

BUSINESS
FINLAND

Project Implementation and Reporting

YOUNG INNOVATIVE COMPANIES



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AMOUNT OF FUNDING

FUNDING PHASES TOTAL 1,25M€

- 1. phase grant 250 000 €
 - Rapid growth and proven competitiveness on international markets
 - Investment in international sales and marketing
 - Strengthen your organization in line with your growth rate
- 2. phase grant 250 000 €
 - Boost the growth and internationalization of your business
 - External funding to support growth
 - Develop your growth strategy, processes and organization to support the rapid scalability of your business
- 3. phase loan 750 000 €
 - Demonstrate the sustainability of your competitiveness
 - Increase growth with private and public funding

FUNDING

The Grant Phases

- The first two NIY funding phases consist of grants of € 250,000 each (75% of the costs).
 - Business Finland pays the grant on the basis of approved cost statements.
 - 10% of the grant is paid at the end of each phase and following the final report.

The Loan Phase

- The third NIY funding phase consists of a loan of up to € 750,000 (75% of the costs).
 - The loan can be divided into two parts.
 - Loan funding from Business Finland includes interest subsidies. The current interest rate is 1%.
 - No security is required for the loan.
 - If necessary, a 30% advance on the loan may be paid at the beginning of the loan phase.
 - This only applies to the first instalment of the loan.
 - Business Finland will pay at least 20% of the loan only at the end of the phase.
 - The loan term is 10 years, with a maximum of five repayment-free years.
 - This maximum is a legal requirement and non-negotiable.
 - The loan term is always calculated from the point at which the first instalment of the loan is taken out (see following pages).
 - Repayment of the loan cannot typically* be waived

* Please see [funding terms and conditions](#)

SIMULTANEOUS NIY AND OTHER PROJECTS FUNDED BY BUSINESS FINLAND

- Business Finland can grant R&D funding to a company receiving NIY funding, if the R&D funding supports the attainment of the goals of the NIY project.
 - Any potential R&D funding needs should be discussed before the application is submitted.
 - 50% of the R&D funding is granted as a loan.
- Other than R&D funding (e.g. de-minimis funding as Tempo, Market Explorer, Group Explorer) cannot be granted during the NIY project.

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ELIGIBLE COSTS

MONITORING OF COSTS

Project accounts

- Project costs must be entered into the company's accounts accompanied by a cost center or project number, for example.
- Project documents and other materials necessary for auditing must be kept for at least 10 years from the payment of the last instalment of the funding.

Working time monitoring

- Business Finland recommends an hourly basis working time monitoring.
- If the beneficiary has simultaneously received other funding granted by Business Finland, every person working for both projects must record their working time on an hourly basis.

ELIGIBLE COSTS OF THE PROJECT

- Project costs are based on the plan presented to Business Finland.
- NIY funding can be used extensively in the development of the company's international business operations, including sales and marketing.
- Funding can only be granted to operations carried out within the first eight years of the company's being in the Trade Register.
- In order to make a payment, a company must not have:
 - arrears related to tax-like payments (or a payment plan has been made with the Tax Administration), statutory declarations to the Tax Administration (VAT, salaries, health insurance) and no other possible arrears, eg to the customs
 - unpaid repayments to the State Treasury and no unpaid repayments or interest arrears on the previous Business Finland loan portfolio
- Services of Vero kasvuyritykset@vero.fi

INELIGIBLE COSTS

- Purchases from associated companies (except where special conditions apply to group or other companies)
- Voluntary insurance policies, financing costs, donations and awards
- Contributions to projects implemented by research organizations
- Hire purchase or leasing costs, funding, management, insurance, repair and other similar expenses
- Costs that do not comply with the project plan or that are otherwise unnecessary and unreasonable
- Export-related activities
 - Running costs related directly to export volumes, the setting up and operation of a distribution network or any other export activities (see next page)

EXPORT-RELATED ACTIVITIES

What is not permitted:

- Direct support towards export volumes
- Support towards warehousing, logistics facilities and distribution hubs
- Support for other distribution-related direct investments and operations funding

What is permitted:

- The establishment of a subsidiary, hiring sales personnel
- Conducting contract negotiations related to distribution and the selection of distribution partners

