



Annual report 2018

We will deliver what we promise

Innovation Norway's most important mission is to contribute to increased value creation throughout Norway. We do this by working to achieve our three sub-goals, more entrepreneurs of quality, more companies with growth potential and more innovative business communities. Put another way: We work for those who believe they can change the world.

By CEO Hans Martin Vikdal

Innovation Norway is constantly searching for people and businesses with ideas, ambitions and the ability to execute. Our most important customers are passionate about developing products and services that someone is willing to pay for and that solve social challenges. We must meet them with curiosity, knowledge and a willingness to stay the course.

We deliver more at the same cost

In 2014, Innovation Norway distributed a total of NOK 5.9 billion in the form of various programmes, loans and services. In 2018, this figure had increased to NOK 7.2 billion, which represents growth of 22 per cent. At the same time, the total costs remained unchanged at NOK 1.5 billion.

Each year, we handle 7,000 to 8,000 enquiries and applications from entrepreneurs and established growth enterprises from all over Norway, and several ministries have assigned new and larger missions to us in recent years. Confidence in us is increasing because the services we offer work.

Trigger private capital and give enterprises more to grow with

We aim to deliver services that encourage companies to take risks and invest more in innovation and internationalisation. We also aim to ensure that more happens than otherwise would have, and that our efforts result in increased value creation.

In 2018, Innovation Norway continued its work of making risk capital available to Norwegian businesses. Our agreement with the European Investment Fund (EIF) is a good example of how we test new solutions. This cooperation will make more capital available to the enterprises without costing the Norwegian state anything. We also see that funds from us have a positive influence on other sources of funding. Every krone from Innovation Norway triggers 2 kroner in self-funding or other capital. Nine out of ten enterprises stated that Innovation Norway's support was, to a high or moderate extent, a key factor in being able to realise their project.

Figures from Samfunnsøkonomisk Analyse AS (SØA) indicate that the impact of support from Innovation Norway remains stable at a high level. Enterprises that have received support from us

grow more over a three-year period with respect to all three impact indicators. Compared with enterprises that have not received support, they experience annual added growth in sales revenues of 9.4 percentage points, annual added growth in value creation of 6.7 percentage points and annual added growth in productivity of 3 percentage points.

We help enterprises where they are and to get where they want to go

During this strategy period, we have worked to ensure that ambitious small and medium-sized enterprises in every part of the country have easier access to the most important, business-oriented instruments. We have offices in every county in Norway and in 27 countries. We know the enterprises and understand the challenges and framework conditions they meet in Norway. We know the opportunities in the markets that are most important for Norwegian business.

For the enterprises, we are a sparring partner who offers expertise, networks and capital. Businesses should spend their time developing new products and services, not writing applications. Our customers do not have to worry about application deadlines and do not need to be familiar with all of our many different programmes. They can come to us with their projects and together we can examine the opportunities and challenges.

It is our job to know how we can help, and if Innovation Norway does not have the answer, we will put them in contact with other public and private agencies that do. We build bridges between expert environments, instrument owners and investors. Examples of this include referring export enterprises to the Norwegian Export Credit Guarantee Agency (GIEK) or Export Credit Norway.

Funding and good advice reinforce each other. Analyses show that capital combined with deliveries that enhance skills provide better results for customers. This is precisely why it is so important for us to develop our role as adviser.

Sustainability is both a goal and a driver

Norwegian enterprises can offer new, high-tech, sustainable solutions that respond to a number of society's major challenges. Innovation Norway highlights these solutions on the website, The Explorer (<https://www.theexplorer.no/>), where more than 100 enterprises have registered their solutions since we launched it at the Innovation Speech at the end of May 2018. It allows the whole world to see what Norwegian enterprises have to offer. The service will be expanded to connect customers and Norwegian suppliers.

The 17 UN Sustainable Development Goals, climate change and complying with the Paris climate agreement are important items on the international agenda. These challenges require close cooperation between the public and private sectors, and sustainability must be both a goal and a driver behind future innovation and competitiveness.

We assess the sustainability of each individual project based on the triple bottom line; the economy, environment and society. Profitability, quality and execution capacity are important criteria. Applicants are also expected to explain their good business practices and satisfy our requirements. All other things being equal, we will prioritise the project that is best for the environment and society.

We challenge business and public sector

Innovation partnerships is a programme that provides public agencies with an opportunity to solve their challenges in new ways, in close cooperation with business. We started with one partnership in 2017, and in 2018 we had nine. They range from senior care, through bridge maintenance to the better use of municipal buildings. Creative, long-term cooperation between public stakeholders and business will provide us with solutions no one has seen before. The products and services they develop can produce growth and export revenue in the future.

The restructuring process in Norwegian business continues apace. We are adopting new technology quickly, and highly skilled employees are transferring their knowledge from one area to another. As such, Norway has a good chance of compensating for reduced export revenues from oil and gas in the future.

No one can point to a single industry that will replace oil and gas – and that is probably the right solution. We have to concentrate on several areas in order to build Norway's future business. It may be difficult to see why this is necessary now, while times are good. However, it is precisely at such times we must venture to create what we are going to live off in the decades to come.

Work processes, organisation and digital channels

Innovation Norway's restructuring process started as early as 2015 and we are working to improve and develop the organisation along three axes:

- Work processes: How we work internally and together with others, so we can deliver the best possible services to our customers.
- Organisation: How we organise our resources to provide customers with access to the right expertise and ensure equal treatment, irrespective of which office they contact.
- Digital channels: What cooperation, insight and self-service tools we offer customers, employees, owners and society.

The goal is to increase the benefits and efficiency by executing more assignments, spending more time on customers and reducing costs. We have been successful so far and in 2018, we distributed more funds through loans, grants and various programmes, while keeping costs stable and reducing administrative processing times.

In 2019 and subsequent years, we will use the experience and new knowledge we have gained in our restructuring work and find new solutions that best facilitate an even more targeted and efficient Innovation Norway. The board, management, employee representatives and employees are crucial to this work.

Do we deliver what we promise?

Innovation Norway's services produce significant effects in business and trigger increased investment. Things happen that otherwise would not have happened, and we can see it in our customers' value creation, sales revenues and productivity.

An organisation changing with the times

In 2018, Innovation Norway continued its efforts to achieve the government's goal of restructuring the Norwegian economy. The organisation prioritised three areas: increasing exports and internationalisation, improving access to risk capital for business, and providing principals with expert advice on innovation policy.

By chair of the board Gunnar Bovim

These go hand in hand with the political platform the government presented in January 2019. The main direction of business and innovation policy remains the same; the goal is to restructure the economy to create growth, new jobs and a more diversified economy. The focus on knowledge, research and innovation will continue.

I am looking forward to the government's review of the public business support system. It will assess the entire system and make recommendations on simplifying access to it. This will affect Innovation Norway. For our part, in the autumn the board of directors will start developing the organisation's strategy for a new period and the results of the review will be incorporated into this work.

As the chair of the board, I am pleased to see that we make a considerable contribution to business development in Norway. The Storting, the Norwegian parliament, and county councils allocated a total of NOK 4.1 billion to Innovation Norway in 2018. Together with the loan schemes, Innovation Norway contributed NOK 7.2 billion to business and industry. This includes loans, grants, advisory services, promotion and networking. If we include private capital that was triggered because Innovation Norway contributed, the total reaches NOK 21.4 billion.

Export and internationalisation

Innovation Norway's internationalisation services largely consist of expertise and advice. The organisation measures the effects of these using the same model used for its financial services, and the figures are good. Enterprises that have taken advantage of international marketing advice experience 6.2 percentage points higher growth in sales revenues and 3.3 percentage points higher growth in value creation than enterprises that have not taken advantage of such services.

Risk capital

In total, Innovation Norway contributed NOK 1.3 billion in innovation loans, risk loans and guarantees, as well as NOK 2.9 billion in grants. In cooperation with the European Investment Fund (EIF), guarantees were also pledged to commercial banks that resulted in an increased guarantee commitment of NOK 46.6 million. These guarantees have contributed to approximately NOK 375 million in new funding for innovative growth enterprises. Innovation Norway also contributed NOK 2.5 billion in low-risk loans.

Innovation policy adviser

Innovation Norway is tasked with providing its owners and principals with innovation policy advice based on its knowledge. There are four parts to this assignment: Innovation Norway plays a listening post role in the markets, nationally and internationally, and disseminates knowledge from these to the organisation and its owners. Innovation Norway must measure effects and analyse which instruments work. The organisation is also tasked with providing advice that can be used in regional and national policy development. Besides this, the organisation wants to promote a public debate on innovation policy.

In 2018, the regional offices and county authorities gained greater access to internal and external data in order to develop effective regional innovation policies based on expert advice. Innovation Norway is improving analysis skills. One of the initiatives involves collaborating with the Department of Economics at the University of Oslo on a long-term project aimed at studying the impact of our activities. A PhD candidate will work in the organisation for three years with supervision from the university.

Innovation Norway has made a number of written contributions to the national budget, strategies and reports. The organisation has also expended considerable resources on input for the EU's next framework programme, Horizon Europe. In 2018, Innovation Norway put innovation policy on the agenda through a number of events related to innovation and value creation, regionally, nationally and internationally, in particular through the Export Conference, the Innovation Speech and Arendal Week.

Cooperation with other public funding agencies

Innovation Norway, the Research Council of Norway and Siva are the three main agencies in the Government's business support system. The three have different roles, responsibilities, expertise and tasks that are meant to complement each other. The organisations cooperate on several levels, between the chairs of the boards and management teams, as well as operationally.

The cooperation with the county authorities on regional development will be even more important for us with the new regional boundaries. In 2017, the cooperation between the county authorities and Siva, the Research Council of Norway and Innovation Norway was formalised and in 2018 the organisations began cooperating fully. One example of this is that Innovation Norway and Siva have taken part in each other's application assessments for the catapult programme and the cluster programme. In my opinion, this cooperation is of great value for business as well as for the three organisations.

A changing organisation

Innovation Norway is still in the process of changing. It started in 2014, and despite major internal changes, the organisation has delivered good results the whole time. During these years, we have worked on improving our work processes, organisation and digital platforms. As the chair of the board I want the organisation's digital ambitions to be included in the development of a new strategy for the organisation, and the groundwork laid for a change of pace in the digitalisation work in coming years. In 2018, Innovation Norway adjusted its office structure to fit the new county boundaries and prioritised strengthening cooperation in regional partnerships.

At the end of 2018, Anita Krohn Traaseth gave notice that she wished to step down as CEO. The board would like to salute Krohn Traaseth for her efforts, both when it comes to restructuring and renewing the organisation and for her day-to-day management. The process of putting the right person in place to lead the organisation forward is currently under way. It is an exciting challenge and one of our most important tasks as a board.

Overall, I believe Innovation Norway has successfully delivered on its mission, even in a year with a lot of external attention surrounding the organisation. I look forward to a continued close cooperation with the new chief executive and the enthusiastic, committed staff throughout the country and large parts of the world.

What makes us unique

Innovation Norway offers services within funding, advice, expertise, networking and promotion. Most of our employees are located close to customers in offices in every county in Norway or close to the market in 27 countries worldwide.

One of our most important tasks is to deliver in our roles of adviser and sparring partner. That is why it is the people in Innovation Norway who make the difference. It is they who meet the customers every day and help them realise their projects, both in Norway and around the world.

Diversity and equality are crucial if we are to be taken seriously when we meet customers from all parts of the country with different backgrounds. We are proud that at the end of 2018, 56 per cent of our employees were women and six out of the eleven members of the executive management group were women.

An attractive place to work

Surveys show that Innovation Norway is an attractive place to work, and we are highly thought of, both by those who already work for us and by potential jobseekers. In 2018, we were also named Norway's most attractive employer by economics graduates in a survey conducted by Universum. Innovation, a creative environment and challenging work are among the students' associations regarding Innovation Norway.

The changes to our office structure

A local presence is one of Innovation Norway's unique features. In 2018, we reduced the number of administrative units to ten regions and 19 office locations in Norway in order to ensure that we can better leverage our expertise and resources.

With more offices under a joint management team, we gain access to a greater base of customers and partners, which allows us to bring together cutting-edge expertise and resources. This allows us to make an even bigger contribution to the development of business potential in a region.

The changes to our office structure match the new county authority map that will apply following the implementation of the region reform in 2020.

The restructuring in the Norwegian and global economies, and business sectors reinforce the need to constantly review Innovation Norway's international presence. Norwegian business interests and opportunities are key criteria in this work. In 2018, we also made changes to our international office structure and opened new offices in Munich and Dubai.

Cooperation in the support system

A goal-oriented collaboration between Innovation Norway, the Research Council of Norway and SIVA is intended to ensure that Norwegian businesses are offered more comprehensive and expert services. The Norwegian Innovation Clusters programme is one such collaboration. This aims to contribute to development and value creation through industrial clusters.

Export Credit Norway, the Norwegian Export Credit Guarantee Agency (GIEK), GIEK Credit Insurance and Innovation Norway have a good collaborative arrangement for helping Norwegian companies succeed in the wider world. The goal is to provide added value for Norwegian companies by offering them the combined services of the organisations. Together, we arrange the Export Conference and the best export company of the year award.

PILOT-E is a joint funding programme between the Research Council of Norway, Innovation Norway and Enova that was continued in 2018. The programme aims to support and develop new, holistic solutions quickly from idea to market. Last year we distributed NOK 107 million to six ambitious and innovative projects aimed at developing solutions for emission-free maritime transport and the climate-neutral industry of the future.

Easy to use – easy to like

Innovation Norway is an organisation that constantly needs to reinvent itself because our customers and Norwegian business and industry are constantly having to change. For us, it is about wanting to be easy to use and easy to like.

This means that we should deliver more to our customers while making the organisation more efficient. We are improving and digitalising our work, internally and together with others, so we can deliver the best possible services. We are reorganising our resources to ensure customers have the best possible access to our expertise and equal treatment, irrespective of which office they contact. We are rethinking our digital channels and refining the tools we offer our customers for self-service and the tools our employees use to assess their projects. At the same time, we are constantly working on the information we provide to our owners and society such that it provides insight and facilitates cooperation.

Simpler access to Innovation Norway's expertise

In 2018, we continued the work on a new and simplified service model in which expertise, advice and financial services are linked more directly to the customers' overall ambitions and needs. The model helps achieve the desired realignment from case management to dialogue and discussions, which are of greater value to customers. It also gives customers and employees easier and faster access to our combined expertise, irrespective of geographical and organisational boundaries, which improves efficiency.

Norway has an international advantage

Innovation Norway is owned by the Ministry of Trade, Industry and Fisheries and the county councils. The organisation is the Norwegian Government's instrument for the innovation and development of Norwegian enterprises and industry.

