

Centres for Research-based Innovation (SFI)

Requirements and Guidelines

1 Purpose of this document

- 1.1 This document specifies the requirements and guidelines underlying the “Centres for Research-based Innovation” scheme, hereafter also referred to as “SFI”, “the SFI scheme”, “SFI centre”, “centre”, “centres” or “the centres”.
- 1.2 This document forms the basis for the contract to be entered into between the Research Council of Norway (“the Research Council”) and the individual host institutions for the centres, cf. the definition in Section 2.4, once status and funding as an SFI centre have been granted.
- 1.3 When assessing applications for SFI status and funding and when entering into contracts to establish the centres, the Research Council will attach importance to compliance with the requirements and guidelines laid down in this document.

2 General information about the SFI scheme

- 2.1 The Centres for Research-based Innovation (SFI) scheme is a national scheme under the auspices of the Research Council. The Research Council provides the basic funding for the centres given SFI status under the scheme.
- 2.2 The overall objective of the SFI scheme is to enhance the ability of the business sector to innovate and create value through a greater focus on long-term research.
The SFI scheme seeks to:
 - Facilitate active, long-term cooperation between innovation-oriented, R&D-performing companies and prominent research groups.
 - Promote the development of outstanding industry-oriented research clusters that are an integral part of dynamic international networks and that enhance the internationalisation of the Norwegian business sector.
 - Encourage and enhance researcher training and the transfer of knowledge and technology in areas with major potential for future value creation.
- 2.3 When selecting centres for SFI status and funding, importance will be attached to their potential to generate innovation, business development and sustainable value creation within the centre’s thematic priority areas. The scientific merit of the research must be of high international calibre.
- 2.4 A Centre for Research-based Innovation is a time-limited research centre affiliated with a research organisation that is responsible for the centre’s activities, hereafter known as the “host institution”. The host institution and participating partners comprise the centre.

SFI host institutions must be an approved Norwegian research organisation¹ with the scientific foundation and resources needed to fulfil the requirements set out for the SFI scheme. An SFI centre must contribute to the development of the host institution's scientific profile. The host institution is to serve as the formal applicant for SFI status and funding, act as the Project Owner in any contract signed with the Research Council regarding the centre, cf. Section 1.2, and bear the practical, scientific and financial responsibility for the establishment, operation and closing down of the centre. Cooperation between the host institution and other actors on the establishment and operation of a centre does not alter the host institution's role as formal applicant and Project Owner in any contract signed with the Research Council of Norway. The contract entitles the host institution to designate the centre as a "Centre for Research-based Innovation" and to use the Research Council's SFI logo.

- 2.5 The host institution will usually be the largest supplier of scientific staff to the centre, and is expected to provide administrative support, appropriate premises and other infrastructure for the centre. Furthermore the host institution bears the main responsibility for how the research investments resulting from the SFI grant will be managed after Research Council funding ceases, cf. Section 12.4.
- 2.6 The inclusion of companies in the centres' activities is one of the requirements of the SFI scheme. Such partners are designated as "company partners". Public entities may also participate in the centres' activities, and relevance to society is viewed as important. Company partners and public entities that participate in the centres' activities are designated as "user partners". Each centre must have at least three user partners, and these must always include companies. The centres' research results and expertise are to provide a platform for innovation and value creation among the user partners. User partners will actively participate in the governance, financing and research activities at the centres, and must conduct significant innovation activities of their own as well as be able to take advantage of the research results when developing their activities.
- 2.7 In addition to user partners, which are mandatory participants, the Centres for Research-driven Innovation may collaborate with one or more research organisations. The Research Council's definition of the concept "research organisation" and list of approved research organisations will be applied cf. Section 2.4. These participants are designated as "research partners". The centre may also use subcontractors to supply it with services. If a research organisation serves as both a user partner and a research partner, its role must be unambiguously defined for each project carried out in the centre.
- 2.8 An SFI centre may also include international user partners and research partners under the same terms and conditions as Norwegian partners. Such international partners are also required to help to achieve the centre's objectives and the overall objectives of the SFI scheme.
- 2.9 An SFI centre is to provide the business sector with increased access to highly educated, qualified personnel. Satisfactory researcher training must be provided through cooperation with a university or university college that is accredited by the Norwegian Agency for Quality Assurance in Education (NOKUT) to confer doctoral degrees in the

¹ For a list of approved research organisations, see the document Definition and specification of the concept "research organisation" on the [Research Council website](#).

relevant field. Researcher training may be organised and financed wholly or partially within the centre or through cooperation with a university or university college in some other way.