THE ACT ON PUBLIC CONTRACTS AND COMPETITIVE TENDERING

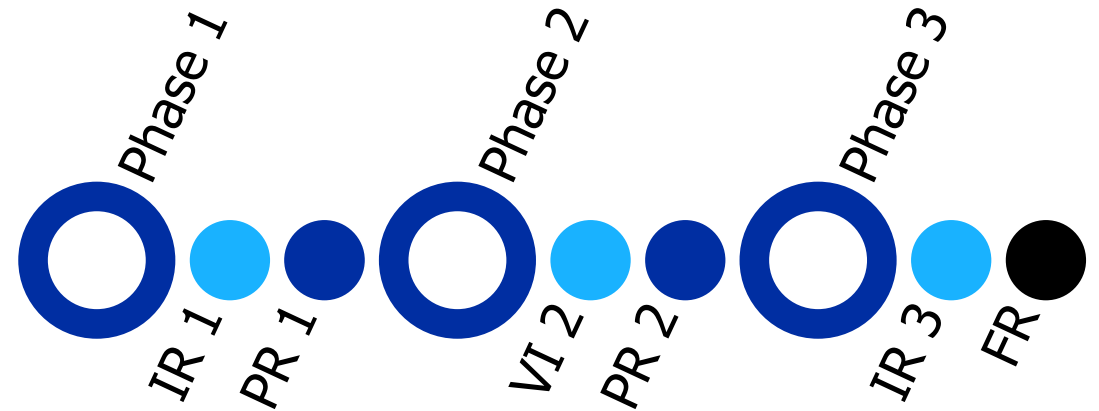
- If the total value of a contract amounts to € 60,000 or more excluding VAT, it must be put out to tender pursuant to the Act on Public Contracts
 - Otherwise, 50% of the contract in question is paid as a grant
- Responsibility for competitive tendering lies with the beneficiary.
- A copy of the HILMA notice must be appended to the cost statement.
- Single contracts cannot be split between several suppliers or a chain of suppliers.
- Entering a new NIY phase does not cut off the monitoring of a contract.
- Instructions on purchases relating to projects funded by the Funding Agency are available on Business Finland's website.
- Advice on public tendering: hankinnat@kuntaliitto.fi

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REPORTING AND COST STATEMENTS

REPORTS AND REPORTING SCHEDULE

- Reporting approximately every six months
 - Intermim reports (IR) – if necessary
 - Phase reports (PR) – at the end of each phase
 - Final report (FR) – at the end of the project
- Report consists of two parts:
 1. Content report describing the progress of the project
 2. Statement of costs allocated to the project.
- Content reports and cost statements are created via the online service.
- Business Finland processes them always simultaneously.



CONTENT REPORTS

- Content reports are submitted via the online service by answering the questions in the reporting section.
- Particular attention should be paid to the following:
 - Situation report (the situation of the company and its changes, as well as the business situation and future)
 - Achievement of the goals of the phase, broken down by goal. Possible deviations, challenges in achieving the goals and their explanatory factors (both in IR and PR)
 - Any changes needed regarding:
 - project content
 - budget
 - schedule (deadlines can be extended by up to four months)

COST STATEMENTS

- Costs are declared via the online service
- Cost statements should be accompanied by the following:
 - The general ledger, with an itemized declaration of expenses
 - clear narratives, the supplier and order content
 - [Salary specification Y4](#) (must be submitted even when working time monitoring is not required)
 - [An auditor's report](#) in connection with every end-of-phase cost statement (phase reports and final report)
- The project will be subject to the funding terms and conditions in force at the time of the funding decision for the phase 1 has been made. These has been submitted to the beneficiary together with the decision for the first phase.

COSTS DECLARED FOR PROJECTS 1/2

1) Salary costs:

- The share of salary costs allocated to the project is calculated; all monetary salaries subject to withholding tax can be included
- Performance and other bonuses, etc. may be included under performance-based salaries

2) Indirect personnel costs

- 30% of social security expenses are approved as a deferred percentage for those falling within the scope of the Finnish social security system
- If the recruitment cost is a planned recruitment (based on an approved and described project plan), it can be accepted as a direct cost (otherwise they are indirect personnel costs).

