

Funding for companies' R&D activities

1 Funding decision and its terms and conditions

The funding decision will come into effect once any special conditions laid down for entry into force of the decision have been fulfilled and the beneficiary has accepted the funding decision and its terms and conditions in the online service. In conjunction with acceptance, the bank account number into which the funding will be deposited shall be indicated. The person approving this decision must be authorised to sign for the organisation.

These terms and conditions for funding are part of the funding decision, and compliance with them is the prerequisite for payment of the funding.

The funding granted under the funding decision is

- state aid that is permitted under Article 25 and Article 28 of the General Block Exemption Regulation (Commission Regulation (EU) No 651/2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty; Official Journal of the European Union, L 187, 26 June 2014, page 1) or
- state aid that is permitted under Finland's temporary Framework Scheme for State aid measures for COVID-19 (Commission decision Framework SA.56995) (based on Article 107(3)(b) of the Treaty on the Functioning of the European Union and chapter 3.1 of the Temporary Framework for State aid measures (Communication from the Commission 2020/C91 I/01, with amendments)).

The support program is explained in the funding decision.

These funding terms and conditions have been issued under section 11(4) of the Act on Discretionary Government Transfers and section 3 of the Act on State Lending and State Guarantees.

2 Publicity of the funding decision

The following information will be public: the beneficiary's name, business ID, size, sector, region, form of financing, granting date, the amount of funding granted and the amount paid.

When the beneficiary disseminates information about the project or its results, it must disclose that Business Finland has provided funding for the project.

The Ministry of Economic Affairs and Employment, Finnvera, Business Finland Oy, Innovation Funding Agency Business Finland, ELY Centres and TE Offices may exchange client information relating to the beneficiary.

The Funder may also require information from other authorities and funding bodies (such as the Finnish Tax Administration, municipalities, banks, capital investors, Sitra and the Foundation for Finnish Inventions) for the purposes of payment and supervision of funding. The Funder may, notwithstanding confidentiality provisions relating to business secrets, contact these authorities and funding bodies in order to obtain or provide information associated with the beneficiary and this project. By accepting the funding decision, the beneficiary agrees to the exchange of information.

The beneficiary must submit their annual statements, including appendices, for publication in the Finnish Patent and Registration Office, as laid down by law.

3 Accountable project leader

The beneficiary appoints an accountable project leader who is in an employment relationship with the beneficiary or holds a responsible position in the company. The accountable leader monitors the implementation of the project referred to in the funding decision. The accountable leader is responsible for ensuring that:

- the funding decision has been accepted in the online service
- project accounting has been arranged in accordance with these terms and conditions
- working time monitoring has been arranged in accordance with these terms and conditions
- the decision and related terms and conditions are reviewed with financial management/an accounting firm and they have been sent to the auditor for information
- the project is implemented in accordance with the plan
- declared costs have been incurred by the project during the duration of the project
- the persons chosen to manage the matters pertaining to the project in the online service have access rights to the project.

4 Reporting

The accountable project leader is responsible for reporting on the project.

A salary specification (Y4) must be appended to the cost statement. An auditor's report must also be submitted as part of the final report.

Upon request, the Funder must be provided with additional information if required for project monitoring. Additional information may include copies of receipts, invoice itemizations, selection criteria for purchased services and working time monitoring reports.

Before payment of the final cost statement, the project may be subjected to a cost audit of all expenses incurred in the project. The cost audit does not replace the auditor's report or remove any other right of inspection.

The beneficiary must declare all project costs at the latest in the final cost statement. If it is necessary to make changes between the cost categories in the cost estimate, the beneficiary must apply to change the cost estimate in the Online Service. No new project costs can be presented after the approval of the final report.

The costs that have been initially approved on the basis of the interim report will be revaluated in connection with the final report. The Funder will only give its final approval to the costs after it has received the auditor's report.

5 Auditor's report

The costs are confirmed on the auditor's report. The beneficiary must submit an auditor's report covering the entire duration of the project and prepared by an independent auditor as part of the

1.1.2021

final accounting. The report template is available on the Business Finland website.

Reasonable costs arising from the auditor's report prepared by the project auditor can be accepted as direct project costs. If the billed and paid costs incurred by the audit are not included in the project costs confirmed by the auditor, copies of the invoice of the audit costs and receipt/bank statement must be submitted to the Funder.

The Funder has the right to deliver the auditor's report to other authorities for the purposes supervising funding.