Innovation Norway supports companies in developing their competitive advantage and to enhance innovation. We have offices in every county in Norway and in 27 other countries around the world. From these locations, we offer expertise, networks and capital to small and medium-sized enterprises that want to grow.

Innovation Norway's strategy is designed to achieve the three sub-goals set by our owners: more entrepreneurs of quality, more companies with growth potential and more innovative business communities. Achieving these sub-goals will be very important for Norway to:

- Restructure our industries to generate future income
- Increase exports and ensure that Norwegian businesses can compete globally
- Solve major social challenges and at the same time create new jobs

Norwegian businesses of the future

Norway needs to increase exports. To do this we need to increase our focus on the areas, markets and technologies where the Norwegian business sector has relevant expertise and competitive advantages, and we must do this across different sectors and methods of innovation.

Norway has a great opportunity to develop new industries and strengthen existing ones. In order to create Norway's future businesses and industries, we need to do it based on our current strengths. Towards 2020, we will continue to:

- Prioritise areas where Norway has an international competitive advantage.
- Prioritise new global growth enterprises and those that challenge the status quo
- Improve the culture for entrepreneurship and work together to create the jobs of the future
- Develop a strong national brand to improve competitiveness
- Generate value based on regional advantages.
- Offer advice and insight that can help form a future-oriented policy for innovation and industry

UN Sustainable Development Goals are an important premise

Innovation Norway's sustainability strategy from 2015 emphasises that we must help Norwegian business restructure, and that sustainable, innovative solutions drive future competitiveness. This work is guided by the UN Sustainable Development Goals. Our six areas of opportunity will help solve social challenges and encourage the delivery of solutions that the market demands.

To illustrate this work better, we have listed which of the UN's Sustainable Development Goals that Innovation Norway's work is directed at. You can read more about the areas of opportunity on the next few pages.

Bioeconomy

The global demand for bioresources and bio-based products is growing in line with the growth of the population. A holistic and sustainable approach to the production and exploitation of bioresources from the ocean and the land are essential in terms of the future value creation in Norway.

Norway has a considerable advantage in the form of knowledge and the sustainable management and exploitation of bioresources. This means there are great opportunities for Norwegian business in this area. Innovative, competitive bio-based business will be one of our most important contributions in the transition to a more circular economy and to solving global challenges related to greenhouse gas emissions and food security.

Innovation Norway's work in this area is based on the Norwegian Government's bioeconomy strategy from 2016, where the overall goal is to ensure that Norway will change from being a supplier of raw materials to building their own industry. This will improve the capacity for value creation and new jobs will be created. To achieve this goal, Norway must focus on developing more sustainable food production and processing. We must also facilitate the full exploitation of bioresources for various purposes and the development of technological solutions and services. Together, this will result in the more optimal and efficient production, processing and refinement of biological raw materials.

Strategic priorities in 2018

- Greater knowledge about opportunities and business models for processing, product development and fully exploiting residual raw materials in the salmon industry.
- Promoted Norwegian seafood industry at Seafood Expo Global (SEG) Brussels, China Fisheries and Qingdao in China.
- Initiated both an industrial and a Nordic development collaboration on fishing and processing mesopelagic fish and plankton for use in food and products for people and animals.
- Established a centre for microbial production in Risavika in Stavanger, in cooperation with SIVA and the Research Council of Norway.
- Promoted and developed a new position for Norway in the use of wood in buildings with a focus on the export of materials and knowledge of the markets in Asia and Europe. In addition, we actively lobbied for the global wood development conference WCTE to be held in Oslo in 2022.
- Further developed the forestry industry by establishing a collaboration between Norway, Sweden/the Nordic region and between the Bavarian forest cluster in Germany and the wood cluster in Norway.
- Put digitalisation and automation on the agenda in Norway through, among other things, Landtek 2018 and by supporting Norwegian agritech companies in their development and internationalisation.
- Funded more bioenergy plants in agriculture and preliminary projects within biogas. These have triggered larger main projects and funding from Enova.

Clean energy

Norway is a country rich in cheap, reliable, renewable energy. This unique position should be used to create jobs and value here in Norway. At the same time, Norway wants to export more services and technology to meet the world's energy needs.

In this context, the clean energy area of opportunity encompasses the entire power system value chain, from production, transmission and transport, to storage and energy consumption.

Strategic priorities in 2018

- Five areas within clean energy were defined, in which proactive efforts were intensified. These areas were floating sea wind, solar energy, electric maritime transport, green industry and energy systems.
- Several new energy clusters were established in the cluster programme, including Ocean Hyway Cluster, Fornybarklyngen, Norwegian Energy Solutions, Norwegian Offshore Wind Cluster and Industrial Green Tech.
- Innovation Norway helped to fund important projects through the Environmental Technology Scheme and PILOT-E. In 2019, these will become new energy systems on land and in express boats, cruise ships and container ships.
- Innovation Norway also helped to get the new energy solutions out into the global market through delegations, fairs and global growth programmes. When The Explorer is launched internationally in 2019, around 30 per cent of the solutions will be within the field of clean energy.

Healthcare and welfare

The health industry has great potential for growth and value creation, both in the public and the private sector, and many of the social challenges Norway faces might find a solution within this sector.

Innovation is an important driver behind new technology and digital solutions within health and care. Here, Norwegian enterprises have competitive advantages in the form of a modern, digitally-skilled population, large health research investments, a professional public sector, and advanced technology and production in other sectors with a transfer value for health.

A growing proportion of seniors is creating a need for greater mobilisation and efficiency in the health sector. If Norwegian enterprises develop solutions that answer these needs, the path to international growth will be short. Good health services are a global need.

Strategic priorities in 2018

- Helped strengthen the health industry's potential by providing risk mitigation, skills and networks for innovation projects. Our financial commitment to this industry amounted to almost NOK 100 million. We distributed NOK 65 million in grants for innovation contracts and NOK 10 million via the cluster programme, while the remainder went to other grants, risk loans and expert services.
- Addressed challenges in the ecosystem in which the health industry operates and which could limit further growth. The work included creating innovation partnerships between public and private enterprises.
- Initiated an investor network to stimulate private equity in the industry.
- Positioned the Norwegian health industry nationally and internationally.

Oceans

Industries that work on and below the surface of the sea are Norway's most important source of income. They account for more than 70 per cent of export revenues and include oil, gas, maritime and seafood. According to the Organisation for European Economic Cooperation (OECD), globally, ocean industries may double their value from NOK 1,500 billion in 2010 to NOK 3,000 billion in 2030.

Norway is a world leader in petroleum technology, maritime industry and technology within fisheries and aquaculture. Norwegian companies have also taken a prominent position in the development of green technology within fields such as offshore wind, shipping and carbon capture and storage.

Innovation Norway's focus on oceans is growing in line with the growing importance of ocean industries to the world economy. The government's ocean strategy and the UN Sustainable Development Goals provide the basis for this effort and green shipping, autonomy and digitalisation in ocean industries are our most important priorities. Norway needs to develop and implement new sustainable solutions on a large scale earlier in order to improve the competitiveness of Norwegian ocean industries.

In 2018, we contributed to the development of Norwegian offshore industries through risk mitigation, expertise, networking and promotion. Many of the projects that received support in 2018 have invested in the green shift and developed sustainable and environmentally-friendly

solutions.

Strategic priorities in 2018

- Planned and organised the business programmes in connection with state visits to Argentina and China. These highlighted Norwegian ocean industries' technology solutions.
- Developed and strengthened Norway's holistic profile as a leading ocean nation, including strategy, action plan and tool box. The efforts were based on Brand Norway, as well as input from enterprises, clusters and organisations.
- Administered the ocean pilot programme with a focus on piloting and demonstrating new technology, systems and processes within marine and maritime industries. The activities were conducted in cooperation with the Research Council of Norway.
- Promoted Norwegian technologies and solutions internationally by attending a number of fairs and conferences.
- Identified and increased knowledge about market opportunities for Norwegian technology within aquaculture in Mexico, Peru, Chile and Russia, green maritime industries and ocean pollution in South Africa and autonomous shipping in Singapore.

Smart communities

Smart cities and communities became more important in 2018. Several municipalities and government agencies are working on developing this area and many companies and clusters in Norway want to take a position within this field.

Mega trends such as digitalisation, technology and sustainability are important drivers for the sector. Others are population growth, urbanisation, public participation and partnerships between public and private stakeholders. There are many good opportunities for Norwegian business growth here.

Innovation Norway has gathered its activities in the areas of mobility, smart ports and emission-free maritime transport, artificial Intelligence (AI) and the Internet of Things (IoT), water, wastewater and waste, welfare services, buildings, open data and public administration. Common to all these is the fact that municipalities, cities and government agencies are heavily involved, while there are areas where Norwegian business can deliver on a global level.

Strategic priorities in 2018

- Intensified efforts in specific areas that contributed to growth for Norwegian companies.
- Developed a collaborative arena for the most important municipalities in Norway, where together they can produce smart city projects together with business.
- Delivered internationalisation programmes and market activities within smart communities for relevant enterprises.
- Funding development and commercialisation projects for Norwegian enterprises.
- Refined good schemes for public-private innovation projects. Innovation Norway supported the City of Bergen's project "1.000 bygg – 10.000 muligheter" ("1,000 buildings – 10,000 opportunities") and others.
- Raised the international profile of Norwegian cities, projects and companies within smart communities.

Creative industries and tourism

Creative industries and tourism include areas such as art, culture, nature and activities, as well as industries such as architecture, computer games, design, film, literature and music.

Creative industries generate big opportunities for tourism by contributing to greater diversity in tourism products. New technology for developing and improving tourist experiences contributes to building strong and attractive destinations with a clear identity. Culture is also important for attracting tourists. Tourism increases value creation and the interest in cultural and creative products and services, and also helps improve Norway's reputation, both regionally and nationally. New approaches are required in order to realise the potential in the link between tourism and creative industries.

In 2018, Innovation Norway started work to stimulate and mobilise more collaboration projects

between creative industries and tourism. With earmarked funds from the Ministry of Culture via the network and cluster programme, we have provided advice and followed enterprises across the country in a long-term perspective.

Strategic priorities in 2018

- The Powered by Culture project highlighted Norwegian art and culture in order to promote Norway as a tourist destination. Stakeholders from cultural and creative industries were invited to present concepts that could showcase Norway as a nation of culture. The three solutions that were chosen will be presented in connection with a book fair in Frankfurt in 2019.
- Visit Norway enthusiastically marketed Norway as a nation of culture throughout the year. The goal was to attract more culture tourists by promoting both old and new art and culture.
- In cooperation with Norwegian cities and cultural stakeholders, Innovation Norway worked on developing a national strategy, with the associated calendar, that will establish Norway as a destination for events.

Innovation Norway creates international growth

Innovation Norway is an important sparring partner for small and medium-sized enterprises that intend to grow. We offer expertise, networks and capital from our offices throughout Norway and in 27 international markets.

Enterprises do not need to keep track of all of Innovation Norway's programmes. They can come to us with questions or projects and receive guidance and follow-up. They will be challenged and gain input through dialogue and the use of tools to develop business models. We put them in touch with relevant services in the organisation or with other stakeholders who can help them realise their ambitions and potential, including those outside of Norway.

The specialists are best equipped

Start-ups and growth companies with ambitions to expand, preferably internationally, represent the biggest challenge to existing businesses and will do the most to improve productivity. If Norway is to maintain its high standard of welfare, it must continue its high level of value creation. This increases the pressure on businesses to innovate because welfare programmes have to be funded through taxes and relatively high wages.

The business sector must be innovative so that enterprises can be agile and adaptable in a constantly changing globalised world. The ones best equipped for the future will be those highly specialised and knowledgeable entrepreneurs and businesses that gain access to global value chains.

They come up with smart new solutions in response to needs and challenges, they dare to challenge existing methods and they dare to think big. However, they are not experts in support systems and rarely have their own research departments. That is why talking to Innovation Norway is so important. We function as a single gateway to the support system, where enterprises can create growth and value.

Experience shows that it is precisely these medium-sized, flexible and specialised companies that operate in niches high up in value chains that represent the strength and future of Norwegian business. They need to draw on research and development from around the world and develop highly competent labour within their field. In-depth studies show that ambitious SMEs targeting international markets often lack a demanding international customer. They can choose to use Innovation Norway as a sparring partner; someone to ask them the difficult questions they can learn from.

Innovation, internationalisation and promotion

Innovation, internationalisation and promotion are important means of increasing value creation in Norway. Increased value creation improves the ability of business and society to adapt. It is therefore especially important to help develop more companies that can grow from small market players into medium-sized and international players. Innovation Norway offers expertise,

networks and capital, which are important for these companies in particular.

Our efforts have an effect

Innovation Norway's total grant from the Norwegian parliament and county authorities in 2018 amounted to NOK 4.1 billion. We distributed a total of NOK 7.2 billion to Norwegian companies through a range of programmes, loans and services. This support helped to trigger a further NOK 14.2 billion from other public and private sources of capital, meaning that the total effect was NOK 21.4 billion in the form of investment in developing Norwegian enterprises.

In 2018, Innovation Norway funded almost 1,700 international innovation projects with a total of NOK 1.6 billion. This is half of NOK 3.1 billion, which is what we approved in risk loans and grants. If projects at all levels of innovation, not just at the highest international level are included, NOK 2.6 billion, or 82 per cent, went to innovation.

One important goal in our work is to make a difference for our customers. According to the customer impact surveys conducted by Oxford Research, nine out of ten customers state that Innovation Norway's contribution was crucial in realising their project. This figure has risen steadily since the organisation was established in 2004. The customer impact survey covers all registered customers of Innovation Norway.

Value creating partnerships

Figures from Samfunnsøkonomisk Analyse AS (SØA) indicate that working with Innovation Norway has an impact on our customers' growth and value creation. It is uncertain whether the effects are due to Innovation Norway's contributions alone. There may be other factors that are not captured by the surveys and effects can occur at different times.

If we look at all of Innovation Norway's customers, SØA estimates annual added growth of 6.7 percentage points in value creation over a three-year period compared with similar enterprises that did not receive support. This indicates that Innovation Norway's customers achieve an average head start of more than 20 percentage points three-years after a commitment compared with enterprises that have not received support from us. In theory, the effects will last a while, including after the end of the period, although the duration will depend on how quickly the knowledge erodes and on the enterprises' capacity for renewal.

The corresponding figures for annual added growth in sales revenue and productivity are 9.4 and 3 percentage points, respectively. 3 percentage points of added growth in productivity is good given that business's total annual productivity growth is 1 to 2 per cent. Our customers experience more than double that amount. SØA also arrives at significant estimates when it comes to added growth in the number of full-time equivalents, 2.6 percentage points, and profitability, 0.3 percentage points.