- 2.10 All projects carried out by an SFI centre are to incorporate “effective collaboration”² between the partners participating in the project.
- 2.11 An SFI centre is not defined as a separate legal entity.

3 The SFI consortium

- 3.1 A group consisting of the host institution for an SFI centre and the centre’s user partners and research partners, as defined under Section 2, is designated as an “SFI consortium”. The participants are designated as “consortium participants”. Consortium participants are to contribute by carrying out their own research activities and/or providing funding in accordance with the funding and cost plan for the centre, cf. Section 9.1, with a view to achieving the results outlined in the project description, cf. Section 4. To ensure sufficient flexibility, the SFI scheme will allow changes in the composition of the partners in an SFI consortium over time in accordance with the rules set out in the consortium agreement (Sections 3.2 and 9.8).
- 3.2 The host institution is responsible for ensuring that a consortium agreement is drawn up between the participants in the SFI consortium. The consortium agreement is to regulate the organisation and implementation of cooperation within the consortium, and stipulate the reciprocal rights and obligations of the participants. The agreement must include, among other things, provisions specifying the participants’ obligations to contribute resources in accordance with the centre’s activity and funding plan, cf. Section 9.2, rules regarding the opportunity to join and withdraw from the SFI consortium, cf. Section 9.8, rules related to employer’s liability, cf. Section 8.1, and provisions on the right of ownership, utilisation rights, licensing, publication of project results and confidentiality, cf. Section 11. The Research Council’s template for consortium agreements between consortium participants under the SFI scheme may be used as a guide for how the rights and obligations of participants in a consortium may be regulated. The template also includes several mandatory provisions.
- 3.3 The host institution is responsible for ensuring that the consortium agreement conforms to the principles set forth in this document and the General Terms and Conditions for R&D Projects issued by the Research Council of Norway. A provision establishing this must be included in the consortium agreement. Knowledge on the part of the Research Council of a consortium agreement in no way implies approval of any deviations from the principles in this document or from the Research Council’s General Terms and Conditions for R&D Projects. The consortium agreement must be submitted to the Research Council for informational purposes and is to be attached to any contract on the establishment and operation of the centre entered into between the Research Council and the host institution, cf. Section 1.2.

² “effective collaboration” means collaboration between at least two independent parties to exchange knowledge or technology, or to achieve a common objective based on the division of labour where the parties jointly define the scope of the collaborative project, contribute to its implementation and share its risks, as well as its results. One or several parties may bear the full costs of the project and thus relieve other parties of its financial risks. Contract research and provision of research services are not considered forms of collaboration.

4 Project description, etc.

The SFI centre is established for the purpose of performing the activities presented in the project description for the centre as a whole, pursuant to the contract between the Research Council of Norway and the host institution, cf. Section 1.2. The project description governs the centre's activities and must specify the primary objective, secondary objectives and progress plan for the research activities described in the SFI application. The project description must encompass the entire first five-year period and the potential subsequent three-year period of the centre's activity, cf. Section 12.1. The project description must be attached to the contract on the establishment, operation and closing down of the centre entered into between the Research Council of Norway and the host institution, cf. Section 1.2.

5 Organisation

- 5.1 The centre is to be part of the host institution's organisation but will be governed by its own board. The centre must be organised to achieve the objectives specified in the project description in an effective manner, have a form of organisation and governance that is well adapted to the host institution's organisation, and establish routines that ensure constructive interaction with all the consortium partners, cf. Section 3.1.
- 5.2 The host institution must ensure that the centre has strong top-level management with a high degree of scientific and administrative autonomy within the parameters of the project description and the cost and funding plan. The centre is to have a satisfactory administrative support system.

6 Location

- 6.1 As a general rule, an SFI centre is to consist of research groups located at the same site. The phrase "located at the same site" is understood to refer to collaboration between research groups or individual researchers who work in the same building complex.
- 6.2 The SFI scheme allows for the establishment of a "virtual" centre. A virtual centre is based on collaboration between research groups which are not located at the same site, but are a greater or lesser physical distance apart.
- 6.3 Regardless of whether it is a physical or virtual centre, each SFI centre must have a common administration and a unified research plan in keeping with the project description, as well as effective communication systems and systems for exchanging personnel between its various segments.

7 Governance and administration

- 7.1 The board of the SFI centre is to consist of representatives of the consortium participants, i.e. the host institution, the user partners and the research partners, cf. Section 3.1. To ensure the centre retains a strong, lasting focus on the users, the representatives of the centre's user partners are to have a majority on the board. The chair of the board should come from one of the user partners.