6 Payment of funding

The Funder will provide the funding on the basis of approved reports and cost statements. The first instalment of a loan may be paid in advance.

A minimum of 10 per cent of the funding granted for the project will only be paid after the approval of the final report. The final instalment will be paid if the project has accumulated an adequate amount of eligible costs.

The final instalment of a loan is 20 per cent of the principal of the loan granted by the Funder. It will not be paid until the final report has been approved and if the project has accumulated an adequate amount of eligible costs.

If the final report shows that, including the advance payments, the loan payments exceed the amount due for eligible costs, the beneficiary must return the excess amount.

The Funder also has the right to withhold payment of the full loan amount intended to cover the costs detailed in the interim report if the project costs do not accrue as planned.

The Funder has the right to withhold funding in connection with the interim report if the sum to be paid is too small when compared with the total funding.

The State Treasury is responsible for administering the loan and the related practical payment arrangements. In addition to these terms and conditions, the loan recipient must comply with the terms and conditions set out in the bond issued by the State Treasury.

The beneficiary must apply for the final funding instalment when they submit the final project report and the final cost statement. Any funding that the beneficiary applies for after that will not be granted. The loan must be drawn at the State Treasury within six months of the date of the payment decision letter issued after the final report and final cost statement.

Entitlement to the granted funding or part of it will lapse if the beneficiary does not submit the requested reports or further information by the due date specified in the funding decision or separately notified by the Funder. Innovation Funding Agency Business Finland may order any funding already provided to be repaid immediately, with interest.

7 Monitoring of costs and project accounting

The beneficiary must arrange its accounting so that the costs arising from the project can be itemized and their connection with the accounting and the cost statements can be verified.

If the customer's accounting system does not permit the generation of cost-category-specific reports, the customer must draw up some other calculation that lists how accounting costs are allocated to cost categories (such as an Excel spreadsheet).

The working time monitoring forms a part of the project accounts.

Accounting must include purchase invoices of project purchases. The invoices must specify the product or service purchased for the project and the project identifier. Business Finland does not accept the allocation of purchases for a project as a percentage of the total sum of a purchase invoice, for example.

The costs must be based on the corresponding expenditure payment records. This does not apply to computational costs allocated to the project. The expenses must be fully paid in money by the beneficiary when they are reported to the Funder. Procurements may not be paid by loans issued by the recipient of the payment. Invoices for work performed during the project may be paid after the project has ended.

Costs incurred from the auditor's report may be incurred and may be paid after the project has ended.

Project documents and other materials necessary for the supervision and auditing (including personal working time records, where required) must be kept for a minimum of ten years after the payment of the last project funding instalment.

8 Working time monitoring

Each person working for the project must record the time that they allocate to the project on an hourly basis. Working time monitoring also applies to persons who are paid trade income.

Persons to whom the Working Hours Act does not apply or who do not have specified working hours must keep records both of hours worked on the project and of total working hours.

Hours spent working on the project must be reported for days when the actual work has been performed.

The accountable project leader or the supervisor of each employee must confirm the working hours at least on a monthly basis. Entry of confirmation must be saved in the monitoring system.

The Funder has the right to refuse approval of the salaries in whole or in part if the working time monitoring has not been in compliance with the above terms and conditions or cannot be regarded as reliable.

The material related to working time monitoring, hourly monitoring reports and verified monthly summaries must be kept for a period of ten years after the payment of the last project funding

1.1.2021

instalment.

9 Eligibility of costs

The following costs are considered eligible costs: research, development and innovation expenditure that

- have arisen from the project during the duration of the project (accrual basis)
- have been entered in the accounts of the beneficiary
- are in net amount and VAT exempt.

The Funder has the right not to accept costs presented in a statement if their relevance to the project is not clearly substantiated or they are too large in view of the project results.

The updated project plan and cost estimate form a part of the funding decision and serve as the basis for the approval of costs. All costs based on the project plan must be reported and declared to the Funder. Final approval of the costs for a project can only be given after the costs have been approved.

In order to ensure the effectiveness of funding, principally only procurements and work ordered after the funding application was submitted may be approved for the project. However, if a procurement included in the project has been ordered before submitting the funding application, the relevant order or agreement must include a cancellation clause whereby the realization of the order or agreement is made contingent on the funding application being accepted. If there is no such cancellation clause, then such a procurement will not constitute an acceptable cost.