The target and performance management system's effect and performance indicators are designed to reflect any changes in Innovation Norway's behaviour. One might fear that Innovation Norway would take less risk in order to score better on the financial impact indicators. This has not happened. On the contrary, our risk-taking has increased in recent years. In the same way, the projects' innovation rate is also developing positively.

More than money

Our impact analyses show that capital combined with skills enhancing measures produce better results for customers. Innovation Norway is therefore increasing its efforts in follow-up and advice.

Half of the companies that gain expertise in addition to capital believe that our expert services are more important, somewhat more important or as important as our financial services when it comes to their competitiveness. The same applies to the implementation of projects. Half of those who have received services from Innovation Norway experience being followed up in the subsequent years, and four years later they generally have better results than those who feel they have not been followed up.

In 2018, Innovation Norway intensified its emphasis on exports and internationalising Norwegian business. Our internationalisation services largely consist of skills development and advice, and, as everyone knows, measuring the effect of such means is difficult. Innovation Norway has,

however, measured the effects of our international market advice for many years. SØA's figures show that enterprises that have used these services achieve a 6.2 percentage point higher turnover, a 3.3 percentage point higher growth in value creation and a 2.8 percentage point higher growth in productivity than comparable enterprises that have not used the services.

More successful entrepreneurs

One of Innovation Norway's important tasks is to help entrepreneurs with capital and expertise during the challenging growth phase. Our funding and services are designed to trigger private capital and valuable expertise from investors. When Innovation Norway offers a company a grant or a loan, it makes it less risky for others to do the same.

Innovation Norway follows promising companies from an early stage when they can receive a grant that allows them to investigate whether there are potential customers for their solution, to when they receive loans and equity that offer the company an opportunity to grow.

The pre-seed capital fund provides interest-free loans to intermediaries such as technology transfer and incubators that invest in start-ups. Together with start-up loans, these are good examples of programmes that trigger private capital and expertise, and they have played a key role in our focus on entrepreneurs in 2018.

Capital generates growth

In 2018, Innovation Norway distributed loans and grants worth a total of NOK 6.7 billion. NOK 1.7 billion of this went to entrepreneurs and start-ups. Start-up grants accounted for NOK 181 million. Entrepreneurs can use these funds to investigate whether a paying market exists, as well as develop and launch their solution on the market.

In 2017, we launched a start-up loan for companies that are younger than five years old. Instead of a start-up grant of around NOK 600,000, almost 200 companies have applied for loans of up to NOK 1.5 million. Each loan triggers at least NOK 1 million from private investors. Since its launch, 190 companies have received NOK 264 million in loans, and this has triggered NOK 190 million in private capital. In total, this programme has supplied early-phase enterprises with NOK 450 million.

The start-up loan gives the entrepreneur more capital to build their company with, at the same time as it requires a different type of commitment than receiving a grant does. This may indicate that entrepreneurs that apply for this programme have the high ambitions required to make their company grow.

The interaction between the government, enterprises and investors is vital

More than just government funding is required to trigger enough expertise and capital during the growth phase. Pre-seed capital is one example of good interaction between the enterprises, investors and the government. The programme was launched in 2016 and provides interest-free loans to intermediaries such as incubators and technology transfer offices that invest in entrepreneurial companies. The prerequisite for pre-seed capital investments is that the companies must raise at least as much capital from other investors. So far, 29 different intermediaries have invested NOK 128 million in 133 companies, which has in turn triggered NOK 433 million from private investors.

In 2018, 16 investor environments that administered pre-seed capital distributed NOK 50 million in interest-free loans. A total of NOK 213 million was invested in 2018, including NOK 183 million from private investors.

The seed capital funds also supply important, long-term capital that the enterprises are dependent on if they are to succeed. The 14 active seed capital funds invest in companies on behalf of Innovation Norway and administer almost NOK 4 billion. The funds have been invested in 173 innovative companies with an ambition to grow internationally.

Tough international competition

The Norwegian market is limited, and Norwegian entrepreneurs often must go abroad to grow. In the fight for international customers, companies must test the waters, build networks and learn about local conditions and target groups. What is good enough in Norway is often not good

enough in a tough, global competition for customers, capital and skills.

Innovation Norway arranges international accelerator programmes that provide Norwegian entrepreneurs with an opportunity to test themselves in some of the world's most competitive markets and cities such as New York, Silicon Valley and London. Here they are challenged by some of the world's leading mentors and teachers of those who have succeeded before them. In 2018, 108 of Norway's most ambitious growth companies took part in our accelerator programmes.

We also launched a new skills programme in Norway in 2018. Growth Challenge is carried out in cooperation with Startup Norway and Angel Challenge. Its goal is to teach more angel investors and entrepreneurs about investments, growth and raising capital. 53 start-ups, with a total of 79 participants, took part in the programmes in Oslo, Bodø, Stavanger and Trondheim.

A better ecosystem for entrepreneurship

Arenas where investors and entrepreneurs can meet are important for stimulating innovation, knowledge and networks. The culture of entrepreneurship has strengthened in recent years and today there are incubators, co-working spaces and angel investor communities across the country, also outside of the major cities.

The creation of "meeting places for growth" is part of the Norwegian Government's entrepreneurial plan. This has enabled Innovation Norway to strengthen several national meeting places and events for entrepreneurs such as Nordic Edge in Stavanger, Cable Car Pitching in Tromsø and the technology conference, The Shift, in Oslo.

Innovation Norway has customers across the country. It is therefore important to develop local meeting places where entrepreneurs can learn about growth, internationalisation and capital. Our district offices were actively involved in building stronger structures for innovation and entrepreneurship in the districts in 2018. Entrepreneur Week in Telemark and Capital Day in Sogn og Fjordane are examples of such meeting places.

A good ecosystem for entrepreneurship should be diverse and include people of different genders, ages, expertise and cultural backgrounds. Diversity contributes to a broader range of ideas and perspectives that are important for growing entrepreneurial companies. Innovation Norway will continue to focus on this in 2019.

More companies with growth potential

The restructuring of the Norwegian economy depends on numerous companies growing and scaling up successfully. Innovation Norway has several programmes that meet the needs of innovative companies with growth ambitions. In 2018, we contributed NOK 1.6 billion in grants to enterprises involved in a total of 1,667 national and international innovation projects.

More money to grow with

The figures from 2018 show that Innovation Norway's services work. Every Norwegian krone given in grants or loans, triggers 2 Norwegian kroner in capital from the enterprises themselves, investors, banks and other funding sources. When we contribute, the chances of more investors, banks and other sources of funding doing so also increase. This gives the enterprises more money to grow with.

Innovation Norway received NOK 4.1 billion in the National Budget in 2018 and contributed funding and advice worth NOK 7.2 billion to business. This resulted in the companies themselves, other investors and funding sources contributing almost twice as much, in other words, NOK 14.2 billion. When public and private capital cooperate, innovative enterprises gain the growth capital and risk mitigation they need. NOK 3.7 billion, or 55 per cent of the funding in 2018, went to established companies.

Measurements from 2018 show that enterprises that are older than three years old and that use Innovation Norway's services experience greater growth in sales revenue, value creation and productivity, than those that are not our customers. The surveys also show that enterprises that have received capital and expertise experience more positive development than those that just receive funding.

Historically high pay-outs from the EU

50 Norwegian companies received a total of NOK 400 million from EU programmes in 2018. This represents a year-on-year increase of more than 40 per cent in number and monetary value. Innovation Norway is part of the team when Norwegian firms conquer European markets. This is an important supplement to the national funds because they can fund projects that are not covered within the national framework.

Success in EU programmes brings recognition and a “best-in-class” hallmark that can make it easier for enterprises to obtain funding from private investors and banks.

Innovation Norway strives to find the right enterprises for the EU programmes. We have tailored our skills-enhancing services and we work closely with the best qualified. We have also carried out interview training and general tests in front of a panel of capital and entrepreneurial experts, both in Oslo and in Brussels. The enterprises that receive EU funding are offered close project monitoring by Innovation Norway’s regional EU advisers. They also put them in touch with EU accelerator services and other relevant services, both at Innovation Norway and with other public funding agencies.

Challenging the enterprises

In 2018, Innovation Norway laid the groundwork that allows us to assume an expanded role as a sparring partner for small and medium-sized enterprises with growth ambitions. We take the customer’s needs as our starting point and put the enterprise in touch with public and private actors that can help them grow and realise their ambitions, including in international markets. We challenge projects and business models and help them orientate themselves in the market.

Our role as an adviser makes it possible for us to provide the right projects with funding and improve execution capacity.

Most of Innovation Norway’s customers are small, just 4 per cent have more than 150 employees. They are not, and should not be, experts in the support system and they rarely have their own research departments. These companies are looking for a single gateway to the support system where they can spar and gain access to risk mitigation, networks and expertise from the programmes that suit their needs, whether the funds come from Innovation Norway or other stakeholders.

Norway wants to solve major challenges

Norway requires new solutions to needs and challenges for which the public sector is responsible on behalf of its residents. Examples include welfare and health, transport and communication, climate and smart cities. To meet these challenges, Norway needs more radical innovation across professions and agencies.

In 2016, Innovation Norway issued its first joint announcement with Enova and the Research Council of Norway. It was for more energy efficient solutions, called PILOT-E. PILOT-E is a seamless offer for industry and commerce that can streamline the development pathway. Once a project has received funds from this programme, they receive funding and assistance until they achieve their goal. In 2018, Innovation Norway opened up for applications within emission-free, maritime transport and the climate-neutral industry of the future.

Innovation partnerships involving 350 companies

In 2017, we launched a funding programme in combination with a new approach called public-private innovation partnerships. By focusing on society’s major needs, the public sector will become a much larger market for the enterprises. The programme stimulates targeted cooperation between public agencies and private business, and the enterprises compete to develop the best solutions for the general public and society. Innovation partnerships provide financial risk mitigation and process guidance for public purchasers and for supply enterprises. Four projects within transport and communication, health and smart cities received support from Innovation Norway in 2018. These show how the government and municipalities can help to create intelligent, ground-breaking solutions to societal challenges.

Innovation partnerships have now been incorporated into nine projects with twenty public agencies. The projects involve just under 350 enterprises, which have taken part in dialogue

activities and matchmaking with the public agencies. These enterprises include everything from entrepreneurs and start-ups, to small and medium-sized enterprises and large, established companies. The feedback shows that the programme makes it easier for public agencies to work with business, allowing them to come to grips with their own development and innovation needs. Innovation Norway will therefore expand this effort in 2019.

What PILOT-E and innovation partnerships have in common is that the customer meets a coherent support system in which everyone contributes cutting-edge expertise. Innovation Norway understands innovation processes and contributes the funding; the Research Council of Norway knows which research environments are relevant, the Supplier Development Programme ensures a good market dialogue and the Agency for Public Management and eGovernment (Difi) contributes expertise on public procurements.

This form of cooperation can contribute to new and better solutions and at the same time create jobs. The public sector in Norway purchases goods and services worth NOK 500 billion a year and represents a large market. The public sectors of other countries make similar purchases and thus present Norwegian enterprises with major export opportunities. However, in order to succeed internationally, it is important that they can test their solutions and technology in a well-functioning home market.

A pioneer in sustainable solutions

In 2017, the government launched an export strategy that established that Norway must increase exports from existing enterprises and include more varied industries. Norway is well known and enjoys a reputation as a quality supplier, including marine industries such as fish and shipping. It is not as obvious to the world however, that it should look to Norwegian enterprises for solutions within health technology, environmental technology or green transport. It is not enough for Norwegian solutions to be the best for them to be chosen. We must build credibility to be seen on potential buyers' radars.

At the Innovation Speech in 2018, we launched the position Norway and Norwegian business should aim to be known for internationally – “a pioneer in sustainable solutions”. We also presented the website, [The Explorer](#), a showcase for Norwegian sustainable solutions. More than 100 Norwegian enterprises have registered their solutions in the last year.

The measures in the export strategy have helped to strengthen Innovation Norway's emphasis on export programmes and promotion activities for Norwegian business. One example is Global Growth, where more than 300 enterprises have improved their skills and built networks with potential customers and partners in an export market. 750 enterprises have received advice from our international offices and 650 have received advice and improved their skills within technical trade issues. More than 400 enterprises have taken part in fairs and events throughout the world.

Great need for capital

The restructuring has just begun and the need for growth capital for Norwegian companies will only increase. Many enterprises that have invested a lot in research and development in the last few years will need a lot of capital when they commercialise, want to grow and scale their business. The capital must come from private investors, banks and other funding sources, and not least in the form of income from customers as early as possible. Innovation Norway is contributing to this work in cooperation with the other public funding agencies.

More innovative business communities

“We compete when we have to, but collaborate when we can,” is a well-known refrain among members of clusters and networks. It was often heard in 2018 also. The interest in cluster and network collaboration is increasing and new networks are constantly popping up across the country, including outside of Innovation Norway's organisation.

The Norwegian business sector largely consists of small and medium-sized enterprises. The small companies are being impacted by the same technological trends and international competition as the large ones, but have limited resources when it comes to restructuring and innovation. Standing alone is challenging when the pace of technological change is fast. Participating in clusters and networks allows enterprises to reduce the risks associated with innovation and restructuring.

Clusters received NOK 150 million

Evaluations and analyses show that participation in clusters and networks results in increased value creation and higher competitiveness. In 2018, Innovation Norway distributed more than NOK 150 million to cluster projects and almost NOK 32 million to network projects. The services are cost-effective because the amount of support per company is relatively low. The evaluations also show that investments in cluster programmes are repaid in just two to three years through increased value creation.

As in previous years, there is considerable activity within expertise, innovation and internationalisation. These are areas that would probably not have been realised with the same scope and pace without the facilitation and networks in clusters.

Clusters and networks contribute to restructuring in established industries. One indicator of this is the large number of clusters that want to develop new solutions and position Norway internationally as a pioneer in sustainability. Many of the established clusters work on projects and have expertise that may solve societal challenges or help achieve the UN Sustainable Development Goals.

Equipped to meet the future

All of the three services Innovation Norway provides for clusters, enterprise networks and regional restructuring were evaluated during 2017 and 2018. The main findings were incorporated into the work on restructuring the services to meet future challenges and needs.

Expertise is one of the most important drivers. Clusters and networks with good management and organisation perform the best, especially if they receive useful guidance along the way. The success criteria are that the networks consist of participants who quickly develop a common understanding of what they want to collaborate on so that everyone can actively contribute to specific activities. Based on this, the cluster and network programme in 2018 developed more structured expert services intended to strengthen the clusters' value creation potential. The new platform will be implemented in 2019 and is tailored to the individual cluster's maturity and needs.

In line with input from county authorities, Innovation Norway facilitated regional business development by communicating and making accessible knowledge and experience from the national cluster programme at an early stage. In 2018, we established learning arenas with a broad range of partnership initiatives. This streamlined the application process for clusters that are relevant for admission to the A-rena level. Systematic dialogue with early network initiatives provides Innovation Norway with a better basis for assessing which networks have sufficient quality and are mature enough to apply for admission to national and international programmes.

