

Partners and suppliers in innovation projects

On this page, you can read about why partners in innovation projects supported by us must be independent. We also explain why R&D suppliers must be separate from their partners.

Partners must be independent.

The term partner is defined in our [General terms and conditions for R&D projects](#) as follows:

The entities that, in accordance with the agreement document, are to perform the project in effective collaboration with the Project Owner and, if relevant, other partners .

Effective collaboration is defined as follows:

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 relating to the project and thus relieve other parties of its financial risks. Contract research and provision of research services are not considered forms of collaboration.

This means that partners and the Project Owner must be independent of each other.

The requirement for the parties to be independent of each other means that one cannot have controlling influence over the other. In a consortium with the Project Owner and partners, no one may own more than 50 percent of the shares in any others or otherwise have controlling influence over them.

Mother, subsidiary, and sister companies cannot then be partners.

R&D purchases must be made from external sources on arm's length terms

For contract research to be a supportable cost, and thus to receive support from us, it is a requirement in Article 25 (3) d) of the EU General Block Exemption Regulation that the purchase is made from external sources on so-called arm's length terms.

The term **external sources** is not defined in the state aid rules. Still, the Research Council considers that the same must be applied here in understanding the term **independent parties**: *A party with a controlling influence over the other cannot be regarded as an external source. Procurement of research and development from a parent, subsidiary, or sister company is therefore not eligible for support under this article.*

In other words, you may not include a company in the project over which you have **controlling influence** or that has controlling influence over you, either as a partner or as a R&D supplier. Such influence is often typical for daughter, parent or sister companies.

It is nevertheless possible for employees of the company in question to contribute to the R&D project. The cost of R&D work performed by the company's employees in question must be recognised as personnel costs at the parent, subsidiary, or sister company that has a role in the project under art. 25 (3) a). According to the Research Council's rules for calculating the hourly rate, the costs must be entered the same way as the company's personnel costs. In other words, a market price cannot be calculated.

No global messages displayed at time of print.