Costs will be approved ex VAT, unless the beneficiary is not liable to pay VAT. The costs on which VAT is payable may also be declared if they are connected with VAT-exempt operations and the VAT will be payable by the beneficiary.

The Funder may, at its discretion, accept certain cost statement categories according to an accounting practice that is based on unit costs calculated using the beneficiary's own expenditure records. The use of this must be agreed on a project-specific basis.

The Funder or a party authorised by it has the right to audit the reliability of the accounting system. The Funder may also require that an independent auditor issues a statement on the reliability of the accounting systems.

10 Procurement procedures

When the beneficiary is a public procurement unit or the funding provided by the Funder or other public funding covers more than 50 per cent of the project costs, the beneficiary must observe the provisions of the Act on Public Contracts. When the total value of the procurement is at least 60,000 euros, the procurement must be tendered as a public procurement.

If a public procurement unit has made a procurement in violation of the procurement provisions, the procurement price will not constitute an eligible project cost.

The beneficiary must prove that competitive bidding has taken place by attaching a copy of the contract notice published in HILMA (hankintailmoitukset.fi) to the cost statement, or by providing

1.1.2021

justification for applying the direct award procedure.

11 Salaries, declared salaries

The beneficiary may only declare the proportion of a person's salary that correspond to the total working hours allocated to the project and that is based on the monitoring of the working time.

Eligible costs include salaries subject to withholding tax for the effective working hours dedicated to the project by participants working on the project, for up to 11 months per year (specification template Y4).

Effective working hours do not include absences on full pay, such as annual holidays, or the time spent on sick leave or maternity, parental or paternity leave.

The amount of salaries declared to the Funder

- may not substantially differ from what has been paid to the person in question for work of a corresponding level, either before the project or immediately after it
- must correspond to the compensation paid to the person by the beneficiary for other work during the project.

The Funder may, at its discretion, accept the payment of a reasonable salary to a person working for the project who has not been paid any salary for any work before the project.

The Funder will not accept any salary components that are paid to a person on the condition that funding for the pay component is received from the Funder or other funding bodies.

The beneficiary must notify the Funder if performance-related and/or other exceptional payment components are included in the salaries declared to the Funder. The Funder may, at its discretion, approve them if they are an established and important part of the beneficiary's salary payment regime. The beneficiary must always submit the details of the total amount of the exceptional salary components, the payment criteria and period for which the components are paid so that the proportion allocated to the project can be determined.

If the compensation paid is classified as trade income and not as salary, the beneficiary must declare it under Purchased services in the cost statement.

As a rule, the salaries of the beneficiary's managerial and administrative personnel are classified as overheads. Such salaries may, on a case-by-case basis, be accepted as direct costs, if the work performed is directly allocated to the project.

The beneficiary must report any project-related salaries paid to persons coming from abroad to work in Finland or persons working abroad. If a salary specification is submitted in connection with the reporting, the information shall be entered on the template.

12 Indirect personnel costs

A percentage of the salaries paid for effective working hours and approved for the project that is laid out in the project cost estimate (max. 50%) can be accepted as indirect personnel costs.

Indirect personnel costs include

- midweek holidays, holiday pay, sick pay and holiday bonus
- social security costs
- other employment costs, such as recruitment costs, personnel training, fringe benefits, workwear and protective clothing.

The Funder has the right to intervene in budgeted indirect personnel costs arising from employment relationships that are not subject to the same indirect personnel costs as conventional employment relationships. Such employment relationships may apply to individuals who do not come under the Working Hours Act (shareholders in management positions), persons coming from abroad to work in Finland or persons working abroad. For persons that do not receive any holiday pay, a total of 30 per cent of all declared salaries are approved as indirect personnel costs.

The Funder has the right to verify all indirect personnel costs and pay the funding on the basis of actual indirect personnel costs when these remain under the level approved in the cost estimate. Indirect personnel costs must be calculated on request using a spreadsheet available on the Business Finland website.

13 Overheads

The Funder can accept as overheads a percentage of the project-related salaries and indirect personnel costs as set out in the project cost estimate.

Costs considered as overhead are not eligible under other cost categories. Such costs include

- the salaries of managerial and administrative personnel
- IT, phone, office and facilities costs and the related depreciation as well as
- annual patent payments.

The Funder has the right to have the indirect cost percentage checked and to pay funding on the basis of actual overheads, if they fall below the level approved in the cost estimate. When requested, the overhead cost rate must be calculated using the overhead cost rate calculation available on the Business Finland website.