Important for regional business

Clusters and networks are important regional centres of gravity for business. This means they attract a concentration of enterprises due to business advantages and they form part of regional strategies for smart specialisation. The county authorities follow up clusters and networks, both with expertise and funding, as well as by developing regional business strategies around them.

Innovation Norway and the county authorities collaborated closely in 2018, both on the development of a new cluster programme and in the assessment of new clusters that were admitted to the national programme. Principal responsibility for enterprise networks on the other hand, will be transferred to the new regions from 2020 and the preparations for this transfer have started.

New models facilitate a good innovation ecosystem

The Norwegian cluster programme is based on a triple helix model, where collaboration between education, research and established enterprises, in combination with the authorities' good framework conditions, have been in focus. At the same time, international studies show that clusters tailored to a rapidly changing world need to involve more market players to become a healthy innovation ecosystem. Dynamic and innovative clusters often develop an entrepreneurial culture that cannot be found elsewhere, and which is difficult to imitate. This means that value creation increases, the innovation rate rises and the capacity for restructuring improves.

The established enterprises need access to the entrepreneurs' expertise in order to innovate and restructure their business models in line with rapid changes in the market. The clusters represent environments that are important for entrepreneurs when they want to find solutions to genuine problems for which the market is willing to pay. Many of the cluster's established enterprises "own" the problems to which a technology entrepreneur can find solutions – solutions that can often be developed in the cluster's test centre.

In 2018, the cluster programme delivered expert services within entrepreneurship and growth capital. These areas have now also been incorporated into the assessment criteria for the cluster programme.

Qualifying for valuable EU projects

The goal of increased innovation requires the enterprises to be willing to cooperate and obtain expertise, including from outside its own member companies. In 2017 and 2018, the cluster programme emphasised opportunities for cooperation with the EU, both for clusters and individual enterprises. The EU offers major funding opportunities for international and multidisciplinary collaborations. Many of the modern clusters have positioned themselves in order to take part and many of them met success in 2018. Norway has enjoyed very good results with respect to several of the EU instruments and many clusters play key roles here, whether this be through member enterprises succeeding or through the cluster becoming a participant or coordinator for collaboration projects. Access to valuable expertise and new networks can be critical for the growth of member enterprises.

Digital revolution in agriculture

Our agricultural assignment is a major programme and important for Innovation Norway. In 2018, the Ministry of Agriculture and Food made just under NOK 900 million available.

We spent NOK 620 million of these funds on further developing traditional agriculture, including investment in new technology. The funds were also spent on maintaining and improving the high standard of animal welfare, as well as increasing the proportion of Norwegian produced fruit and vegetables. The grants for traditional agriculture triggered investments that totalled approximately NOK 3.25 billion in 2018.

Important for employment

Traditional agriculture provides the foundations for much of the development in other agriculture-based industries. The Norwegian cheesemakers who won the Cheese World Championships in 2016 and 2018 both stressed that they would not have won had they not produced their own milk.

Agriculture and agricultural value chains are responsible for an important proportion of the employment and value creation in many areas, especially in rural municipalities. In 2018, two-thirds of the grants for investments and business development in agriculture went to projects in the district policy area, while one-third went to people under 35. This shows that the programme is important for the recruitment to the industry.

World leading agricultural technology

The Norwegian agriculture and food industry is in the midst of a digital revolution. Robotisation, artificial intelligence and automation will change both Norwegian and international agriculture, and in the space of a few years, the industry will have switched to using smaller, autonomous and intelligent machines. It is believed that by 2025, one million robots will be sold each year within this sector alone.

The good expertise of Norwegian researchers and engineers, combined with technologically competent farmers, mean that Norway has a unique opportunity to develop digital agricultural technology suitable for Norway's topography and climate. Kverneland and Orkel have shown that quality equipment that works in Norway's harsh climate is also in demand beyond Norway's borders.

Modern technology also opened the door to new market opportunities and several new,

innovative technology enterprises emerged in the agricultural sector in 2018. These resulted from projects and forums initiated by market players in the agricultural sector, and many of the solutions that have been developed are gaining a great deal of attention internationally.

Climate-friendly energy

The value creation programme for renewable energy within agriculture aims to help more agricultural enterprises adopt more bioenergy. The goal is to phase out oil and gas and make the sector's energy use more climate-neutral.

Agriculture is showing a great deal of interest in investing in renewable energy sources, which is reflected in the high number of applications in the value creation programme for renewable energy in agriculture.

In 2018, the programme encouraged agriculture to invest around NOK 250 million in heating systems based on renewable energy. In total, more than NOK 90 million was granted by the value creation programme in 2018 and just under 433 GWh in bioenergy production has been established since 2003. This transition has saved emissions totalling 81,000 tonnes of CO₂ equivalents.

Expertise produces growth and development

The development programme for agriculture and reindeer husbandry-based growth and value creation is intended to create value based on agricultural and reindeer husbandry resources.

Expertise is a priority focus area in the programme. Innovation Norway offers business and skills enhancing activities to strengthen agriculture and reindeer husbandry, and local food companies are offered expert food development activities through five regional networks. We also offer professional market expertise through Matmerk.

In 2018, Innovation Norway conducted an evaluation of the expert food services and market services with a primary focus on organisation. The evaluation concluded that the impact and utility value of the expert services are good, especially when they are provided in combination with financial support for other projects. It also pointed out the need to reassess how the organisation is organised. We will continue to work on this in 2019.

New action plan for tourism

2018 was a new record year for Norwegian tourism, with 33.8 million guest nights in commercial accommodation. This is an increase of 1.5 per cent and the growth was in both Norwegian and international guest nights. The greatest percentage increase was in the winter months, with a growth of 6 per cent. The international market that grew the most was the US, with 21 per cent in 2018.

Year-round destination Norway

Based on the White Paper on tourism (White Paper No. 19 2016-2017 (2016-2017) "Experiencing Norway – a unique adventure", Innovation Norway presented a new action plan for its tourism initiative called "Hele Norge – Hele Året" (All of Norway – All Year). The goal is to generate a desire to travel to Norway and motivate visitors to experience the whole country, year-round. The vision is for Norway to become a leading destination for sustainable nature and cultural experiences.

Proud tourist nation

For the first time, Innovation Norway conducted a population survey in 2018 to discover Norwegians' feelings about tourism and what they consider to be the consequences of tourism. The survey also provides insights into how Norwegians want this area to develop.

The results show that Norwegians are proud that foreign tourists choose to holiday in Norway and that they believe tourism brings a lot of positive things with it. Norwegians generally realise that tourism creates jobs, increases opportunities for start-ups and contributes to growth and development in local communities.

Strengthening digital channels

Our tourism efforts have undergone a restructuring process in order to realise the action plan. Here, centralising, professionalising and streamlining the promotion work have taken centre stage. The goal is to take a clear role by becoming a leader in digital marketing and storytelling.

In order to achieve this goal, we have employed a new team at the head office in Oslo with cutting-edge expertise in digital communication, distribution and analysis. The new team is key to the development, measuring the performance of promotion campaigns and day-to-day communication in social media. At the same time, we want to develop new forms of collaboration with the Norwegian tourism industry.

International market experts

The staff of Innovation Norway's international markets have gained clearer roles as market specialists. They will identify, inform about and contribute to realising opportunities regarding Norwegian tourism, as well as being leading experts in networking, local tourism, press and social media in the market.

Brand Norway

Norway needs to double mainland exports by 2040 in order to maintain today's welfare society. At the same time, it needs to attract more international capital, knowledge, talent and tourists.

We have to be known to be chosen, and a clear national position is vital, both for individual enterprises and the country as a whole. Therefore, in cooperation with Norwegian industry and commerce, Innovation Norway is working on the Brand Norway export project.

Brand Norway

The project brings together public and private market players from, among others, ocean industries, tourism and creative industries, health and welfare, smart communities, bioeconomy and clean energy. The list is longer and contains everything that underpins Norway's desired position as a pioneer in sustainability in international markets. The goal is clear: We will show the world why they benefit from buying Norwegian, and to work with, invest in, live in and visit Norway.

We offer many export-oriented measures to help this effort, such as Visit Norway, Export Norway and Invest in Norway. Growth opportunities in international markets are now a recurring theme in all of Innovation Norway's customer dialogue.

A digital showcase for sustainable solutions

In May 2018, the digital showcase, The Explorer, was launched by Prime Minister Erna Solberg during the Innovation Speech at Oslo City Hall. The Explorer is Norway's marketing channel for green and sustainable solutions, and is a long-term national initiative aimed at increasing Norwegian exports and connecting foreign market players with Norwegian solutions.

Innovation Norway has established a strategic committee with representatives from the public and private sectors, as well as from organisations within the fields of the environment and industry, to help with the development of the service. In 2018, we focused on Norwegian business, with the goal of building awareness and knowledge of the service, and getting Norwegian companies with green solutions to register on The Explorer.

By the end of 2018, The Explorer had gained 250 registered companies, 100 approved and published solutions, 65,000 visitors from more than 100 countries and 650 different mentions in the media.

Facilitating European cooperation

EEA grants are contributing to social and economic development in 15 European countries. At

the same time, they enable Norwegian enterprises to explore markets in the Baltics and Central and Southern Europe.

Norwegian partnerships result in higher scores

Norway co-funds business programmes in ten countries. These programmes offer support to collaborations between Norwegian and European enterprises, and Innovation Norway wants to help ensure that as many good EEA projects as possible gain a Norwegian partner.

Norwegian enterprises cannot apply for the funds themselves, but that can receive support by collaborating with a local partner in one of the recipient countries. These countries are Bulgaria, Estonia, Greece, Croatia, Latvia, Lithuania, Poland, Portugal, Romania and Slovakia. Projects with a partner from Norway, Iceland or Liechtenstein will score higher during the application assessment.

NOK 1.7 billion for relevant projects

EEA grants announcements are aimed at enterprises that develop, adopt or commercialise new technologies within industry, oceans, ICT, energy or health and welfare. For example, Norwegian companies can contribute to the development of products or processes, or by transferring technology and expertise.

In the current programme period, we are administering six EEA programmes within business development, innovation and SMEs, decent working conditions and third-party collaborations, renewable energy and energy efficiency and reliability. In total, Innovation Norway administers around NOK 1.7 billion, which will be distributed to relevant projects over the next two years. The first announcements were made in 2018.

Faster and better emergency aid

In 2018, the Ministry of Foreign Affairs and Innovation Norway launched a Norwegian humanitarian innovation programme called HIP Norway. The programme is intended to promote innovation in the humanitarian sector and facilitate partnerships between humanitarian organisations and private companies. The goal is to provide faster, better and more cost-effective emergency aid.

Closing the gap between needs and resources

Armed conflicts, climate change and persistent poverty are creating complex crises. The crises are lasting longer and impacting more people than before, and the gap between needs and available resources is growing. Future humanitarian efforts will depend on new solutions and ways of working. HIP Norway connects the humanitarian needs with technology and expertise from enterprises and private innovators.

50 applications in 2018

The first announcement garnered a large response with a total of 50 applications with a combined value of NOK 186 million. Seven projects received a total of NOK 23 million in grants.

Following up the projects will mobilise the business sector in a number of areas, including renewable energy, sanitation solutions, mine clearance, digitalisation and so-called blockchain technology. We are also developing a system for matching public and private capital such that these can work together to invest in good, scalable solutions.

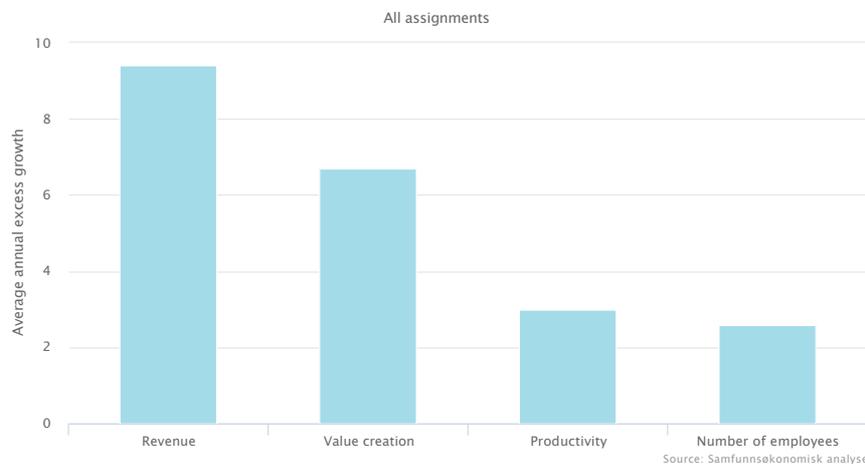
Results 2018

- Innovation Norway's customers grow more than enterprises that are not customers: sales revenues increase by 9.4 percentage points a year. The corresponding figures for value creation and productivity are 6.7 percentage points and 3.0 percentage points, respectively. The added growth in the number of employees is 2.6 percentage points and profitability increases by 0.3 percentage points.
- Nine out of ten customers state that Innovation Norway's contribution was crucial

for their innovation projects.

- Innovation Norway's services work: every NOK 1 in grants or loans, triggers NOK 2 in capital from the enterprises themselves, investors, banks and other funding sources.
- 94 per cent of all cases were decided locally, close to the customers.
- Since the launch of start-up loans in 2017, 190 enterprises have received NOK 264 million in loans from Innovation Norway. Each loan triggers at least NOK 1 million from private investors.
- 750 enterprises have received advice from Innovation Norway's international offices and 650 have received advice and improved their skills within technical trade issues via our Export Centre. More than 400 enterprises have taken part in fairs and events throughout the world.
- Enterprises that have received international marketing advice from Innovation Norway experience a 6.2 percentage point increase in revenues and 3.3 percentage points higher growth in value creation than comparable enterprises that have not used the service.
- 108 of Norway's most ambitious growth companies participated in our international accelerator programmes in some of the world's most competitive start-up cities.
- 50 Norwegian companies received a total of NOK 400 million from EU programmes in 2018. This represents a year-on-year increase of more than 40 per cent in number and monetary value.
- Commitments to environmental projects accounted for 49 per cent of our total commitments.
- More than NOK 150 million was distributed to cluster projects and almost NOK 32 million to enterprise network projects.
- More than 100 Norwegian enterprises have registered in The Explorer, the showcase for green, sustainable, Norwegian solutions, which was launched at the Innovation Speech in May.
- The sick leave rate was 3.8 percent in 2018, compared with 2.9 per cent in 2017. By comparison, the sick leave rate in public administration and the armed forces, as well as national insurance schemes under public administration, was 6.2 per cent in the third quarter of 2018.
- Innovation Norway is considered an attractive workplace. The organisation was named Norway's most attractive employer by economics graduates in a survey conducted by Universum. Innovation Norway also topped the list of the most attractive employers for economics students in a survey conducted by the Career Barometer.
- The proportion of women at Innovation Norway was 56 per cent at the end of 2018. Almost 60 per cent of the new employees hired during the year were women.

