

Funding services
Funding control

December 2.2024

Research Institutes, Universities and Universities of Applied Sciences University Administration of Research and Finance

There have been some changes, additions and clarifications to Business Finland's funding terms and conditions as well as reporting service, which we ask you to take into account when implementing and reporting on your project. The most important of these have been highlighted in this release.

Terms and conditions for public research funding in 2025

The funding terms and conditions of funding services are reviewed annually, and the following clarifications were made to the funding terms and conditions for public research funding in 2025. The new terms and conditions are marked in italics, with any additional instructions listed below.

1. Section 4.1 General principles

The costs of using already existing expensive special equipment or facilities can be allocated to the project when the allocation is made on an hourly basis or according to another similar basis implemented in the organization. For costs allocated in this way to be approved for the project, a written explanation of the allocation criteria to be used and their pricing must be submitted in advance to Business Finland. The costs may be included either under Other costs or under another cost category that better corresponds to the beneficiary's accounting practices.

If the organization's own special equipment or facilities are used in projects funded by Business Finland and their costs are to be allocated to the project, research organizations must in future submit a price list or other report on the special equipment and facilities they use in the projects. The report will be submitted annually together with the calculations of personnel costs and overhead costs. If the reports have not yet been submitted, the report must be submitted in conjunction with the funding application.

2. Section 4.2 Value added tax costs

Agencies and institutions under the budget economy will register to the direct costs of the project the VAT contributions corresponding to the funding of the Funder (right of use and registration)

- *to the Ministry of Employment and the Economy's administrative department VAT item 32.01.29, when the financing decision has been taken under the authority of budget appropriation 32.20.40*
- *to VAT item 24.01.29 of the Ministry of Foreign Affairs, when the decision to allocate the appropriation is taken from budget appropriation 24.30.66.)*

The VAT items that were missing from the 2024 funding terms and conditions due to shortcomings in the budget text have now been restored to the funding terms and conditions.

3. Section 4.3 Procurement procedures

If a procurement has been made in violation of the procurement provisions or the beneficiary's established guidelines, the procurement price is not an eligible project cost.

The important role of the beneficiary's own guidelines in procurement procedures was highlighted in the text of the funding terms and conditions. Compliance with procurement regulations is not enough; the organization's own confirmed guidelines must also be followed when making a procurement.

See the instruction on Business Finland's website:

[The Act on Public Contracts, EU State aid instruments and funding granted by Business Finland](#)

4. Section 4.4 Salaries

The salary costs of the accountable project leader can be accepted as a direct cost of the project when the leader works directly on the project. The accountable project leader's time spent on general administration is not accepted as a direct cost of the project.

Different organizations have used slightly different principles to account for the salary costs of the accountable project leader. To ensure that customers are treated fairly, we added a guideline on accepting the salary costs of the accountable project leader as direct costs to the funding terms and conditions.

5. Section 4.8 Equipment purchases

The Funder may accept the procurement cost of a research equipment purchased for the project as a one-off payment as a direct cost if the equipment is used primarily in the project during its economic useful life. Research equipment refer to devices or software used in the research that are necessary for the implementation of the project.

The word 'one-off' has been added to the paragraph for clarification.

Equipment purchased with Business Finland funding must not be used for economic activities. Research organizations must keep economic and non-economic activities strictly separate.

In the additional information field of the report, the beneficiary must state the acquisition price of the equipment, its economic life, its use in the project and the proportion between project and other use. If the economic life of the equipment is, for example, three years, "mainly in project use" does not apply if the equipment is only used in the project for one year.

6. Section 4.9 Purchased services

All participants in a joint action must contribute to the costs of a common service purchase, such as project coordination. The services purchased must not include funding transfers to a third party.

Research organizations and companies participating in joint projects have reported the costs incurred from coordination to Business Finland using different principles. Coordination costs have been divided and reported on the basis of mutual agreements, and it may have been problematic for Business

Finland to accept the costs in cases where Business Finland funding has been transferred to a third party.

All recipients of the coordination service must contribute to paying the coordination costs, regardless of whether the recipient of the service is implementing a project funded by Business Finland or another funder. If the recipient of the coordination service does not contribute to covering the costs of the coordination service, the funding is considered to have been transferred to a third party.

Upon request, the Funder must be provided with the content of the coordination agreement, which shows that the service does not include a service created before the start of the project or a service not included in the implementation of the project.

The coordination costs of the collaboration can be divided either as a percentage or according to another precise and pre-agreed formula. The basis for dividing the costs cannot be the amount of funding granted by Business Finland.