14 Travel expenses

Travel expenses declared to a project must be in accordance with the project plan, and any hours worked in relation to them must be reported in the project's working time monitoring. If other work was also performed during a trip specified in the project plan, the share of these hours must be deducted from the project's travel expenses in proportion to working time.

The travel expenses included in the project plan can be accepted in accordance with the following regulations of the Finnish Tax Administration:

1.1.2021

- Decision of the Finnish Tax Administration on the tax-exempt compensation of travel costs
- Instruction of the Finnish Tax Administration concerning compensation for commuting expenses.

Travel costs that are connected with the identification of international partners or with the preparation of international follow-up projects are accepted as project costs if the preparation of the international project is included in the project plan.

15 Material and supplies costs

Material and supplies costs based on procurement from an external supplier can be accepted as invoiced.

Internal material and supplies costs must be declared at cost price.

16 Machinery/equipment costs

The Funder may accept the cost arising from the purchase of an equipment for the project as a direct project cost if the special part is mainly used in the project. According to the Accounting Act, the acquisition cost of the equipment can be recognized as an expense in the financial period in which it was taken into use.

If the instrument is also used for other purposes, the acquisition cost is may be accepted to the extent that the instrument is used in the project.

Second-hand machinery and equipment are eligible if no public funding has been received for purchasing second-hand machinery or equipment in the previous five years. It is the beneficiary's responsibility to identify the previous owners of second-hand machinery or equipment during the previous five years and to find out whether they were subsidized. The five-year period is calculated from the latest payment of subsidies towards the machinery or equipment received by the seller. Second-hand machinery or equipment is always deemed to have been purchased on the date on which the transaction was agreed (contract, order, delivery or payment).

What is stated of an instrument above also applies to the software required in the project.

Fixed assets acquired by means of a partial payment contract made with a financing company that is in accordance with the Hire Purchase Act or means of a similar arrangement can be accepted as an equipment purchase when the amount of the instalments paid is at least equivalent to the percentage of the Funder's funding of the fixed assets in question. In such instances, the fixed asset must be in the possession of the beneficiary.

The acquisition costs of personal computers, mobile phones and other equipment included in overheads are not accepted as equipment purchases.

17 Machinery/equipment depreciation/rental costs

If the acquisition cost of machinery and equipment is capitalized and depreciated as an expense over its useful life according to plan, the depreciation accrued during the project period will be

accepted.

Depreciation and rental costs of machinery and equipment that are mainly used in the project are eligible in so far as they are used in the project.

SaaS/cloud service purchases must be declared as Machinery and equipment rental costs.

Depreciation of machinery and equipment is eligible when it is based on depreciations, provided that no other public or European Union funding has been received for purchasing the relevant assets.

The costs of rental equivalent to the cost of fixed assets that have arisen during the duration of the project are eligible up to the value of equivalent purchase costs. Other rental costs, such as administration, financing, insurance, repair and other equivalent costs, are not eligible costs. If the above costs cannot be itemized, a maximum of 50 per cent of the total rental cost to the project are eligible as project costs.

The terms and conditions concerning machinery and equipment depreciation and rental costs also apply to R&D facilities costs where the acquisition of these is essential to the project.

18 Purchased services

The costs of research, know-how or patents purchased or obtained on license from external sources on market terms, and the costs of consultation and similar services, may be approved as per the project plan and invoices if these purchases have been used only in the project and nowhere else.

Software required for the project is approved under Machinery and equipment costs or Machinery and equipment depreciations and rental costs, not under Purchased services.

Purchased service costs can also include the following costs as direct project-related expenditures:

- audit of the project costs
- information and data gathering
- application for industrial property rights for SMEs.

A large company refers to a company that is not considered an SME under Article 2 of Annex I of the Block Exemption Regulation. (Commission Regulation (EU) No 651/2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty; Official Journal of the European Union L 187 26 June 2014, p. 1)

Business Finland may approve costs of initial applications for intellectual property rights incurred during the project by small and medium-sized enterprises. The level of funding may be up to 50%. Costs are approved up to the granting of the intellectual property right, including the costs of responding to an interim decision. Business Finland will not approve costs related to maintenance (such as annual fees) or the patenting or international expansion of intellectual property rights of results achieved before the start of the project. Business Finland will not approve costs of opposition proceedings, appeals or infringement trials.