COSTS DECLARED FOR PROJECTS 2/2

All other costs arising from the project are declared as purchases:

3) Purchases from the European Single Market OR

4) Other purchases (from outside the European Single Market)

- Subcontracting
- Travel expenses (in accordance with the guidelines issued by the Finnish Tax Administration)
- Equipment acquisitions and depreciation, the polluter pays principle
- Materials and supplies
- Obligatory overheads
- Purchases from group companies only if mentioned in the funding decision
 - PLEASE NOTE: group companies must invoice the company and provide their own separate statements

DIFFERENCES IN COST STATEMENTS

Funding for Young Innovative Companies

- Hourly working time monitoring only if another project funded by Business Finland is running simultaneously
- The total salary from which the share allocated to the project is calculated = all monetary salaries subject to tax
- No overhead percentage, can be declared as direct expenses
- Itemized statements
- Competitive tendering, where applicable
- A wider range of costs accepted than in R&D projects

R&D-funding

- Hourly working time monitoring
- The total salary from which the share allocated to the project is calculated = monetary salaries subject to tax, excluding holiday bonuses
- Overhead costs are based on a percentage
- No itemized statements
- No competitive tendering (if the grant covers less than 50%)
- Eligible costs are based on cost estimates

PROJECT CHANGES

- Contact Business Finland in advance (your account lead or funding advisor of the project).
- Apply for a change in the online service.
- More information can be found:
 - [Project changes on Business Finland web-pages](#)

CHANGES TO PROJECTS: REASSIGNMENT, IPR, BUSINESS RESTRUCTURING

- A funding decision cannot be transferred to a third party.
- The company must inform Business Finland in advance of any changes, including the following:
 - mergers, acquisitions and divestitures
 - the sale of IPR created during the project
 - other significant changes in business operations or restructuring
 - any loans granted by Business Finland are usually paid back in connection with mergers, acquisitions or divestitures.
- Changes must be reported:
 - during the project
 - for a period of five years from the payment of the last instalment of the funding
 - before the loan is repaid in full.
- Business Finland's consent must be sought for measures that
 - are taken outside the European Single Market
 - compromise the desired impacts of the project
 - impede the paying back of the loan.

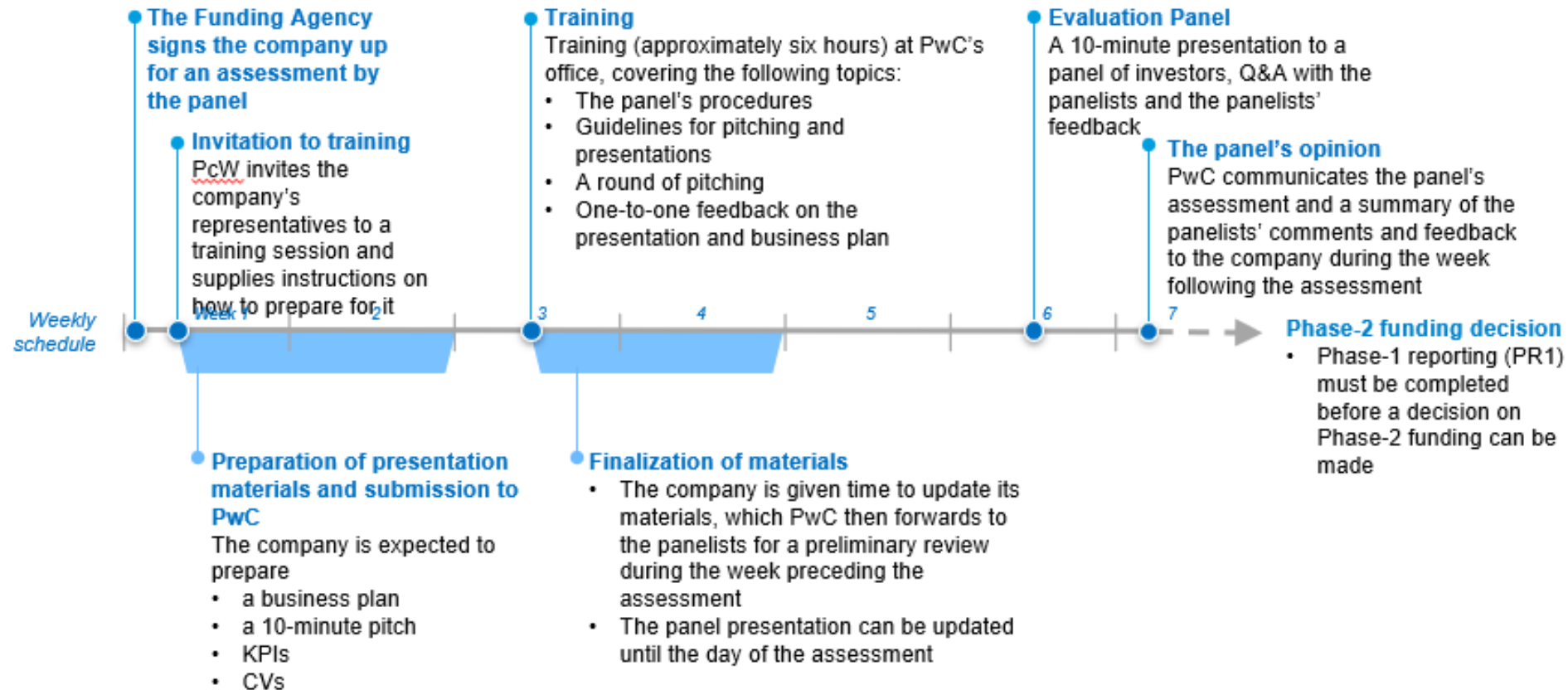
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EVALUATION PANEL AND MOVING ON TO A NEW FUNDING PHASE