Calculated effects



This figure shows the additional growth in percentage points over a three-year period in businesses supported by Innovation Norway compared to similar businesses that have not received support. This provides an indication of the impact of our support.

Higher growth in sales revenue

Companies supported by Innovation Norway achieve 9.4 percentage points higher annual added growth in sales revenues compared to equivalent companies that do not receive this support.

Growth in value creation

Companies supported by Innovation Norway achieve 6.7 percentage points higher annual added growth in value creation compared to equivalent companies that do not receive this support.

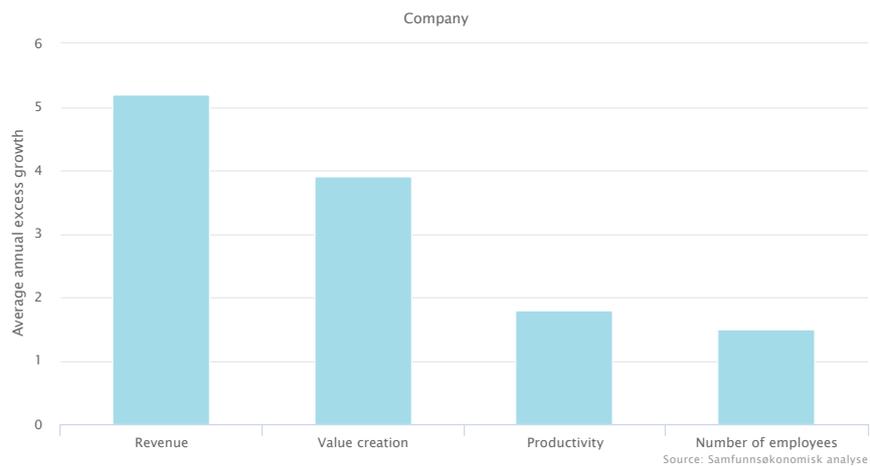
Increased productivity

Companies supported by Innovation Norway achieve 3 percentage points higher annual added growth in productivity compared to equivalent companies that do not receive this support.

Added growth in number of employees

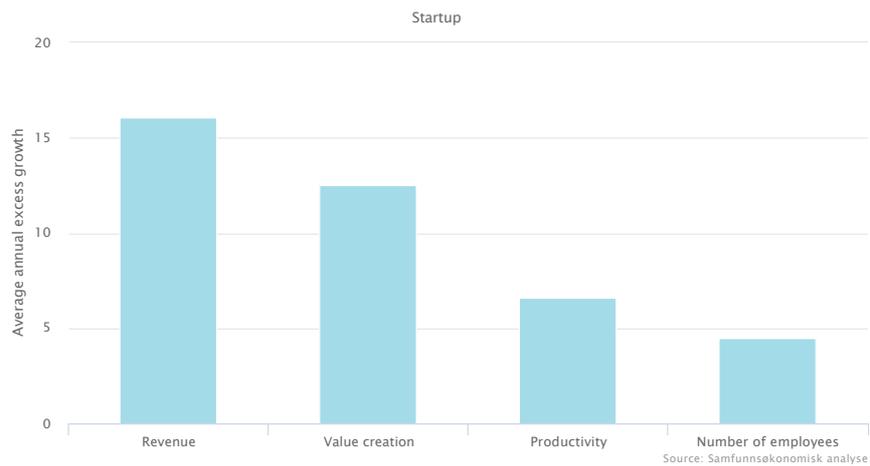
Companies supported by Innovation Norway achieve 2.6 percentage points higher annual added growth in number of employees compared to equivalent companies that do not receive this support.

Calculated effects



This figure shows the additional growth in percentage points over a three-year period in businesses supported by Innovation Norway compared to similar businesses that have not received support. This provides an indication of the impact of our support.

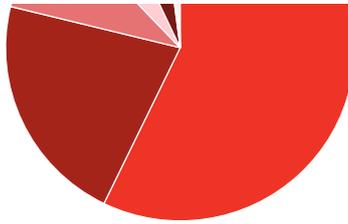
Calculated effects



This figure shows the additional growth in percentage points over a three-year period in businesses supported by Innovation Norway compared to similar businesses that have not received support. This provides an indication of the impact of our support.

We receive 4,1 billion NOK:





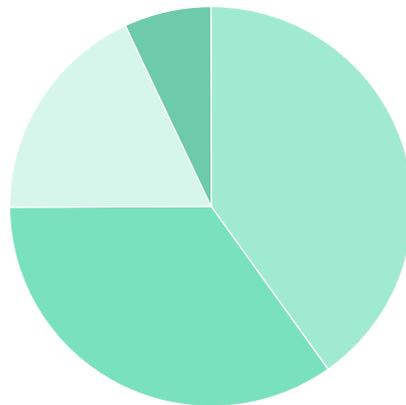
● NFD (Ministry of Trade Industry and Fisheries) ● LMD (Ministry of Agriculture and Food) ● FK (County Council)
 ● KMD (Ministry of Local Government and Modernisation) ● UD (Ministry of Foreign Affairs)
 ● KUD (Ministry of Culture) ● KD (Ministry of Education and Research)
 ● SD (ministry of transport and communications) ● KLD (Ministry of Climate and Environment)

Source: Innovation Norway

We receive 4,1 billion NOK from the Parliament and County Council

Through Innovation Norway, The Parliament and County Council granted 4,1 billion NOK in 2018 for the support of value-creating industry development all over the country. Corresponding number for 2017 was 3,8 billion NOK.

We distribute 7,2 billion NOK (by service):



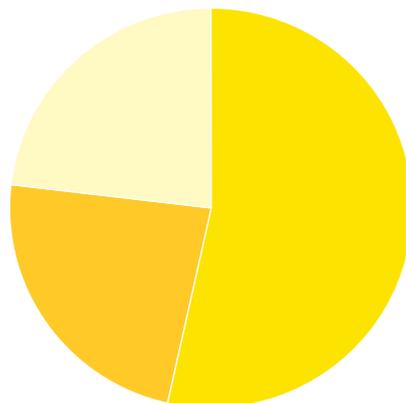
● Grants ● Low risk loans ● Risk loans and guarantees ● Advisory and Profiling

Source: Innovation Norway

We distribute 7,2 billion NOK to business and industries. Distributed by service.

The grants from Parliament and the counties, together with loan schemes, provided a total business-oriented effort of NOK 7,2 billion through Innovation Norway. The charts show the breakdown by service. The equivalent figure from 2017 was 7,3 billion NOK.

We distribute 7,2 billion NOK (by target group):



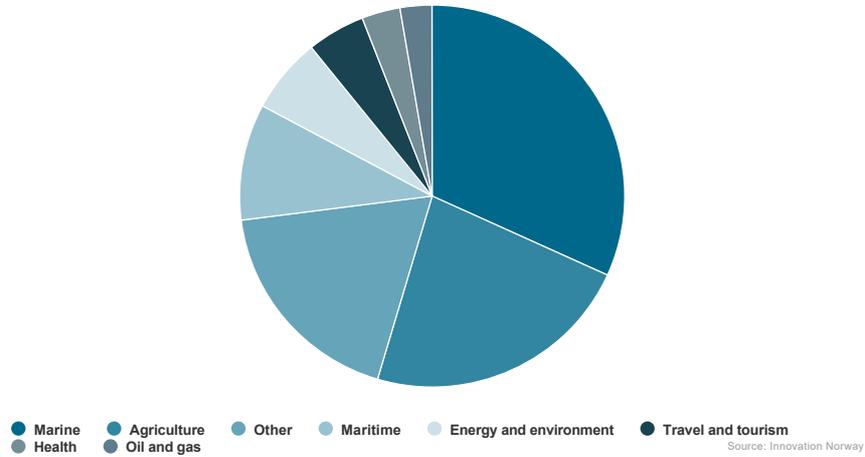
● Companies ● Entrepreneurs and startups ● Not specified

Source: Innovation Norway

We distribute 7,2 billion NOK to business and industries. Distributed by target group.

The grants from Parliament and the counties, together with loan schemes, provided a total business-oriented effort of NOK 7,2 billion through Innovation Norway. The charts show the breakdown by target group. The equivalent figure from 2017 was 7,3 billion NOK.

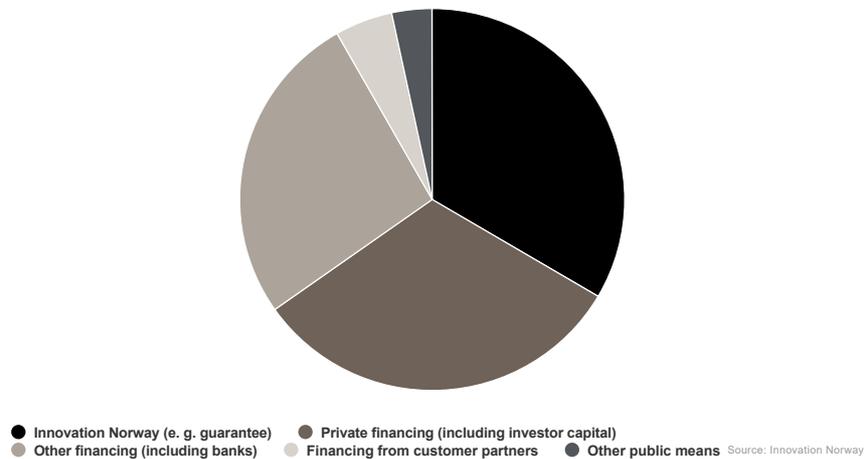
We distribute 7,2 billion NOK (by sector):



We distribute 7,2 billion NOK to business and industries. Distributed by sector.

The grants from Parliament and the counties, together with loan schemes, provided a total business-oriented effort of NOK 7,2 billion through Innovation Norway. The charts show the breakdown by sector. The equivalent figure from 2017 was 7,3 billion NOK.

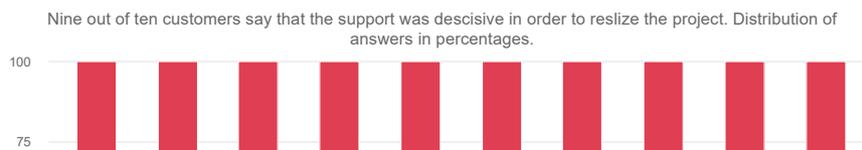
We generate 21,4 billion NOK:

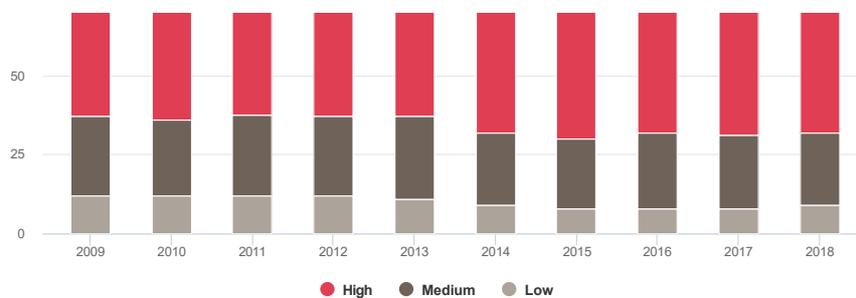


We generate 21,4 billion NOK in innovative activities in 2018

The support from Innovation Norway contributed to triggering this much effort from the business community. Including the money from Innovation Norway. 21,4 billion NOK was invested into innovation activities in 2018. Corresponding number for 2017 was 20,8 billion NOK.

Innovation Norway makes a difference





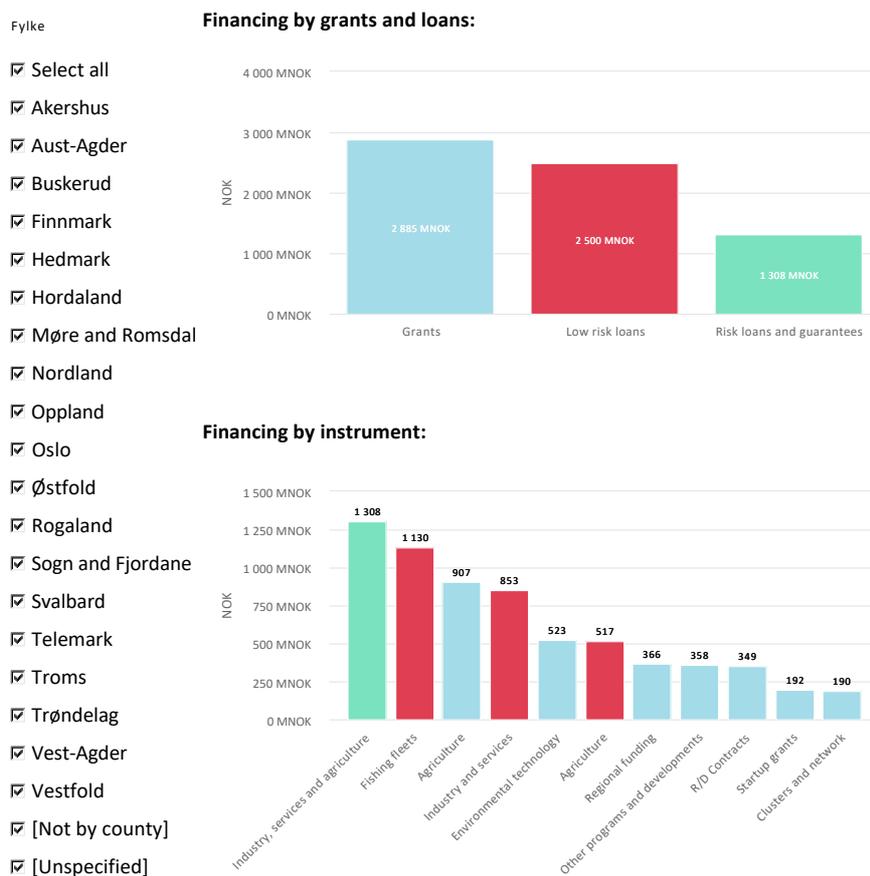
Source: Oxford Research

In 2018 nine out of ten customers (91 per cent) responded that support from Innovation Norway was decisive for realization of their projects. Additionality is a key indicator in the annual customer impact surveys to gauge which difference the allocated funds have made. In the preliminary survey for 2018, the proportion with high additionality is at 68 per cent, medium additionality at 23 per cent, and the share with low additionality at nine per cent.

In 2014 there was an increase in the proportion with high additionality from 63 to 68 per cent compared to the years from 2009 to 2013, and the share has since remained at around 70 per cent. The share for the category with low additionality declined in the period 2013 and 2014, and has since remained stable.