Costs related to the IPR applications of large enterprises (incl. midcap companies), as defined by the EU, will not be approved. In contrast, costs related to novelty searches are approved costs also for large enterprises.

1.1.2021

Services purchased from domestic SMEs; for these purposes, a small and medium-sized enterprise (SME) is defined as a Finnish company with fewer than 250 employees. Also fees billed by an independent contractor are declared under "Services purchased from SMEs".

Services purchased from domestic public-sector research organizations; a research institution is defined as a Finnish university, university of applied sciences or public research institute.

Services purchased from other domestic companies/entities; services purchased from domestic organizations other than those specified above are entered under this cost category.

Services purchased from the European internal market area; under this cost category are entered the purchased services from the European internal market area (an area formed by the European Economic Area and the Swiss Confederation).

Services purchased from outside the European internal market; services purchased from outside the European internal market are entered here.

19 Purchases from other companies in the same group and associated companies

Definition of an associated company

Companies (here referring to all legal persons) are considered each other's associated companies if at least 20 per cent of the other company's share capital or corresponding equity is directly or indirectly owned or controlled by the other company. This rule also applies when a person holds shares of ownership in more than one company. The Funder also considers companies to be associated companies if the other company exercises control over the other company or can in other ways influence where the other company sources its purchases. Such situations may arise when, for example, a person in the company exercising control is a family member, member or deputy member of the company's board or an official, employee or financier of the company.

Group companies and associated companies must also observe these funding terms and conditions.

The beneficiary must ensure that the group companies and associated companies arrange project accounting and working time monitoring in a manner that is in accordance with these terms and conditions.

The group companies and associated companies must provide the beneficiary with an invoice for the services purchased for the project. The Funder may accept costs incurred by the seller for providing the service and paid by the beneficiary. Group-internal administrative costs and items paid as administrative fees are not eligible project costs.

The Funder will accept the paid purchased services without profit. In order to demonstrate the non-profit nature of the services, the group companies and associated companies must also provide the Funder with a separate project cost statement of the costs arising from the project.

The costs must be declared on the cost statement template Y3, salary specification template Y4 and the accountable project leader statement Y5. The accountable project leader statement must be signed by the persons authorized to sign for the group company and the associated company. The templates can be found on the Business Finland website.

The beneficiary must submit the cost statements of the group companies and associated companies and, as part of the final report, an auditor's report detailing the costs of the group company. The auditor's report must be prepared by an independent auditor. The report template is available on the

1.1.2021

Business Finland website. The Funder may, at its discretion, exceptionally accept purchased services without a separate cost statement even from associated or group companies.

In addition to direct project costs, indirect personnel costs and overheads connected with salaries are also eligible costs. A maximum of 50 per cent of the salaries allocated to the project are accepted as indirect personnel costs. Overheads are declared using the rate based on the number of personnel in the group and associated company:

- 1–19 persons: 20%
- 20–49 persons: 30%
- 50 persons or more: up to 50%.

Purchases from foreign group companies, foreign associated companies and costs arising in an overseas office

The Funder may also accept as project costs purchases from foreign companies in the same group and foreign associated companies and costs to the beneficiary arising in an overseas office. This must be specified in the special terms and conditions of the funding decision. Only direct project costs are accepted as eligible costs. Indirect personnel costs and overheads are not accepted. Exchange rates on the date of payment are applied to invoices submitted in a foreign currency.

Foreign group companies and foreign associated companies must provide cost statement forms and an auditor's report prepared by an independent auditor. The auditor's report on an official Business Finland template may be in Finnish, Swedish or English. The forms and auditor's report templates are available on the Business Finland website.

20 Ineligible costs

- entertainment expenses, donations, stipends or grants
- costs related to production, advertising, marketing or sales, such as travel, brochures, advertising expenses or professional fairs
- financing costs
- costs associated with the purchase, protection and implementation of industrial property rights incurred in the projects of large companies
- the beneficiary's funding share for a project implemented in a research organization
- costs for which public funding that may not be combined with other types of public funding is allocated (for example, the payroll costs of a person who has received a startup grant for the same period)
- payroll costs for which a pay subsidy has been received
- services containing other public funding
- any financing, administration, insurance, repair, maintenance or equivalent costs arising from acquisitions financed through a part payment agreement
- costs (administration, financing, insurance, repair or equivalent) related to machinery and equipment rental that have arisen duration of the project to the extent that they exceed the equivalent purchase price
- costs that are not included in the project plan

21 Consideration of income

If, during the project or immediately after it has ended, the beneficiary receives income obtained through costs reported to Business Finland, it must report such income to the Funder without delay and no later than in the final report. Income may be generated through the sale of a prototype,

1.1.2021

presentation project or the results of test production, for example.