- 7.2 The board's main responsibility is to ensure that the intentions and plans underlying the contract for the establishment of the centre are fulfilled, cf. Section 1.2, and in particular that the activities presented in the project description are performed within the stipulated budget and time parameters. The board is to ensure that cooperation proceeds smoothly between the centre, the host institution and the partners in the consortium, cf. Section 5.1, and in particular must ensure that the host institution, through its representation on the centre's board and through the centre's administration, can influence factors of importance to cooperation between the centre and host institution.
- 7.3 The centre is to be headed by a director alone or a director supported by a management group. The director is to serve as project manager pursuant to the contract between the Research Council of Norway and the host institution, cf. Section 1.2. The director must have a background in research and must possess proven skills in research management and team-building. The director is to have considerable independence in relation to scientific contexts as well as on questions involving the recruitment of staff to the centre. The director and members of the management group, if any, will be appointed by the host institution in consultation with the other consortium participants.
- 7.4 Clear guidelines regarding responsibility and authority must be established for the centre's activities, including the board's powers of authority, rules for representation on the board and a description of the director's powers of authority. The board's mandate must, among other things, ensure that the board is unable to adopt decisions that encroach on the host institution's sphere of responsibility.

8 Staffing and responsibility for human resources

- 8.1 The centre is to be developed around researchers who have already demonstrated the potential for a high level of scientific achievement. It should be possible to have a part-time affiliation with the centre so that staff members may continue to perform some of their previous duties at the collaborating institutions and enterprises, e.g. teaching, contract research and other ordinary activities. The host institution and other consortium participants are to decide among themselves how the employer's responsibility for staff at the centre is to be resolved, keeping in mind that the centre itself may not take on any employer's responsibility.
- 8.2 The centre should encourage and contribute to researcher training in areas where recruitment is important for innovative development and value creation. The responsibility for training encompasses master's and doctoral students as well as post-doctoral research fellows. The centre is to take steps to enable students and research fellows to carry out some of their work at one of the user partners.
- 8.3 When recruiting personnel, the centre is required to incorporate gender equality perspectives and actively strive to attract outstanding national and international researchers. The centre is to facilitate the exchange of staff members between consortium participants and international partners.

9 Funding and expenses

- 9.1 In its application for SFI status and funding, the host institution must submit a cost and funding plan for the centre's first five-year period and potential subsequent three-year period, cf. Section 12.1. Applicants must comply with the Research Council's rules

related to approved project expenses, including guidelines for calculating payroll and indirect expenses in the budget. Cost and funding plans for the centre are part of the contract between the Research Council and the host institution on the establishment and operation of the centre, cf. Section 1.2. The Research Council only approves actual costs that are directly related to performance of the centre's activities pursuant to the contract.

- 9.2 The funding plan is to be based on the principle that the Research Council, in conjunction with the SFI consortium, will jointly provide the resources required to perform the centre's activities, cf. Section 3.1. The user partners' willingness to provide funding and their level of commitment to the research activities will be an important indicator of whether the centre is conducting research of relevance to the business sector. The Research Council requires that letters of intent from the planned SFI consortium partners regarding their participation in the financing of the centre during the first five-year period are attached to the application for SFI status and funding.
- 9.3 The SFI scheme requires that the contribution from private companies and other user partners must comprise 50 per cent of the annual contribution from the Research Council. The host institution and other research organisations in the consortium may contribute additional funding to highlight their strategic basis and commitment. The consortium participants are to decide among themselves how the partners are to contribute, based on each one's size, role and prerequisites.
- 9.4 Contributions from consortium participants may be provided in the form of direct cash funding, staff placed at the disposal of the centre or infrastructure that is essential to performing the centre's research activities. The host institution's contribution to the budget may incorporate payroll and social security expenses for the time employees spend carrying out the centre's activities, indirect expenses for operation of the premises, equipment or the like. Costs related to the depreciation of equipment and research infrastructure may also be included in this in compliance with the Research Council's rules for project costs of this type.
- 9.5 Companies defined as "undertakings"³ under the state aid rules that are taking part in the consortium are not eligible to have any of their projects costs covered by the Research Council's allocation. These companies are not qualified to receive state aid via SFI funding from the Research Council, and must cover their costs themselves. In this context, the term "undertaking" is defined as companies and other entities that conduct economic activities, i.e. that offer goods or services on a market.
- 9.6 Undertakings that participate in the consortium are also not eligible to receive indirect state aid in the form of advantageous conditions for cooperation with the research organisations taking part in the consortium, cf. Section 11.2.
- 9.7 Upon signing the contract with the host institution, the Research Council will specify its grant to the centre for the first year of operations and issue a pledge for each year of the first five-year period, cf. Section 12.1. The overall budgetary framework for the first