Every year Oxford Research conducts a customer impact survey among all of Innovation Norway's registered customers.

Distribution of means per county

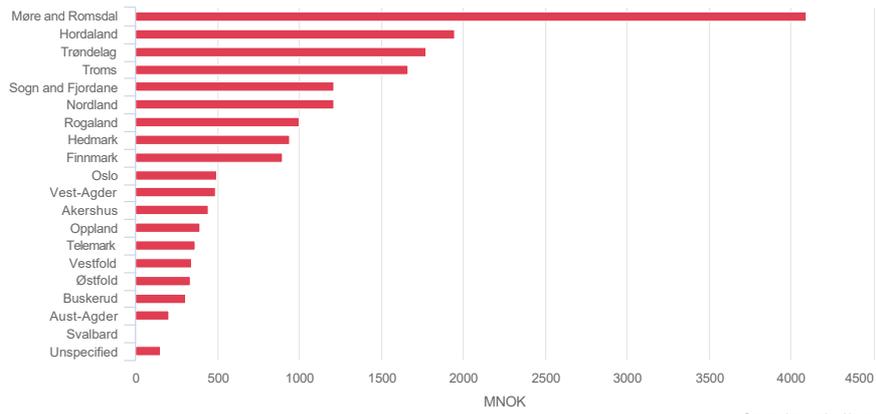


In 2018 low-risk loans, risk loans and guarantees and grants comprised a total of NOK 7,2 billion. This is a decrease of 1,4 per cent from 2017.

A total of NOK 2,5 billion was provided as low-risk loans in 2018, shared between industry and services (NOK 853 million), agriculture (NOK 517 million) and fishing fleet (NOK 1,1 billion). Risk loans and guarantees to industry, services and agriculture comprised NOK 1,3 billion. A total of NOK 2,9 billion was disbursed as grants in 2018. The largest items were agriculture (NOK 907 million), environmental technology (NOK 523 million) and development funds (NOK 366 million).

Active loan portfolio 2018

County-wise distribution of loans in NOK millions

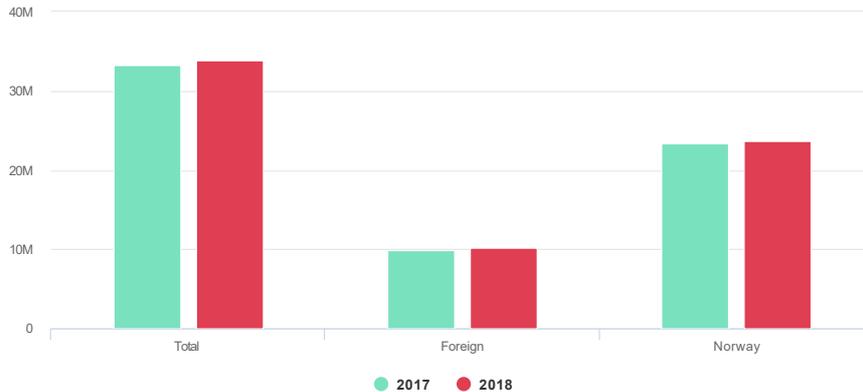


Source: Innovasjon Norge

At the end of 2018 the loan portfolio included 12 450 active loans and NOK 18,3 billion. Low-risk loans amount NOK 14,4 billion and risk loans NOK 3,9 billion. Møre og Romsdal has the largest portfolio of current loans with NOK 4,1 billion, of which 46 per cent are loans to the fishing fleet.

Commercial overnight stays 2017-2018

The number of overnight stays at hotels, camping sites, cabin villages and youth/family hostels in Norway, among Norwegian and foreign guests

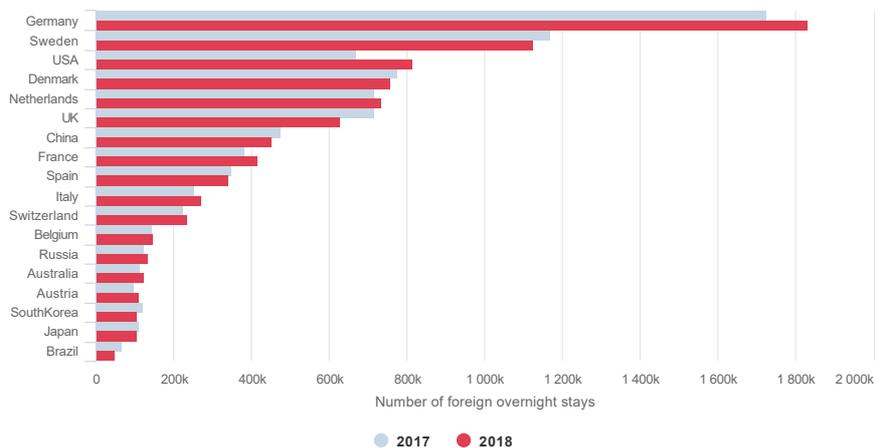


Source: SSB

New record in commercial overnight stays: In 2018 there were 33,8 million overnight stays in commercial accommodation in Norway. This is an increase of 1,5 per cent, which means just over half a million more overnight stays.

Norwegian tourism has had a good development in recent years. In 2018 we had 4,6 million more overnight stays than in 2013, which corresponds to an increase of 16 per cent. The number of Norway has increased by 10 per cent and foreign by 32 per cent.

Foreign overnight stays 2017-2018



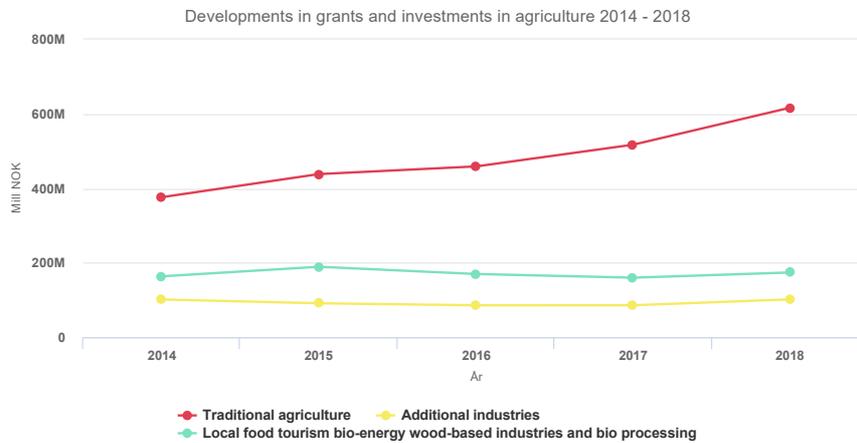
Source: SSB

The closest markets are still most important for Norwegian tourism, but they do not grow at the same pace as the overseas markets. In 2018, the US is for the first time the third largest overseas

market, ahead of both the Netherlands and the UK. In 2017, the US was in sixth place in the overview of the largest markets.

In 2018, the US and Asia represent a 19 per cent share. China had a decline of six per cent. This means that the continuous growth of Chinese overnight stays nights in Norway from 2010 is over.

Grants for investment and development in agriculture



The strong increase in the consumption of funds for traditional agriculture is mainly due to the extraordinary allocation of NOK 75 million in subsidies for investment support for agriculture in 2018.

For additional industry and program areas, there is a smaller but pleasing increase from 2017.

Annual accounts and board of director's report

ANNUAL ACCOUNT 2018 (pdf)

The nature of the business

Innovation Norway was formed on 19 December 2003 and has its head office in Oslo. The company is owned by the Ministry of Trade, Industry and Fisheries (51 per cent) and the county councils (49 per cent). Innovation Norway is organised as an enterprise established by special legislation, whose Board of Directors has an independent responsibility for its activities and the results achieved. Innovation Norway is responsible for the administration and appropriate organisation of Innovation Norway's activities. The owners exercise supreme authority in the company through the general meeting.

Objectives and goals

Innovation Norway's objective is to be the policy instrument of the state and the county councils for achieving value-creating business development throughout the country.

Innovation Norway's main purpose is to trigger business development that is profitable from both a commercial and a socio-economic perspective, and to help different regions realise their potential for business development. This goal is to be achieved through the sub-goals of more successful entrepreneurs, more enterprises capable of growth and more innovative business clusters.

Each year, Innovation Norway receives more than 40 letters of assignment from ministries, county councils and county governors. Based on the national budget, the letters of assignment provide a combined overview of the principals' expectations and requirements of Innovation Norway's activities. The letters also set out Innovation Norway's allocation framework and guidelines relating to initiatives, programmes and services.

Our main goal and sub-goals form the basis for Innovation Norway's dialogue between owners and principals. Innovation Norway's activities and priorities shall be in accordance with this goal

structure.

Innovation Norway offers funding services, advisory services, expert services, networking services and promotional services. Most of the company's staff are located close to customers in offices in every county in Norway and close to the market in more than 27 countries worldwide.

Innovation Norway shall provide professional input to public authorities at a national and regional level in connection with business and innovation policy, including proposals for new focus areas for future policy formulation. Innovation Norway is an important sounding board for owners and principals and shall, through its network with Norwegian businesses and industry, both nationally and internationally, acquire knowledge about the challenges and opportunities faced by Norwegian business and industry at all times. Innovation Norway shall also contribute to various innovation, industry and regional policy issues that are relevant to the company achieving its goals being prominent in the public debate.

Impact in 2018

In 2018, Innovation Norway continued its efforts to help achieve the Government's goal of restructuring the Norwegian economy. The company's principal focus in 2018 was to contribute to increased exports and internationalisation through risk mitigation and advice, better access to risk capital for Norwegian business and industry, and provide our principals with innovation policy advice.

In 2018, Innovation Norway received appropriations and assignments in letters of assignment from the Norwegian Ministry of Trade, Industry and Fisheries, Ministry of Local Government and Modernisation, Ministry of Agriculture and Food, Ministry of Climate and Environment, Ministry of Education and Research, Ministry of Culture, Ministry of Foreign Affairs, Ministry of Transport and Communications, the county councils, county governors and other public stakeholders. The common thread for the assignments is contributing to value creation and triggering commercially and socially profitable business development.

The Norwegian Parliament and the county councils allocated a total of NOK 4.1 billion to Innovation Norway. Together with the loan schemes, Innovation Norway contributed NOK 7.2 billion to business and industry in 2018. This included loans, grants, advisory services, profile raising, and networking through Innovation Norway's various services. Funds allocated by Innovation Norway triggered investments in business and industry totalling NOK 21.4 billion. Nine out of ten enterprises stated that Innovation Norway's support was, to a high or moderate extent, a key factor in starting their projects.

This means that one krone from Innovation Norway in the form of capital or advice results in two kroner in own financing or other sources of financing for development projects and investments. In addition, having Innovation Norway as a "sparring partner" also triggers many other innovation and internationalisation activities by providing expertise and networking.

CAPITAL AND EXPERTISE

Financing and expert advice are mutually beneficial. Impact analyses conducted on assignment from Innovation Norway indicate that capital together with the provision of expertise produce better results for customers. That is why the development of the role of sparring partner and expert adviser is of such importance.

In 2018, Innovation Norway worked to ensure that ambitious small and medium-sized enterprises in every part of the country have easier access to the most important, business-oriented policy instruments. Innovation Norway has offices in every county in Norway and in 27 countries. Our employees therefore know the companies and their challenges and framework conditions in Norway and their opportunities in the markets that are most important for Norwegian business and industry.

Innovation Norway is a sparring partner for the small and medium-sized enterprises that offers expertise, networks and capital. Business and industry can spend their time on developing new products and services, rather than writing applications. They do not need to be aware of the different services. Innovation Norway's advisers will see the opportunities and challenges and inform the enterprises of the schemes that could be of assistance to them. If Innovation Norway cannot assist, the advisers will put the enterprises into contact with the other private and public stakeholders that can provide assistance. In this way, Innovation Norway builds bridges between expert communities, public funding agencies and investors.

EXPORTS AND INTERNATIONALISATION

In 2018, Innovation Norway intensified its focus on exports and internationalising Norwegian

business and industry. The internationalisation services largely consist of expertise and advice. For several years, Innovation Norway has measured the effects of international market advice using the same model as the financial services. Enterprises that have taken advantage of international marketing advice experience 6.2 per cent higher growth in sales revenues and 3.3 per cent higher growth in value creation than a control group that did not receive such advice.

RISK CAPITAL

In 2018, Innovation Norway continued its work on making risk capital available to Norwegian business and industry. Innovation Norway contributed a total of NOK 1.3 billion in innovation loans, risk loans and guarantees, as well as NOK 2.9 billion in grants to companies and programmes.

In cooperation with the European Investment Fund (EIF), guarantees were also pledged to commercial banks under the Growth Guarantee Scheme with an increased guarantee liability of NOK 46.6 million. These guarantees have contributed to approximately NOK 375 million in new financing for innovation growth companies. Innovation Norway has also contributed NOK 2.5 billion in low-risk loans.

In 2018, Innovation Norway provided total financing of NOK 1.6 billion for almost 1,700 international innovation projects. Innovation Norway continues to take high risks. The proportion of high risk cases has increased in recent years, if all schemes, both loans and grants, are taken into consideration.

The figures for 2018 from Samfunnsøkonomisk Analyse AS (SØA)¹ indicate that the impact of support from Innovation Norway remains at a high level. Companies that have received support from Innovation Norway experience higher annual growth in all three impact indicators over a three-year period compared with the control group: an increase in annual growth in sales revenues of 9.4 percentage points (2017: 12.7), an annual increase in value creation of 6.7 percentage points (2017: 6.1 per cent), and an annual increase in productivity of 3.0 percentage points (2017: 2.1).

It is a demanding task to quantify the impact of Innovation Norway's overall activities. The Board is very satisfied that Innovation Norway has emphasised investigating, acquiring and communicating new knowledge about which services and schemes are most effective in business and innovation policy. At the same time, the Board also acknowledges that this is demanding work that is under continual development, and that contributions from Innovation Norway are one of several factors that play a part in the long-term development of a start-up, growth or cluster-oriented company.

Evaluations, reports, analyses and impact measurements together provide important management information and a knowledge base on which to further develop the company. The Board is focussed on the company continuing with this work and communicating lessons learnt to owners, principals and other stakeholders.

The owners' expectations

Innovation Norway's Board of Directors is responsible for following-up the owners' expectations for the company and reporting on the owners' expectations once per year.

The owners set out four goals that define the direction in which Innovation Norway should develop:

1. A greater focus on internationalisation work
2. Simplification of the policy instrument portfolio
3. Good customer dialogue
4. A clearer innovation policy adviser role

The Norwegian Government's export strategy for 2017 stipulated that Norway must increase exports and that Norwegian business and industry must take new global positions. Increased exports within existing industries are being promoted and new export industries must also be created. In line with this, Innovation Norway has strengthened its ambitions for growth and exports, as well as the overall export activities of the "Brand Norway" division. Establishing an export programme, strengthening Invest in Norway, marketing Norwegian green solutions, and increasing the focus on clusters were important activities in 2018.

