

Innovation Cluster Funding

Funding terms and conditions 1 July 2019

Contents

[1 Funding decision and funding terms and conditions](#)

[2 Publicity of the funding decision](#)

[3 Accountable project leader](#)

[4 Reporting](#)

[5 Auditor's report](#)

[6 Payment of funding](#)

[7 Eligible costs](#)

[7.1 Requirements set for expenditure](#)

[7.2 Monitoring of costs](#)

[7.3 Project accounting](#)

[7.4 Working time monitoring](#)

[7.5 Procurement procedures](#)

[7.6 Salaries, declared salaries](#)

[7.7 Indirect personnel costs](#)

[7.8 Overheads](#)

[7.9 Travel expenses](#)

[7.10 Material and supplies costs](#)

[7.11 Machinery and equipment purchases](#)

[7.12 Machinery and equipment rental costs](#)

[7.13 Purchased services](#)

[7.14 Ineligible costs include](#)

[8 Handling of income](#)

[9 Other public funding](#)

[10 Monitoring the impact of funding](#)

[11 Changes to the project](#)

[12 Reassignment, transfer of tangible and intangible assets and business restructuring](#)

[13 Amendments to loan terms and conditions](#)

[14 Beneficiary's disclosure obligation](#)

[15 Right of inspection](#)

[16 Discontinuation of payment](#)

[17 Repayment of funding](#)

[18 Claw-back of funding](#)

[19 The Funder's right of offsetting](#)

[20 Misuse](#)

[21 Order of application](#)

[22 Scope of application and legal basis](#)

1 Funding decision and funding terms and conditions

- The funding decision shall come into effect once any special terms and conditions laid down for entry into force of the decision have been fulfilled and the beneficiary has accepted the funding decision and these funding 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 authorized to sign for the organization.
- 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 this funding decision is state aid authorized on the basis of Article 27 of the General Block Exemption Regulation (Commission Regulation (EU) No 651/2014 declaring certain categories of aid compatible with the internal market in the application of Articles 107 and 108 of the Treaty; OJL187 26 June 2014, p. 1).
- These funding terms and conditions have been issued under section 11 of the Act on Discretionary Government Transfers and section 3 of the Act on State Lending and State Guarantees.
- [Scope of application and legal basis](#)



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 a beneficiary.
- The Funder may also require information from other authorities and co-funders, 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 co-funders in order to obtain or disclose information associated with the beneficiary and this project. By accepting the funding decision, the beneficiary agrees to this exchange of information.
- The beneficiary must submit their annual financial statements, including appendices, for publication in the Finnish Patent and Registration Office, as laid down by law.



3 Accountable project leader

- The accountable project leader appointed by the beneficiary must be in an employment relationship with the beneficiary.
- 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 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 project period
 - the persons chosen to manage the project's issues in the online service have access rights to the project.



4 Reporting

- The accountable project leader must submit reports on the project's progress and send the project's cost statement using the online service.
- 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.
- The beneficiary must declare all project costs at the latest in the final cost statement. If the maximum amounts for each cost category in the cost estimate are substantially exceeded, the beneficiary must apply for a change to the cost estimate. No new project costs can be presented after the approval of the final report.
- Costs that have been preliminarily accepted on the basis of the interim report must be processed again as part of 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 beneficiary must submit an auditor's report prepared by an independent auditor as part of the final accounting. The auditor's report must cover the entire duration of the project. The report template is available on the Business Finland website.
- The costs arising from the auditor's report prepared by the project auditor can be accepted as direct project costs. The beneficiary must provide a copy of the audit invoice and a payment receipt/copy of the bank statement as part of the final cost statement.
- The Funder has the right to disclose the auditor's report to other authorities for the purposes of funding supervision.



6 Payment of funding

- The Funder shall pay out 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, provided that the project has accumulated an adequate amount of eligible costs.
- The final instalment of a loan is 20% of the principal of the granted loan. It will only be paid after the approval of the final report, provided that the project has accumulated a sufficient amount of eligible costs.
- If the final report shows that, including the advance payments, the funding exceeds the amount due for eligible costs, the beneficiary must return the excess amount.
- The Funder 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.
- Practical arrangements related to the loan are administered by the State Treasury. 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. The Funder may order any funding already provided to be repaid immediately, with interest.



