Funding

The total amount of funding to be granted to the higher education institutions by the Ministry of Education and Research is determined annually by the Norwegian Parliament (Stortinget) as part of the national budget.

The current model of funding for higher education institutions was introduced in 2002 as part of and to support the aims of the Quality Reform of Norwegian higher education. These aims were, amongst others, increased quality and better student progression in higher education. The model also sought to facilitate flexibility in the sense that the institutions could more easily alter their range of study programmes in order to both cater for student demands and the need of the labor market for skilled professionals. The institutions' degree of autonomy also increased. The older model was to a larger extent based on regulatory governance from the Ministry and funding on the basis of level of activity, e.g. the number of students. In the new model on the other hand, funding was to a larger degree based on results. After 2002 the funding scheme has been adjusted several times, latest in 2017, but the basic structure and logic remains the same.

The Ministry allocates an annual block grant to each higher education institution. The board of the institution is responsible for making priorities within the confines of the block grant in order to fulfill the aspirations and strategies of the institution as well as nationally defined aims of the higher education sector as a whole. In this way the funding model provides each institution with a considerable degree of autonomy by ceding most decisions of activity and areas of priority to the institutions themselves.

The model of funding applies to both public and private higher education institutions, although the public institutions receive a substantially larger block grant than the private ones. As per 2020, the funding will be distributed to 21 public institutions (all public institutions in Norway) and 15 of the private institutions (not all private institutions receive public funding).

The block grant consists of a fixed component and a performance based component. The fixed component makes up approximately 70% of the block grant whereas the result based component makes up approximately 30% (aggregated for all institutions). Both the total block grant and the proportional relationship between the fixed and the performance-based component vary between the institutions.

The size of the fixed component for each institution depends on a long history of specific priorities made over time by the parliament and the government, adding up to today's fixed component funding per institution.

Performance based funding is determined by the institutions' results on the following eight quantitative indicators for education and research:

[The rest of the indicators are not provided in the text.]
These are incentives for improving performance in higher education and research. Of these eight indicators, the first four have an open-end budget, meaning that the better the results, the more funding the institutions will get, irrespective of the performance of other institutions. The last four have a closed-end budget, which means that the institutions compete about a fixed pool of funds.

A few of the public institutions and most of the private institutions only take part in some of the result-based indicators. This is mainly due to the fees they charge from the students to fund their activities, which public HEIs cannot do.

**Financial autonomy and control**

Higher education institutions receive a total block grant and are free to decide how to allocate between types of cost. Public higher education institutions can earn complementary funds from contract research, grants from research councils, international research grants, sale of publications, etc - provided the relevant national regulations for the sector are adhered to.

Higher education institutions can transfer grants from one year to the next. They can receive gifts from individuals or foundations, but are not allowed to borrow money to invest in buildings, laboratories or similar.

Construction projects at universities and university colleges may be funded in several different ways. The main models are user-funded construction projects and ordinary construction projects. User-funded construction projects are projects where the institution undertakes to meet the rent for the building(s) from its own unchanged budget. This form of funding is available to central government institutions that pay rent to Statsbygg (the Norwegian government's key advisor in construction and property affairs). Ordinary construction projects follow the governmental model for major investment projects. Proposed initial appropriations and cost ceilings for these projects are presented in the national budget.

**Fees within public higher education**

Norwegian public higher education institution do not have tuition fees neither to national or foreign students. A modest fee is charged to all students and is earmarked to be used by the Student Welfare Organisation.

**Financial support for learners' families**

There are not specific financial support mechanisms for learners' families in addition to those pertaining to the students themselves.
Financial support for learners

Support and eligibility

Norwegian students are entitled to loans and grants from the State Educational Loan Fund (NSELF) [1]. Students who have been accepted by a university, university college or other post-secondary education and fulfill certain basic criteria [2], have a right to educational support if they study at least half time. The support is reduced for part-time education. The basic support is meant to cover living costs and study material (books etc.). The amounts are universal for all students who are eligible for financial support. Students can apply for additional loan to cover tuition fees. A student may receive loans and grants for up to a total of eight years. Students may have a one-year delay in completing the education without losing their right to support.

Basic support is initially given as a loan, however, 40% of the loan may be converted to a grant for students who do not live at home with their parents. In order to receive the maximum grant, students have to pass all their examinations and not have income or assets exceeding certain limits.

There are additional grants for students who are on maternity leave, students with children, students who become ill and students with a disability. The size of the grant depends on the income of the student and the income of the spouse or cohabitant.

Financial support is also given for study abroad for Norwegian citizens and certain foreign citizens (citizen of an EEA or EFTA country who has accrued rights in Norway and foreign citizens with permanent right of residence). Norwegian students abroad can in addition to basic support receive tuition support and support for travel expenses. Both tuition support and support for travel expenses are paid partly as a grant and partly as a loan.

Repayment

Students must repay their loans when they complete their education or when they are no longer entitled to receive support. The repayment period is normally 20 years. The first payment is normally made about seven months after graduation.

No interest is calculated or paid during the years of study. Interest is calculated only from the first day of the month following graduation. Interest is also calculated if the student interrupts his/her education or if the student is no longer entitled to financial support. The interest rate for loans is set by the Government, but is normally close to the interest rate on the private market.

The State Educational Loan Fund has schemes and arrangements for loan remission and postponement of payment of interest rates. Any borrower may postpone repayments for a period of maximum 36 months during the entire repayment period. Interest will however, as a main rule, be calculated during the period of deferred payment. In order to be granted relief from paying interest, the borrower must be in a certain situation that entitles him/her to this, amongst which are low income, unemployment, illness, childbirth or care of small children. In addition, the borrower's total income needs to be below certain limits. A borrower who is entitled to interest exemption may also be granted deferred payment for more than 36 months.

In some cases, all or part of the student's loan may be cancelled. This applies if the graduate lives and works in certain parts of Northern Norway and for some kinds of teacher education. All, or part of the loan, may also be cancelled if illness prevents the graduate from working (it is a requirement that you receive a disability pension from the National Insurance Scheme). Debt is also cancelled in case of death. Foreign students from developing countries under the quota system are not expected to pay
back their student loans, if they return to their country of origin after studies in Norway.

**Private education**

Private institutions may charge fees from students for all types of higher education even when receiving state funding, but the fees must be used for the benefit of the students.

*DID YOU FIND WHAT YOU WERE LOOKING FOR?*

*YES*

*NO*

*Contact *

*Message *

Leave this field blank

---

**Source URL:** https://eacea.ec.europa.eu/national-policies/eurydice/content/higher-education-funding-54_en

**Links**

[1] https://www.lanekassen.no/Languages/

[2] https://www.lanekassen.no/nb-NO/Languages/Financial-support-for-foreign-students/