The digital showcase "The Explorer" was launched by the Prime Minister during the Innovation Speech at Oslo City Hall in May 2018. The Explorer assists in strengthening Norway's "green

offensive profile” to achieve increased exports, provide more arenas for interaction and make Norway a more attractive country to invest in.

By establishing Norway as a sustainability pioneer, the country will attract investors, talent and tourists. In 2018, Innovation Norway worked proactively to offer growth programmes and promotional activities to enable Norwegian businesses to strengthen their desired position.

With offices in important international markets and a nationwide network of offices in Norway, Innovation Norway has an excellent starting point for contributing to the international expansion of Norwegian business and industry. As part of the work of being relevant to customers, Innovation Norway regularly conducts an evaluation of its presence overseas. Following close dialogue with business and industry and other stakeholders, two new offices in Munich and Dubai were opened in 2018.

International growth starts in Norway. Internationalisation advisers were added to the district offices in 2017. In 2018, Innovation Norway further strengthened its internationalisation expertise in all parts of its operations, and enhanced these roles in the organisation. This has contributed to increased ownership of the work with internationalisation at a local level and a stronger presence and expertise within exports and internationalisation in all parts of Norway.

In the opinion of the Board, these changes will ensure that Innovation Norway’s international presence and nationwide services will, in the future, be better adapted to the needs of business and industry and for executing the assignments the company receives.

To ensure that more customers succeed, Innovation Norway must continually **improve the services** offered. In 2018, the organisation continued the work on implementing a more basic service model that will contribute to improving the connection between customer needs and the expertise, advice and financial services that are offered. Skills development, building a common culture and digital simplification have been important, including adapting capacity and expertise from case processing to dialogue and “sparring” that give added value to the customers.

In 2018, Innovation Norway launched simplified and more user-friendly websites. These provide customers with easier access to the services and advisers. In order to contribute towards a more seamless and united public support system, Innovation Norway has prioritised developing expertise that makes it possible to refer companies to relevant services, including outside of its own activities.

Innovation Norway is always striving to be a **good partner**. The goal is to provide good guidance, be a good sparring partner, find correct solutions for the customer’s needs and follow-up the customer during the entire process. This is documented through customer satisfaction surveys which focus on the customers’ views concerning their dialogue and contact with Innovation Norway’s advisers. Customer feedback forms part of the company’s work on improving the customer experience and customer dialogue. The average customer satisfaction score in 2018 was 5 out of a possible 6 points.

Innovation Norway must act as an **innovation policy adviser** for owners and principals. This role can be divided into four parts:

Innovation Norway functions as a sounding board in the national and international markets and conveys this knowledge back to the company and the owners. Innovation Norway must evaluate and quantify the impact of the services and programmes and ensure that they are working as intended. Innovation Norway must provide input that can contribute to the principals being better able to achieve their objectives. Innovation Norway must promote innovation policy in the public debate

It was a priority in 2018 to strengthen Innovation Norway’s role as an innovation policy adviser in the regional partnership. The regional offices and county councils have been given better access to internal and external data as a factual basis for being able to develop effective regional innovation policies based on professional advice. The company’s central and regional senior management together visited all regions for strategic meetings with the county mayors during 2018. The company has more actively adopted its function as a sounding board through a closer dialogue between the head office and the regional offices with the assistance of a separate regional team that supports the regional offices with their innovation policy advice.

In 2018, Innovation Norway focussed on strengthening analysis expertise. The company has the strategy of building networks with more external analysis groups in academia. In 2018, the company also invested in the collaboration with the Department of Economics at the University of Oslo (UiO) on a long-term project to study the effects of its activities. A PhD has been hired and will work at the company for three years with guidance from UiO. This work will test out new and

innovative forms of effect analyses.

Innovation Norway has made a number of written contributions to the national budget, strategies and reports to the Ministry of Trade, Industry and Fisheries and other ministries. In 2018, the company devoted considerable resources from both the head office and office in Brussels to providing input to the EU's next framework programme "Horizon Europe". Innovation Norway has also made a significant contribution to the work on the Governmental white paper on the health sector.

In 2018, Innovation Norway set the agenda of the public debate through the Export Conference, Innovation Speech and Arendal Week. These events enabled the company to place important innovation policy topics on the agenda of the public debate. The Innovation Speech was about Brand Norway and attracting foreign investment to Norway. The Export Conference raised the issue of uncertainty in trade policy. The company also participates in a number of regional, national and international events that address innovation and value creation.

An external evaluation was commenced in 2018 to assess Innovation Norway's role as innovation policy adviser in the period from 2012 to 2018. The result of the evaluation was presented in March 2019 and showed that Innovation Norway has taken several steps to become a better adviser and has built up capacity and devoted time and attention towards developing the role. However, achievement of objectives was considered somewhat weaker than what could be expected and it is noted that part of the reason for this could be the company, owners and principals having a different understanding of the company's role. The evaluation recommends that the company develops, in cooperation with owners and principals, new arenas for dialogue where the declaration of intent and role are clarified. It is also recommended that Innovation Norway uses, to a greater extent, its own data for analysis purposes and advisory services in the future. The company will follow up these recommendations in 2019.

Cost-effective operation

The Board monitors the company's operations throughout the year and focusses on achieving goals, efficient operations and responsible administration of public funds.

Innovation Norway has worked on improving and developing along three axes: (1) Work processes: the manner in which staff work internally and together with others to provide the best possible services to the customers, (2) Organisation: how resources are organised to provide customers with access to expertise and ensure equal treatment irrespective of where they contact; and (3) Digital channels: the tools employees, customers, owners and society can access for insight, cooperation and self-service. The objective is to derive greater benefit and efficiency by servicing a larger volume of assignments, spending more time on customers or by reducing costs.

In 2018, Innovation Norway supplied services to business and industry totalling NOK 7.2 billion. Deliveries were at the same level compared with 2017, while total costs were slightly higher. This development is in line with the targets for 2018 and reflects the company's focus on better guidance and advice to small and medium-sized enterprises in all parts of the country.

From 2014-2018, Innovation Norway's combined deliveries increased from NOK 5.9 billion to NOK 7.2 billion (+22 per cent). The company's total expenses during the same period remained unchanged at approximately NOK 1.5 billion.

It is difficult to see from the annual accounts how the company's costs have developed, because the accounts include the company's delivery costs and customer-oriented activities and projects. The management is therefore working on operational performance indicators that will provide the Board and principals with information about the development of the company's cost-efficiency.

Cooperation with other public funding agencies

Innovation Norway, the Research Council of Norway and the Industrial Development Corporation of Norway (SIVA) are the three main agencies in the Government's public support system focussed on business and industry. Both separately and together, these three agencies provide a significant and effective contribution to Norwegian business and industry's innovative power, internationalisation and value-creation. The three agencies have different roles, responsibilities, expertise and tasks, and are intended to complement each other throughout the value chain, from the birth of an idea up until the product/service is launched on the market. Innovation Norway, the Research Council of Norway, and SIVA also had extensive cooperation at the

strategic and operational level in 2018.

The county councils play a key role as regional development actors and lead the regional partnership. This role will have greater importance in connection with the establishment of the new regions. 2017 marked the completion of the so-called collaborative model, which concerns the cooperation between the county councils and SIVA, the Research Council of Norway and Innovation Norway. The work on implementing the model commenced in 2018.

Concerning the work involving clusters, Innovation Norway and SIVA were involved in each other's application assessments for Catapult and the Cluster Programme. There was also a joint study trip to Germany regarding the digitalisation of the industry, with participants from the clusters and Catapult Centres. The Research Council of Norway and SIVA were also involved in the audit of the Cluster Programme.

With the PILOT-E initiative, the Research Council of Norway, Enova and Innovation Norway have established a seamless service for Norwegian business and industry which enables the development process to be accelerated. Once a project has received funds from PILOT-E, funding and assistance can be expected throughout the process until the goal is achieved. In 2018, there were announcements regarding zero-emission maritime transport 2.0 and the climate neutral industry of the future.

In 2018, Innovation Norway and the Research Council of Norway joined the board of the National Programme for Supplier Development (Confederation of Norwegian Enterprise (NHO), Norwegian Association of Local and Regional Authorities (KS) and the Agency for Public Management and eGovernment (Difi)). In the past year, the programme partners have cooperated on identifying barriers and opportunities for further commitment to public-private innovation. In the final quarter of 2018, Innovation Norway entered into an agreement with the Research Council of Norway for the joint announcement of a public-private partnership in 2019. The Research Council of Norway will finance projects that require research and support a pre-commercial process, while Innovation Norway will finance the innovation partnership. The employees in the regions will contribute to mobilising attractive public stakeholders and innovation projects from the entire country.

Innovation Norway cooperates well with the other public funding agencies and makes particular reference to the establishment of a good and inclusive executive management dialogue with SIVA and the Research Council of Norway. This will help us realise our ambition and continued desire to have clear and coordinated agencies whose policy instruments complement and support each other and that are perceived as parts of a whole by business and industry, R&D institutions and the public authorities.

In 2019, the Norwegian Government will conduct an area review of the public support system for business and industry in Norway. This will include stakeholders and policy instruments which have the aim of promoting business development and where the users are primarily companies. The area review will assess the public support system for business and industry in its entirety and how the policy instruments and stakeholders function together. This involves making assessments and recommending measures for how to achieve orderly interfaces and defined roles, an appropriate organisation, a user-friendly public support system, good interaction between policy instruments at different geographical levels, effective models for administration fees, good assignment management and corporate governance and stakeholders with correct and good expertise.

The Board has seen the need to assess the overall situation and simplify access to the combined public support system and thus welcomes the area review.

About the annual accounts

The profit for the year was NOK 208 million in 2018, compared with NOK 301 million in 2017. The profit before losses was NOK 231 million in 2018, compared with NOK 251 million in 2017.

Net interest income was NOK 415 million in 2018, compared with NOK 416 million the previous year. The fall in net interest income was due to lower interest margins. Dividends and losses on securities showed a loss of NOK 5 million in 2018, compared with a loss of NOK 6 million in 2017. The net loss was principally due to a change in the write-down of shares in the investment funds for Eastern Europe.

Total operating income was NOK 1,279 million, compared with NOK 1,214 million in 2017. The net increase of NOK 65 million was due to an increase in income from public sources of NOK 70 million, an increase in external revenues of NOK 11 million and a decrease in miscellaneous

operating income of NOK 16 million. The increase in income from public sources was a result of income recognition in relation to total operating expenses that are not covered by external revenues and miscellaneous operating income. The increase in external revenues was principally due to revenues associated with marketing campaigns in Germany and Asia. The decrease in miscellaneous operating income was principally due to a net foreign exchange loss in 2018 of NOK 11 million, while 2017 saw a net foreign exchange gain of NOK 1.5 million.

Operating costs amounted to NOK 1,459 million, compared with 1,374 million in 2017, an increase of NOK 84 million. Payroll expenses amounted to NOK 723 million in 2018, compared with NOK 694 million in 2017. The increase of NOK 29 million was primarily due to the 2018 pay settlement. Depreciation increased by NOK 15 million compared with 2017. This was due to increased investments relating to the digitalisation of the company. Direct project costs were at the same level as the previous year. Other operating expenses amounted to NOK 251 million in 2018, compared with NOK 209 million in 2017. The increase was primarily due to higher IT costs.

Our loan customers have enjoyed good operating conditions for some time, which has resulted in lower losses on loans. Net losses on loans amounted to NOK 23 million, compared with income of NOK 50 million in 2017. The net loss was principally due to an increase in group write-downs for the low-risk loan scheme. A normal annual loss on low-risk loans equivalent to 0.5 per cent of the portfolio is expected. In 2018, the loss percentage was 0.15 per cent of the portfolio.

Losses on loans related to Innovation Norway's high-risk loan schemes and seed capital funds are covered by loss reserves and are therefore not reflected in Innovation Norway's financial performance figures. Losses on loans relating to high-risk loans and guarantee schemes amounted to NOK 36.5 million in 2018, compared with NOK 94 million in 2017. These lending activities are expected to involve a higher risk profile than the low-risk loan scheme and losses over time of close to 5 per cent of the portfolio per year. The losses in 2018 amounted to 1 per cent (2.9 per cent in 2017) of the portfolio.

In 2018, the seed capital funds had losses of NOK 29 million, compared with losses of NOK 31 million in 2017. The loans were granted during the period from 2006 to 2008. Changes in losses are closely linked to fluctuations in the economy.

The cash flow shows that large gross payments are received and disbursed by Innovation Norway every year. This is particularly due to a large part of the borrowings from lending activities being refinanced approximately every three months. Net liquidity increased by NOK 129 million, compared with an increase of NOK 193 million in 2017.

Innovation Norway's balance sheet total at year end was NOK 26.1 billion, which is NOK 1.2 billion more than in 2017 (NOK 24.9 billion). Of this, net loans amounted to NOK 18.6 billion as at 31 December 2018 (NOK 17.7 billion as at 31 December 2017). In 2018, NOK 3.4 billion was paid out in new loans (NOK 3.0 billion in 2017) and NOK 2.7 billion in grants (NOK 2.7 billion in 2017).

The company incurred no costs and made no investments related to R&D in 2018. External evaluations and analyses are carried out of the company's activities and use of policy instruments. The company uses the knowledge these in the development of our services, organisation and work processes.

Risk management

The company makes annual assessments of factors important for Innovation Norway's achievement of goals at an overall level. Extraordinary risk assessments are conducted in the event of significant changes in the Norwegian economy or the company's assignment situation, or if the four-monthly reports on goal attainment show significant deviations. When necessary, risk assessments of critical functions and limited areas are carried out at a lower level.

FINANCIAL RISK

The financial risk largely consists of currency risk, liquidity risk, credit risk and interest rate risk.

Foreign exchange risk. Innovation Norway has revenues and expenses in foreign currencies. The foreign exchange risk associated with settlement of costs is largely offset by the company having bank accounts in foreign currencies for the most important currencies the company trades in.

Liquidity risk. The liquidity risk is the risk associated with Innovation Norway's ability to fund an increase in loans and the borrower's ability to settle its obligations when these fall due. The size of borrowings and loans is managed through letters of assignment from the Ministry of Trade, Industry and Fisheries. The liquidity risk is therefore minimal.

Credit risk. Credit risk is financial risk relating to lending activities and constitutes a significant risk at Innovation Norway. Developments in the loan portfolio are reported to the Board every four months. The risk profile is adjusted if there are significant negative deviations in relation to the targets. A separate review of the largest loan commitments is conducted once a year. All major commitments and commitments with loss events are reviewed in connection with the presentation of our annual accounts.