³ When research organisations engage in research and development in effective collaboration with others, this activity constitutes non-economic activity. The EFTA Surveillance Authority considers that R&D carried out by a research organisation in effective collaboration with others is part of the organisation's independent R&D activity, as defined in the state aid rules. The research organisation is not considered an enterprise in the context of this activity.

five-year period must be broken down by individual years so that the centre's activities may achieve the desired profile in accordance with the plans set forth in the project description. The Research Council reserves the right to adjust the annual pledges based on the centre's progress report, cf. Section 10. On the basis of a request from the Project Owner citing reasons why it is justified, the Research Council may consent to the carrying forward of part of the funding from one fiscal year to the next. Pledges for a potential final three-year period will be made subsequent to any decision to extend the centre's period of operation, cf. Sections 10.8 and 12.1.

- 9.8 The SFI scheme will allow changes in the composition and number of the partners in an SFI consortium over time in accordance with the rules set out in the provisions of the consortium agreement, cf. Section 3.1. Withdrawal from a consortium requires at least six months' notice. If the withdrawal of a consortium participant leads to a reduction in funding and loss of essential expertise, the centre's board must seek to secure the resources needed to achieve the objectives stated in the project description. If the withdrawal of partners from the consortium makes it impossible to fulfil the requirement that the contribution from private companies and other user partners must comprise 50 per cent of the Research Council's annual contribution, the Research Council is entitled to reduce the amount of the SFI grant. If the changes in the consortium mean that key conditions for the establishment of the centre are no longer met or have been altered significantly, the Research Council is entitled to terminate the contract with the host institution, cf. Section 12.2.

10 Scientific and administrative follow-up

- 10.1 The host institution is responsible for establishing a webpage for the centre and for using it actively for both external and internal communication. The host institution is also responsible for drawing up a data management plan and a communication plan for the centre.
- 10.2 The host institution must submit a project account report containing specified information to the Research Council by no later than 20 January each year.
- 10.3 The host institution must submit an annual report for the previous year to the Research Council by no later than 1 April of each year. The annual report is to be drawn up in English, submitted to the Research Council and published on the centre's webpage.
- 10.4 The host institution must submit a progress report to the Research Council by no later than 1 June and 1 December of each year. The report for 1 December must contain specified information on scientific, financial and administrative factors as input for the Research Council's annual report to the ministries.
- 10.5 The host institution must draw up and submit a work plan with updated plans for the following year to the Research Council by no later than 1 December of each year.
- 10.6 In consultation with the host institution, the Research Council will organise "site visits" of the centre at appropriate intervals where it will perform a review of the centre's development and activities and the plans for the future. Representatives of the SFI consortium, the centre's board, the centre's management and the Research Council of Norway are under obligation to be present. The first site visit must be conducted at the

latest two years after centre start-up and the results may provide a basis for certain changes to the centre's activities.

- 10.7 About 3.5 years after the centres are established, a mid-term evaluation of each centre is to be conducted under the auspices of the Research Council. The evaluation will be conducted using a common framework. The factors of particular importance in the evaluation are provided in the list of key success criteria for SFI centres, cf. the attachment to this document. The evaluation is to assess the scientific results achieved by the centre relative to the original project description and whether the research results achieved and the expertise developed support the vision that the centre's activities will lead to innovation, value creation and greater focus on long-term research among the participating companies and other user partners. Further, the evaluation is to assess the plans for the centre's activities in the potential final three-year period. The centres will have the opportunity to comment on the mid-term evaluation. In addition to this evaluation, the Research Council will assess the administrative framework at each centre.
- 10.8 The mid-term evaluation, any comments from the centre and the assessment of the centre's administrative framework will serve as the basis for the Research Council's decision regarding whether to continue funding the individual centre for the remainder of the total eight-year period after the centre's start-up or to terminate the centre's funding after five years, cf. Section 12.1.