If such income is substantial, the Funder has the right not to accept the costs allocated to commercial operations or deduct the income from the costs.

22 Other public funding

The reports must specify all other public funding granted for the project by the state, municipalities and other public entities or bodies or foundations governed by public law. Funding granted by the European Union must also be reported.

The combined total funding that the project receives from the Funder and other providers of public funding may not exceed the project's maximum limit for public funding. If necessary, the Funder will reduce its own contribution so that the maximum amount of public funding is not exceeded.

23 Joint action

In joint action, the parties must provide the Funder with a progress report on their own work according to the schedule mentioned in the funding decision and the funding terms and conditions. In addition to the monitoring of project costs and progress, the project partners must report on how well cooperation has been realized. Any departures from the cooperation foreseen in the project plan must be approved by the Funder.

Each partner must declare its own project costs. A service purchased from another joint action partner can only be accepted as a project cost if the service forms part of the business operations of the seller, i.e. it is not part of the R&D&I activities which the seller declares to the Funder. Funding for joint action is usually paid to all the partners at the same time. Payment of funding may be discontinued for all of the partners, if the cooperation foreseen in the project plan is not achieved due to a breach of the funding decision or the funding terms and conditions on behalf of one of the partners.

The Funder has the right to disclose information to other project partners if such information affects cooperative activity and/or the payment of the funding. The beneficiary will be heard before such a disclosure is made.

24 Monitoring of funding impact

The Funder will continue to evaluate the impact of the projects after their completion.

If necessary, the beneficiary must report on project results for five years after the completion of the project.

The beneficiary must, on request, provide details of the outcome of the plans and forecasts that it presented during the processing of the application and the realization of the project. Upon request, the Funder must be provided with a report on how the business targeted in the project has developed.

The Funder must have the opportunity to audit the beneficiary's annual accounts and auditing statements kept in the Finnish Patent and Registration Office database for a period of five accounting periods following the completion of the project.

1.1.2021

The Funder has the right to commission an analysis of the beneficiary's annual accounts from another public funding agency.

25 Changes to the project

The beneficiary must obtain the Funder's consent for project changes. Consent must be sought from the Funder in writing in advance / before the change if the project's progress deviates from the plan:

- significant changes to the project plan
- changes to cost categories
- changes to the schedule
- changes to a reporting date
- changing the accountable project leader.

The beneficiary must immediately notify the Funder of other significant changes to the project, for example if there are changes to key personnel resources.

Changes of bank account are to be reported using form Y1 available on the website.

26 Project ownership and intellectual property (IPR)

The beneficiary must ensure that it holds the ownership and intellectual property rights in the items used and results generated in the project, either pursuant to legislation (e.g. Copyright Act, Act on the Right in Employee Inventions) or by separate agreement.

If the beneficiary uses intellectual property rights owned by a third party (including employees and owners) in the project, it must ensure that it has sufficient rights to use these intellectual property rights for the research and development as well as the business activities in accordance with the project plan.

27 Reassignment and approval of corporate reorganization

The beneficiary may only reassign the funding decision to a third party during the project with the prior written approval of the Funder. Prior to the reassignment, the original beneficiary must report and declare its share of the project. The auditor must submit an auditor's report on the declared costs.

The beneficiary must notify the Funder in advance in the event that, during the project, within five years of payment of the final funding instalment or before the principal and interest on a loan have been settled in full, it

- sells, gives as security or otherwise assigns business or any part thereof generated in the project
- sells, gives as security or otherwise assigns intellectual property rights or other rights generated in the project
- moves its business activities abroad, or
- undertakes other significant business changes or restructuring, including sale of a share majority, merger, division and significant personnel cutbacks directed at operations funded by

1.1.2021

the Funder.

Prior written consent of the Funder is required for the measures referred to in this section that are carried out outside the European internal market or that may undermine the realization of the targeted project impacts, or that make it more difficult for the beneficiary to repay the loan. No approval is needed if licensing is an integral part of the business originally targeted as part of the project.

The Funder may give its approval if the targeted project impacts can, for the most part, be achieved and the loan repayment secured despite the changes. The Funder has the right to claw back the funding under section Clawback of funding of these terms and conditions if the beneficiary violates against the provisions laid down in this section.

