovation Norway and definitions of R&D, SME etc is regulated by EU State aid rules, and the General Block Exemption Regulation (GBER).

Before financial support is granted, a collaboration agreement (an innovation contract) must be signed between the Norwegian company and the pilot customer. Applications to Innovation Norway must include as a minimum a letter of intent between the two parties. The suppliers are mainly in the category of small and medium-sized enterprises, i.e. with less than 250 employees. Furthermore, the new product or solution must represent a major innovation in its intended market, and it must have market potential beyond the pilot customer.

The grant from Innovation Norway must be a trigger for the project. This means that without the support from Innovation Norway, the project would not be carried out, without substantially alteration in scope or timeframe.

About Innovation Norway
Innovation Norway is a Norwegian government agency promoting innovation and development of Norwegian enterprises and industry. It has offices located in more than 30 countries world wide and in all counties in Norway. See: www.innovationnorway.no

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