Low-risk loans are granted on market conditions. The risk must be moderate for a project to be granted funding. The risk is therefore limited by relatively stringent requirements concerning security. In addition to the risk associated with individual commitments, there is also structural risk associated with the sectoral division of the loan portfolio which differs from what is normal for corporate portfolios at banks. Approximately 40 per cent is financing for fishing vessels, while the portfolio is otherwise almost equally divided between agriculture and industry/business services.

Innovation and high-risk loans are a form of lending that is primarily intended to help small and medium-sized enterprises that require risk mitigation in projects. These loans are granted subject to moderate requirements for security, but on the condition that the customer's ability to service the loan is deemed to be satisfactory. The risk associated with these types of loans is relatively high.

Loans to seed capital fund companies are given as subordinated loans that match private equity and loan capital. The loans have a high-risk profile.

Loss reserves have been established for innovation and high-risk loans and guarantees, and for loans to seed capital fund companies. The objective of loss reserves is to enable Innovation Norway to mitigate risks for innovative projects with growth potential and thus contribute to the realisation of more profitable projects that would otherwise find it difficult to obtain sufficient venture capital in the market. For a smaller portion of this loan portfolio, the European Investment Fund (EIF) shares the risk of loss with Innovation Norway on a 50/50 basis.

Interest rate risk. The interest rate risk is managed and reduced by adapting lending terms to borrowing terms. Borrowings shall correspond to lending and secure the liquidity required to operate the loan schemes. The borrowings reflect the interest rate profile of the loan portfolio.

Operational risk

Operational risk comprises all the potential sources of loss relating to Innovation Norway's day-to-day operations. Examples of such sources include procedural failure, computer system failure, lack of competence and breach of trust on the part of employees. Internal control is an important tool in reducing operational risk.

The company's steering documents are collated and made available in a special database. Innovation Norway has contingency plans and carries out exercises on a regular basis. A dedicated compliance function helps the company reduce the risk of incurring public sanctions, financial losses or reputational harm due to a failure to comply with external and internal regulations.

One of the duties of the compliance function is to deal with whistleblowing cases. In 2018, 22 cases were heard in accordance with the procedure for managing whistleblowing cases. This was seven more cases than in 2017. There was an increase in the number of whistleblowing cases that involved Innovation Norway's own employees.

Innovation Norway's activities are governed by the Norwegian Freedom of Information Act, albeit with some exceptions. The company is a visible social institution and is therefore continually in contact with the media. In 2018, Innovation Norway was the focus of major media attention due to specific events and circumstances concerning the company. Both the Board and management followed-up the contact with the media in connection with these cases.

Going concern

The annual accounts have been prepared on the basis of a going concern assumption. The accounts give a true and fair picture of the company's assets, liabilities and result. No circumstances have arisen since the end of the financial year that are of significance to the evaluation of the company and that are not mentioned in the annual report and pertaining notes.

Working environment

Innovation Norway is an Inclusive Workplace (IW) enterprise and has a corporate health service at both its head office and the district offices. Regional safety delegates have been established in each of the offices abroad and separate work councils/working environment committees have been established in the largest offices in Norway. An internal control system has been established for matters relating to health, safety and the environment (HSE) as an integrated part of the organisation's overall quality assurance. Procedures for notification (whistleblowing) have been established.

The sick leave rate was 3.8 per cent in 2018, compared with 2.9 per cent in 2017. By comparison, the sick leave rate in public administration and the armed forces, as well as national insurance schemes under public administration, was 6.2 per cent in the third quarter of 2018. Two injuries were reported in 2018.

Employee turnover in 2018 totalled 7.6 per cent (including temporary employees, employees on assignment and retirees). If we only look at turnover among permanent employees (including retirees), this figure is 6.2 per cent. 89 new employees were recruited externally, while the company made 50 internal recruitments.

The 2018 employee satisfaction survey was conducted in April and the results in each department were followed up until the summer holidays. The total response rate to the survey was 86 per cent.

The survey was prepared by Difi and provides a benchmark in relation to 35,000 public sector employees. Principal features of the survey:

- Innovation Norway is an engaging workplace with good execution capacity.
- Employees are motivated by their social assignment and are proud to work at Innovation Norway.
- 3 out of 4 employees have a very high or high level of enthusiasm.
- Employees believe that they have development opportunities, that they are able to make use of their expertise and that their work is challenging. In addition, they find their work days to be good, professional and varied.
- Points of improvement are information, training and (digital) work tools.

Innovation Norway is considered an attractive workplace by both the company's employees and potential job seekers. For the second year in a row, in a survey conducted by Universum, Innovation Norway was voted as the most attractive employer among people in the work force with an educational background in economics.

Equality and diversity

Gender equality and diversity are implemented in the company's routines and guidelines. Awareness of this shall be a natural part of the manner in which the company operates.

The Board of Directors consists of eleven members, of whom five are women and six are men. At the end of 2018, the proportion of women in the executive management group was six out of twelve (50 per cent).

The proportion of women at Innovation Norway was 56 per cent at the end of 2018. The proportion of new employees in 2018 who are women was around 60 per cent.

THE PROPORTION OF WOMEN BY POSITION:

The proportion of women by position:

Job category	2018	2017	2016
CEO	63%	52%	44%
Lawyer	43%	50%	43%
Head of Department	56%	49%	47%
Special Adviser	38%	36%	32%
Senior Adviser	53%	50%	48%
Adviser	75%	79%	78%
Consultant	79%	83%	81%

PAY RATIO BETWEEN WOMEN AND MEN FOR ALL OF INNOVATION NORWAY:

Pay ratio between women and men for all of Innovasjon Norge:

Position level	Difference in average base salary (women/men)		
	2018	2017	2016
CEO	-7.7%	-2.44%	1.10%
Head of Department	-0.5%	-3.81%	-1.40%
Special Adviser	-0.7%	-3.73%	-4.40%
Senior Adviser	-5.6%	-2.75%	-2.80%
Adviser	-2.0%	-2.83%	-4.10%
Consultant	Not available*	Not available*	-4.40%

* Fewer than 4 employees in the sample.

The table shows the difference between the average pay for women and men. The results indicate that the average pay for women is slightly less than the average pay for men for positions that are at the same level.

Innovation Norway has an active and conscious attitude towards equal pay in connection with new appointments and internal mobility, which is an important tool given the level of mobility in the company. We are generally aware of the differences in pay at individual position level and actively work towards safeguarding the principle of equal pay.

As at 31 December 2018, 32 of the 723 employees worked part-time. Of these, 72 per cent were women.

The company complies with the guidelines for terms of employment for managers in government enterprises and corporations. Innovation Norway includes a diversity statement in all job advertisements. This emphasises that our recruitment process aims to ensure diversity with respect to gender, age and cultural background. Innovation Norway has a general arrangement for this diversity.

Annual reports are submitted to the Directorate of Integration and Diversity on the status of recruitment and the appointment of new employees from immigrant backgrounds.

New Board of Directors

A new Innovation Norway Board of Directors was appointed for 2018-2020 at the general meeting on 3 May 2018. A total of four of the nine owner-elected board members were new. Gunnar Bovim was elected as the new chairman.

Internal restructuring and organisation

Innovation Norway's restructuring process commenced in 2014 and the company has delivered clear results up to the present day. During these years, there has been work on improvements in relation to work processes, organisation and new digital channels.

The digitalisation process has been more demanding and has taken more time than originally planned. The company has moved its entire application portfolio to cloud and launched a sharing platform and joint information model for services for all employees. A new website has been launched and important systems for customer and case processing have been simplified, however the company has not progressed as far as it would have liked in digitalising customer dialogue.

Innovation Norway is one of the first enterprises in the public sector to move all of its solutions to cloud. This is an important prerequisite for being able to realise the company's continued ambitions of digital transformation in the coming years.

The Board wants the company's digital ambitions to be assessed in the impending work of developing a new strategy for the company and that the groundwork is laid for a change of tempo in the digitalisation work in the coming years.

In 2018, Innovation Norway adjusted its office structure to fit the new county boundaries and prioritised strengthening cooperation in the regional partnerships. The role as innovation policy advisor for regional clients is strengthened by all offices being offered good support in this work from the innovation policy department and regional team at the head office.

External environment

Innovation Norway's activities have not contributed to pollution of the natural environment over and above what is natural for an organisation of this kind. The head office and the district offices are Eco-Lighthouse certified.

About corporate social responsibility

Innovation Norway will strengthen the company's work on corporate social responsibility and the prevention of corruption, both internally and at the company's customers.

Innovation Norway's Sustainability Strategy (2016-2020) sets frameworks for all work at Innovation Norway and uses the UN Sustainable Development Goals, the principles in the UN Global Compact, the OECD's guidelines of multinational companies and UN Guiding Principles for Business and Human Rights as a basis for the work with the strategy and implementation. The requirements we set for customers and partners are stipulated in the document "Good business practice – Innovation Norway's expectations of customers and partners". These are based on the same guidelines and principles – all of which are recognised standards in the area of corporate social responsibility.

Innovation Norway's expectations and requirements for our employees, employee representatives and consultants who perform services for the company are described in the company's Code of Conduct and Anti-Corruption Policy. The Code of Conduct also contains a special chapter on business ethics that stresses that ethics and corporate social responsibility must be included in the assessment criteria when using services and selecting collaborative partners and suppliers. Innovation Norway's corporate social responsibility work and ethical framework are also special topics in the company's procedure for training new employees.

Corporate social responsibility forms an integral part of Innovation Norway's services and all parties that receive services from Innovation Norway are required to comply with good business practices in line with globally recognised guidelines. This also entails that customers and partners are familiar with their own major areas of risk relating to corruption, negative impact on the environment, human rights, employee rights and/or other aspects relating to business ethics, and that they implement measures for managing these. Provisions concerning this are also included in Innovation Norway's standard terms and conditions for loans, grants and guarantees.

A special "Guide for evaluating overall sustainability in funding cases" is available to the company's customer and funding advisers. In some of Innovation Norway's expert services, the programmes provide a special module on corporate social responsibility that has been specially adapted to companies with an international focus.

In the advisory and expert services provided by Innovation Norway, principles for good business practice are followed up through, among other things, cluster projects in which specific issues concerning sustainability and whether the company reports in accordance with various corporate social responsibility frameworks are included in the zero point and compliance analysis.

Innovation Norway has several assignments that involve assisting companies in demanding markets. In 2018, good business practice, with a primary emphasis on understanding the requirements and expectations that are set, was on the agenda at a number of seminars and meeting places within the framework of Innovation Norway's assignments.

The company continued compulsory anti-corruption training for all employees in 2018 through ethical dilemma training. The purpose of the training is to ensure that everyone who performs work or services for Innovation Norway is not only aware of the applicable legal framework, but also undergoes regular training in identifying and tackling situations that might arise. The goal is for all employees to undergo dilemma training twice a year.

The risk of corruption is an important issue in the company's Code of Conduct and is also described in more detail in a special anti-corruption policy. Innovation Norway also has more detailed guidelines for impartiality, the right to hold honorary positions and secondary occupations, as well as rules for ownership and securities trading.

The General Data Protection Regulation entered into force in the EU from 25 May 2018 and in Norway from 20 July 2018. Innovation Norway has worked systematically to ensure the company's governing documentation, systems and processes are in compliance with the new Regulation and will continue this work in 2019.

In November 2017, Innovation Norway launched an electronic whistleblowing channel which is also available to external parties. The whistleblowing channel is available on both the intranet and

Innovation Norway's website and allows the company to communicate with anonymous whistleblowers without them compromising their anonymity.

Innovation Norway has a risk-based approach to Integrity Due Diligence (background checks) of customers, suppliers and stakeholders that Innovation Norway links customers to. Governing documentation is prepared that stipulates the instances in which background checks must be carried out. The actual execution of the background check is regulated by a separate procedure.

As part of the work of incorporating corporate social responsibility work throughout Innovation Norway, a special, expert team of resource personnel has been established. This team has been tasked with providing support to staff and conducting training measures to raise awareness of corporate social responsibility in the company.

Application of profit

The 2018 accounts show a profit of NOK 208 million. For further information about the rules concerning dividends please see Note 37. The Board proposes the following allocation of the

		2018
Dividend allocated to the Ministry of Trade, Industry and Fisheries as an owner, from:		
Low-risk loan scheme	NOK	152 702 101
To be transferred to the Ministry of Trade, Industry and Fisheries from:		
Innovation loans and guarantees	NOK	24 459 023
To be transferred to the county councils as owners, from:		
High-risk loans and guarantees	NOK	17 509 915
Distributed as follows:		
Møre og Romsdal County Council	NOK	3 187 959
Troms County Council	NOK	2 984 504
Trøndelag County Council	NOK	2 176 409
Nordland County Council	NOK	2 059 230
Finmark County Council	NOK	1 874 985
Sogn og Fjordane County Council	NOK	1 637 710
Hedmark County Council	NOK	1 208 739
Oppland County Council	NOK	746 935
Telemark County Council	NOK	684 462
Hordaland County Council	NOK	468 921
Buskerud County Council	NOK	192 054
Aust - Agder County Council	NOK	156 467
Vest - Agder County Council	NOK	125 529
Østfold County Council	NOK	6 011
		<u>17 509 915</u>
Transferred from retained earnings:		
The Investment Fund for Northwest Russia	NOK	2 243 600
The Investment Fund for Eastern Europe	NOK	7 548 113
		<u>9 791 713</u>
Transferred to retained earnings:		
Low-risk loan scheme	NOK	22 863 057
Service deliveries and grant administration	NOK	-
Grand total		207 742 383

Outlook for 2019

Anita Krohn Traaseth stepped down from her position as Innovation Norway CEO at the end of 2018. Hans Martin Vikdal became acting CEO from January 2019. The process of recruiting a new CEO is underway and it is expected that the person selected will start in the position during the second half of 2019.

The Norwegian Government presented its political platform at Granavolden on 17 January 2019. The principal direction of business and innovation policy will remain the same, with the objective of restructuring the Norwegian economy to create growth, new jobs and ensure it has "more legs to stand on". The commitment to knowledge, research and innovation to create new jobs with a high level of value creation will continue. The Government's objective is for Norway to be an innovative country and will strengthen its commitment to business-oriented research and innovation. Innovation Norway is ready to provide strong and clear support to the Government's ambitions by contributing to increased value creating business development throughout the entire country and giving local ideas global opportunities.

The results of the Government's area review of the public support system for business and industry in Norway will be presented during 2019. The objective of the area review is to assess the overall scope of and simplify access to the public support system and in doing so propose

changes that will impact on Innovation Norway in the years ahead. During 2019, the Board will commence work on developing the company's strategy for a new strategy period and the results of the area review will be part of this work.

Oslo, 29 March 2019

The Board of Directors of Innovation Norway