7. Section 5 Consideration of income

The eligible costs of a project cannot be intended to generate income over the lifetime of the project. Project income is defined as cash flows for consideration that are generated directly by the reported costs of the project. Reciprocal cash flows occur when the beneficiary gives up money received in exchange for immediate consideration. The right of first refusal for the project's results, as provided to funders according to the Innovation Funding Agency Business Finland's funding terms and conditions, is not considered a form of direct compensation.

Economic and non-economic activities must be kept separate. The funded project cannot include income from economic activities, or the costs incurred in carrying them out. Exceptionally, if, during the lifetime of the project, the eligible costs of the project generate income from non-economic activities, these will be taken into account as a deduction when approving the costs of the project.

The need to separate economic and non-economic activities was not previously clearly stated in the section on Consideration of income; this has now been specified in the funding terms and conditions.

8. Section 12 Changes

The beneficiary must submit a written application to the Funder in advance if the project deviates from the original project plan in the following aspects:

- *changes to the project plan*
- *changes in the financial plan*
- *changes in cost categories*
- *changes to the schedule*
- *change of the reporting date*
- *change of accountable project leader.*

The funding terms and conditions have not previously mentioned changes to the funding plan. In order for the research organization to maintain the funding plan table appropriately, all changes to the plan must be approved by Business Finland. After the project change event is processed, the funding plan is updated in the online service and the beneficiary can update the accumulated funding appropriately.

Change in the funding application

The instructions for the project start date in the Public Research Funding Application have been clarified. The first sentence has been removed because it may have been misleading, such that the project has been started before the research organization has opened the necessary tracking code for the project. Current application text:

Project costs must be based on project accounting and reliable allocation of working time. The start date of the project must be chosen in such a way that the organization can ensure that the costs belonging to the funded projects are recorded in a reliable manner. Projects must be planned so that the work does not begin until the applicant has received the funding decision. In exceptional cases, Business Finland may accept a date earlier than the date of the funding decision as the starting date when the granting of funding is considered probable, but the final funding decision is delayed, for example, due to the expiry of the grant authorities or due to a delay caused by the meeting schedule of the Board of Directors.

Business Finland may make a funding decision to start before the funding decision date only in exceptional cases, if the start date for organizing project accounting has been agreed upon with the research organization's administration.

Notes on the reporting service

New help text for reporting procurement

In the reporting service updated in October 2024, the euro amount of an individual procurement was added to the Procurement section.

At the same time, the term 'most significant' has been opened up to make it easier for our customers to determine when procurement information should be itemized. In terms of project monitoring, it is important to have a more comprehensive view of the purchased services and goods purchased in the project. The help text has been rewritten:

"Click to add the most significant items from purchases of goods and services. In the Content field, briefly describe (max. 200 characters) the content of the procurement and, if necessary, which task or work package the procurement is related to. For example, procurement/procurements are considered significant if their purchase price constitutes at least 20% of the total amount of procurements reported to the relevant cost group during the reporting period. From the perspective of Business Finland, a procurement is also significant when there is no mention of the procurement in the project plan, in which case the description of the procurement can be used to ensure that the procurement is related to

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the project. If costs are incurred for a cost type for which no costs have been budgeted, always clarify these as well."

Project personnel reporting on the progress and implementation of the project are expected to comment on the resources, costs and procurement-related events in the content report, but comments in the content report do not eliminate the need to also itemize costs in the Procurement section and, if necessary, in the additional information field. The additional information field still specifies the item for other costs.

Naming documents

The online service may accumulate dozens of documents during the duration of the project. To make it easier to return to the documents later, we ask that you pay special attention to naming the documents in a way that describes the document.

Agenda and minutes of the first meeting of the steering group

The funding terms and conditions require that Co-Innovation and Co-Research projects have a steering group. In connection with the first interim report, you will be asked to submit the minutes of the first meeting of the steering group, which include a mention of the approval of the project plan, cost estimate and financing plan. It is good to treat the approval of these plans as a separate section, so that they are easily noticeable in sometimes very long documents.

Read more on Business Finland's website:

[Steering group](#)

Other annexes to the report

Only the requested attachments mentioned in the report will be submitted as attachments to the report. If we need additional information and explanations, we will request them separately.

Feedback on the reporting service

Finally, some preliminary information about the upcoming customer satisfaction survey. Early next year, we will survey customer experiences with the reporting service that has been in use for a couple of years; how the reform has served you and what features that make reporting easier are still missing.

Best regards,

Innovation Funding Agency Business Finland