11 Right of ownership, utilisation rights, licensing, publication of project results and confidentiality

- 11.1 The SFI scheme is regulated under the Research Council's General Terms and Conditions for R&D Projects regarding the right of ownership, utilisation rights, licensing rights, publication of project results and confidentiality.
- 11.2 The consortium agreement is to contain provisions that further regulate these areas pursuant to the general terms and conditions. The terms of the consortium agreement must also be formulated to ensure that the undertakings (companies) (cf. Section 9.5) taking part in the centre do not receive indirect state aid, as described in the EFTA Surveillance Authority's guidelines for state aid for research and development and innovation, cf. Section 28, paragraph b), c) or d).⁴

12 The centre's period of operation – termination

- 12.1 Funding from the Research Council for each centre is provided for a period of up to eight years from the start-up date. From the time of termination of activity, at five or eight years (cf. Sections 10.7 and 10.8), funding from the Research Council will cease and the centre will no longer be part of the SFI scheme.
- 12.2 Should a situation arise which materially alters the assumptions underlying the establishment of a centre or means that a centre can generally no longer be operated on the basis of the principles described in this document, the Research Council is entitled to terminate the contract with the host institution pursuant to the provisions in the Research

⁴ <http://www.eftasurv.int/media/state-aid-guidelines/Guidelines---State-aid-for-research-and-development-and-innovation.pdf>

Council's General Terms and Conditions for R&D Projects, including the withdrawal of funding and SFI status.

- 12.3 The host institution and relevant partners have responsibility for ensuring that attention is paid to personnel-related factors when closing down a centre and must in particular ensure that master's students and research fellows have the opportunity to complete their study programmes on schedule.
- 12.4 The host institution and relevant partners have responsibility for ensuring that the research investments resulting from the SFI grant are managed and continued after Research Council funding ceases, cf. Section 2.5 as well.

Success criteria for the Centres for Research-based Innovation (SFI)

In addition to fulfilling the formal requirements, a successful Centre for Research-based Innovation will be characterised by the following:

Research activity

- The centre conducts long-term, business-sector relevant research of high international standard in the field specified in the project description, and demonstrates this through its production of doctorates, scientific publications, papers for presentation at recognised international conferences and other measures of scientific excellence.
- The centre has a distinct research profile and has been successful in achieving recognition at the international level (e.g. researchers associated with the centre have received awards or been invited to be keynote speakers at international conferences).
- Researchers from the host institution and partners participate actively in the centre's research.
- The centre's user partners have increased their research commitments both through active participation in the centre's activities and their own R&D activities on topics of relevance to the centre.

Innovation and value creation

- The centre's research activity has generated or is expected to generate the potential for innovation and enhanced competitiveness among user partners as well as expectations relating to ripple effects for society over and above the partners' direct participation in the centre's activities.
- The centre has achieved reciprocal mobility of staff between the centre and user partners. Researchers from partners work at the centre, and research fellows and researchers from the host institution are seconded to the user partners for periods of time.
- The centre has a framework in place for encouraging innovation and defining, mapping and following up research results that have innovation potential.
- The centre has implemented measures to ensure that the expertise and results achieved by the research activity are effectively utilised by the partners.
- The centre has structures in place to enable results that fall outside the user partners' core areas to be commercialised through the establishment of new research-based enterprises or by other means.

Internationalisation

- Through cooperation within the centre, the partners take active steps to participate and achieve success in international research arenas, e.g. as a player under the EU framework programmes.
- The centre engages in active collaboration with international research groups and has contributed in other ways to the internationalisation of Norwegian research and business sector.
- The centre attracts outstanding international researchers, including research fellows and senior staff, as visiting researchers.

Researcher training and recruitment

- The centre has an effective framework in place for researcher training, and helps to train highly skilled personnel in the centre's areas of specialisation.
- The centre is actively engaged in education, especially at the master's degree level, and promotes recruitment to the centre's subject areas with special focus on increased recruitment of women.
- The centre's research activities help to build more business-oriented educational programmes and raise the quality of education.

Partners and funding

- The centre receives long-term funding from the host institution and partners, and these have increased their funding beyond the minimum requirements.
- Active efforts are made to attract new user partners, and the user partners include large companies as well as small and medium-sized companies with a high technology and innovation profile.
- Through cooperation within the centre, the host institution and partners successfully secure funding for other projects based on the centre's activities and research results.

Organisation

- The centre has a visible profile, a strong identity and a successful collaboration with its partners.
- The centre is organised in a manner that is well adapted to the host institution's organisation.
- The centre has a board and management which ensure that the intentions and plan for the centre are followed up.
- The centre has a common administration with a high degree of scientific and administrative autonomy.