28 Amendments to lending terms

If the commercial use of the project results is substantially delayed, the Funder may for extremely weighty reasons extend the loan period to a maximum of twenty years. The grace period may not exceed ten (10) years.

If the project or the commercial utilization of its results fails completely or partially, the Funder may in exceptional cases waive the outstanding loan principal and the interest payments.

Changes to lending terms must remain within the maximum project support as set out in sections 11 and 12 of the Government Decree 1444/2014. In cases where the funding contribution is less than or equal to the maximum funding intensity, the full principal and interest may be waived. The loan may be partially waived in proportion to the failure of the project or the failure to utilize it commercially.

In exceptional cases, a loan granted on the basis of the temporary aid scheme may be waived in full.

If the beneficiary has essentially neglected its obligations on loan repayment or other public obligations, the Funder may only make changes to the lending terms on extremely weighty grounds.

The loan period cannot be extended or waived solely on the grounds that the desired impacts of the project as declared by the beneficiary and set out in the funding decision have not been realized.

In the event that the provisions in this section differ from those on non-recovery of loans by the Funder set out in the annual state budget of the year in which the loan was granted, the budget provisions take precedence.

29 Beneficiary's disclosure obligation

The beneficiary must provide the Funder with accurate and sufficient information for the payment of funding and for monitoring the compliance with the terms and conditions.

The beneficiary must inform the Funder without delay of any change affecting the realization of the intended use of the funding or of any other change affecting the use of the funding.

1.1.2021

30 Right of inspection

Innovation Funding Agency Business Finland, the National Audit Office, the European Commission and the European Court of Auditors have the right to audit the finances and operations of the beneficiary as required for the payment of the funding and supervision of its use.

The audits can be performed by other authorities or auditors authorized by the Funder to carry out the task. An external expert may, at the Funder's request, assist in the performance of the audit.

Right of inspection will remain in effect for a period of ten years from the payment of the last project instalment. Project documents and other materials necessary for project monitoring and auditing must be stored for at least the same period of time.

The beneficiary should assist with the inspection and provide the needed information for the inspector without compensation.

The auditor has the right to seize any material subject to audit, if auditing so requires. A written record must be drawn up of any seizure of materials during an audit. The record must state the purpose of seizing the material and what has been seized. The seized material must be returned without delay when it is no longer needed for the audit.

The auditor has, to the extent required by the audit, the right to enter the premises managed or used by the beneficiary. This applies to the business, storage and other similar premises used for practicing a profession or a business, as well as other areas relevant to the granting of the funding and the supervision of its use. Audits may not be carried out in premises covered by domestic peace.

31 Discontinuation of payment

Innovation Funding Agency Business Finland may order the temporary discontinuation of the payment of the funding on following grounds:

1. The Funder has reasons to suspect that the beneficiary does not provide the Funder with correct or adequate information or uses the funding in a manner that is in violation of the funding decision.
2. The grounds on which the funding was granted have essentially changed. Such changes include situations where
 - a) the beneficiary deviates from the project plan without a written authorization granted by the Funder
 - b) there is a substantial deterioration in the beneficiary's financial position in relation to the anticipated trend
 - c) the beneficiary loses its equity in full
 - d) the beneficiary initiates reorganization proceedings
 - e) the beneficiary accumulates tax debts
 - f) the beneficiary has failed to adhere to the repayment obligations concerning the loans granted by Business Finland.
3. the payment of funding must be discontinued under European Union legislation.

If the grounds for the discontinuation are not corrected within the time specified in the decision to interrupt funding, Innovation Funding Agency Business Finland has the right to discontinue payment of the funding and to claw back the funding already paid in whole or in part.

1.1.2021

32 Repayment of funding

The beneficiary must, without delay, repay any funding or part thereof received through error, in excess or manifestly without cause.

Grants of less than 100 euros need not be repaid.

The beneficiary must contact the Funder before the repayment of funding.

33 Clawback of funding

Innovation Funding Agency Business Finland may claw back any funding already paid or order the immediate repayment of a loan if the beneficiary violates these terms and conditions.

33.1 Statutory clawback

Innovation Funding Agency Business Finland will issue a decision ordering the discontinuation of the payment of funding and the clawback of funding already paid if the beneficiary has

1. failed to return funding or part thereof that must be repaid under section Repayment of funding
2. used the funding for a purpose essentially different from that for which it was granted
3. provided false or misleading information about a matter that has been essential to the granting of the funding, its amount or terms and conditions
4. otherwise essentially violated the provisions concerning the use of the funding or these terms and conditions in a manner comparable to paragraphs 1-3.