EVALUATION PANEL 1/2

- Companies undergo an assessment by a panel of investors during the first phase of YIC funding.
- The coordinator of the panel (PwC) arranges a training day for the company's representatives before the assessment.
- The role of the panel is advisory. Business Finland takes the investors' assessment into consideration when deciding on the next phase.
- At the latest, when the account leader informs the company of the time of the panel, the company must have a look at the list of NIY panelists in the online service. The company must inform the account leader if there are any panelists, who are challengeable.

EVALUATION PANEL 2/2



MOVING TO THE NEXT FUNDING PHASE

- The phase must be continuous without significant interruptions and the phase report must be submitted no later than 1 month after the end of the period.
- Applying for the next phase is in connection with the submission of phase reports.
- No new application is required, but the following documents must be submitted with the phase report:
 - Plan for the next phase
 - A recent accounts ledger (income statement and balance sheet)
 - A cash flow forecast for at least the next 12 months; a template is available on [Business Finland's website](#)
 - A list of shareholders (if changes have taken place during the previous phase)
 - Any other additional information
- Funding for the next phase can be granted if
 - the goals for the previous phase have been achieved for the most part
 - the company still has a credible plan for rapid growth
 - the company's financial standing allows for the implementation of the growth plan
- Business Finland takes the investors' assessment into consideration when deciding on the next phase.

WEB PAGES

Funding for Young Innovative Companies

www.businessfinland.fi/en/niy

Online Service

<https://www.businessfinland.fi/en/for-finnish-customers/online-services/>

Reporting Guidelines

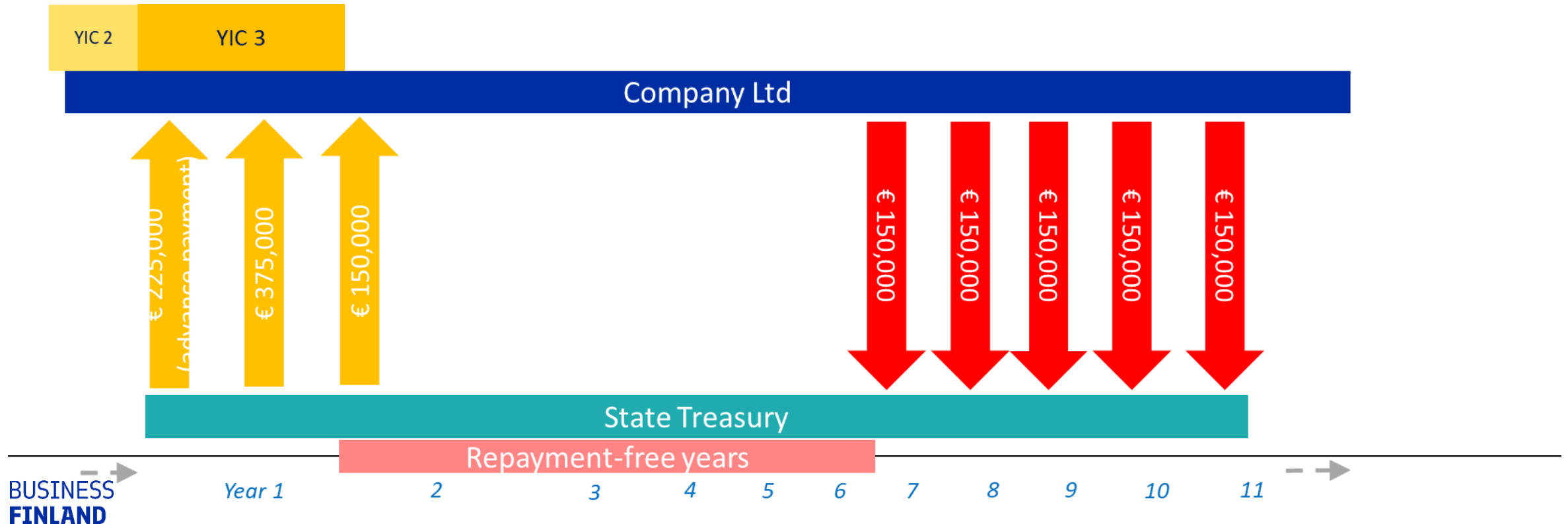
<https://www.businessfinland.fi/en/for-finnish-customers/services/funding/guidelines-terms-and-forms/reporting/>