33.2 Discretionary clawback

Innovation Funding Agency Business Finland has the right to order the discontinuation of the payment of funding and the clawback of funding or part thereof already paid if

1. false or misleading information has been provided for the purpose of payment or supervision of the funding, information has been concealed, the provision of the required information has been refused or the information requested by the Funder has not been provided by a specific date
2. the beneficiary has not complied with the terms and conditions for funding
3. the beneficiary has not informed the Funder without delay of any change affecting the realization of the intended use of the funding or of any other change affecting the use of the funding
4. the funding has not been used for the purpose specified in the funding decision
5. the beneficiary has refused to assist in the project audit
6. the beneficiary has terminated the project for which the funding was granted, reduced or altered it substantially or transferred it to another party
7. the beneficiary has been subjected to recovery proceedings, placed into liquidation or bankruptcy, or made subject to reorganization proceedings
8. the requirement laid down in section 12 of the Government Decree 1444/2014 concerning the increasing of the funding intensity is not met during the duration of the project
9. the beneficiary or its representative has been convicted or sanctioned in accordance with section 22 of the Act on the amendment of state subsidies
10. the claw-back of funding is required under European Union legislation
11. the beneficiary otherwise acts in a manner comparable to the matters in this section.

1.1.2021

33.3 Interest

The beneficiary must pay interest on the amount to be repaid or clawed back. The interest is applied from the date of payment. It is calculated as an annual interest to which three percentage points are added. The annual interest is determined in accordance with section 3(2) of the Interest Act (633/1982). The interest rate on the repayment of the loan is defined in the bond issued by the State Treasury.

33.4 Penalty interest

If the beneficiary has not paid the amount to be repaid by the due date set by the Funder, an annual penalty interest must be paid on the amount. For the period after the due date, the penalty interest is in accordance with the interest rate referred to in section 4(1) of the Interest Act (633/1982).

33.5 Moderation of grant clawback

Innovation Funding Agency Business Finland may decide that a part of the sum to be repaid or clawed back, and any interest or penalty interest on it, will not be clawed back if repayment full is unreasonable in light of the financial standing and circumstances of the beneficiary or in relation to the type of property acquired with the grant or in relation to the procedure on which the clawback is based or because of a change in circumstances. For an extremely weighty reason, Innovation Funding Agency may decide to totally waive the sum to be repaid or clawed back, or the interest or penalty interest on it.

33.6 Clawback time limit

The grant and interest or penalty interest on it will not be clawed back if ten years have elapsed from the remission of the final instalment of funding for the project.

34 Funder's right of offsetting

The funding to be repaid or clawed back and the interest on it may be deducted from the other funding provided to the beneficiary.

The State Treasury is entitled to exercise the same right of offsetting in relation to loans granted by the Funder.

35 Misuse

If, during the course of the project, there is reason to suspect that the beneficiary or a person acting on the beneficiary's behalf has committed a criminal offence under the Criminal Code (19 December 1889), with the Funder as the injured party, the Funder will take the required action in the matter.

1.1.2021

36 Order of application

In the event of a conflict between the funding decision and appendices to it, the following order of application will apply:

1. Funding decision and any special terms and conditions thereof
2. Bond issued by the State Treasury
3. Funding terms and conditions
4. Cost estimate
5. Project plan
6. Funding application and the appendices to it
7. Any other documents relevant to the funding decision

37 Scope of application and legal basis

- Annual state budget
- Act on Discretionary Government Transfers (688/2001)
- Act amending the Act on Discretionary Government Transfers (1113/2018)
- Act on State Lending and State Guarantees (449/1988)
- Act on General Conditions for Aid Granted to Economic Activities (429/2016)
- Government Decree on Funding for Research, Development and Innovation Activities (1444/2014)
- Government Decree on amending the Government Decree on Funding for Research, Development and Innovation Activities (125/2018)
- Government Decree on amending and temporarily amending the Government Decree on Funding for Research, Development and Innovation Activities (549/2020)
- Act on the Customer Information System for business services (293/2017)
- Act on the Provision of Digital Services (306/2019)
- Act Amending the Act on Electronic Services and Communication in the Public Sector (307/2019)