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TAKING OUT AND PAYING BACK LOANS

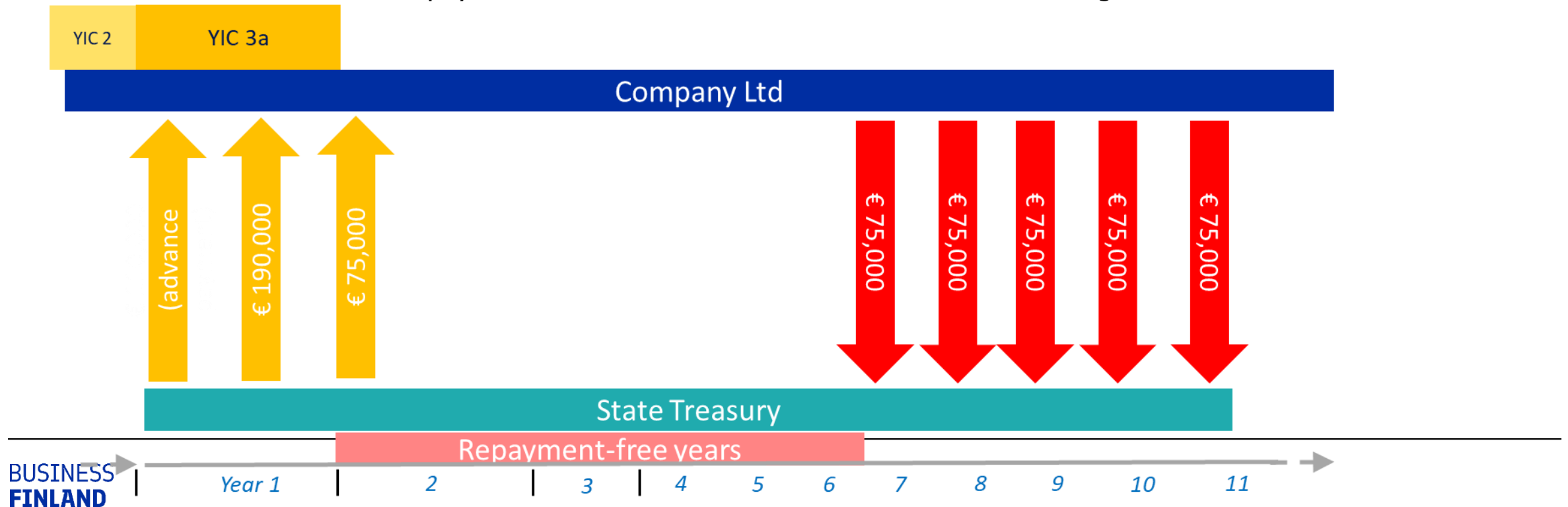
TAKING OUT AND PAYING BACK LOAN (example 1/3)

- The loan is granted in full at a time: NIY 3: € 750,000, 12 months.
 - The loan term is 10 years, of which five are repayment-free, starting from the taking out of the first instalment.
 - Repayments are once a year.
 - Please note that interest payments have not been taken into account in the diagram.



TAKING OUT AND PAYING BACK LOAN (example 2/3)

- The loan is divided into part, but the second part is not granted:
 - NIY 3a: € 375,000, 12 months (+ NIY 3b: € 0)
 - The loan term is 10 years, of which five are repayment-free, starting from the taking out of the first instalment.
 - Repayments are once a year.
 - Please note that interest payments have not been taken into account in the diagram.



TAKING OUT AND PAYING BACK LOAN (example 3/3)

- The loan is granted in parts: NIY 3a: € 375,000, 12 months + NIY 3b: € 375,000, 12 months
 - The loan term is 10 years, of which five are repayment-free
 - The loan term is calculated from the taking out of the first instalment
 - Repayments are once a year
 - Please note that interest payments have not been taken into account in the diagram