7 Eligible costs

- Eligible costs in operational aid granted for innovation clusters include personnel and governance costs related to the following activities:
 - a) promotion of cluster activities to facilitate cooperation, the exchange of information and the provision or channeling of specialized or tailored business support services;
 - b) marketing of the cluster to promote the participation of new enterprises or organizations and improve visibility;
 - c) management of the cluster's infrastructure; organization of training programs, workshops and conferences in order to support the sharing and networking of expertise and to foster transnational cooperation.
- Investment aid may be granted for the creation or development of innovation clusters. Eligible costs include costs related to investments in tangible and intangible assets.
 - Costs related to tangible assets are declared under section Machinery and equipment purchases.
 - Costs related to intangible assets are declared under section Purchased services.
- The cost-category-specific amounts given in the cost estimate appended to the funding decision determine the maximum amount of individual eligible cost categories. The Funder has the right not to accept costs presented by the beneficiary if their relevance to the project is not clearly substantiated or they are too large in view of the project results.
- 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 authorized 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.



7.1 Requirements set for expenditure

- 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. The costs must be based on the corresponding expenditure payment records. This does not apply to computational costs allocated to the project.
 - Invoices for work performed during the project may be paid after the project has ended.
 - Costs incurred from the auditor's report may be paid after the project has ended.
- An expense based on an order placed before the beginning of a project period cannot be allocated to the project except when the order is associated with an option to annul it, linked to the launching of the project.
- Several users must have access to the cluster's premises, infrastructure and operations on transparent and non-discriminatory grounds.
- Upon request, the Funder must be provided with additional information if required for project monitoring. Additional information may include copies of receipts, invoice itemizations and the selection criteria for purchased services.



7.2 Monitoring of costs

- An updated project plan forms part of the funding decision and is the basis for the approval of costs. All costs based on the project plan are to be reported and declared to the Funder.
 - If the maximum amounts for each cost category in the cost estimate are substantially exceeded, an application for a change to the cost estimate is required.
 - Final approval of the costs for a project can only be given after the auditor's report has been received.
- No new project costs can be presented after the approval of the final report and the accounting statement.
- Eligible costs are the innovation cluster organization's expenditures that
 - have arisen from the project during the duration of the project
 - have been entered in the accounts of the beneficiary
 - is in net amount and exclusive of VAT.
- The costs can be accepted with VAT if 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.



7.3 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 verified.
 - The working time monitoring forms a part of the project accounts (see next slide).
- 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.



7.4 Working time monitoring

- Each person working for the project must record the time that they allocate to the project on an hourly basis.
- Persons who do not come under the scope the Working Hours Act or do not have specified working hours must keep records of both hours worked on the project and 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 once per month.
 - Entry of confirmation must be saved in the monitoring system.
- The Funder has the right not to accept the salaries in whole or in part if the monitoring of the working time has not been in accordance with the above terms and conditions.
- Material related to working time monitoring, hourly monitoring reports and approved monthly summaries must be retained for a period of ten years after the payment of the last project funding instalment.



7.5 Procurement procedures

- If the beneficiary is a public procurement unit or the company has received funding from the Funder or other public funding that covers more than 50 % of the procurement, the beneficiary must comply with the Act on Public Contracts. The procurement must be subject to tendering as a public contract when its total value, exclusive of VAT, exceeds the national threshold value set in the law.
- If a public procurement unit has made a procurement in violation of the procurement provisions, the procurement price is not an eligible 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 justification for applying the direct award procedure.



7.6 Salaries, declared salaries (1)

- Eligible project costs in investment aid and operational aid are the salaries of personnel directly participating in and assisting with the activities in question.
- The beneficiary may only declare the proportion of a person's salary for their total working hours that is allocated to the project on the basis of working time monitoring.
- 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 midweek or 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 at a corresponding level before the project
 - 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 wage or salary to a person working for the project who has not been paid any wage or salary for 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 a public funding body.



7.6 Salaries, declared salaries (2)

- The beneficiary must notify the Funder if performance-related and/or other exceptional payment components are included in the declared salaries. The Funder may, at its discretion, approve them if they are an established and important part of the beneficiary's wage or 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 on a salary specification template any project-related salaries paid to persons coming from abroad to work in Finland or persons working abroad.



7.7 Indirect personnel costs

- A percentage in accordance with the project's cost estimate of the salary paid for effective working hours approved for the project can be approved as indirect personnel costs (at max. 50%).
- 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 indirect personnel costs approved in the cost estimate 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 fall within the scope of the Working Hours Act (shareholders in leading positions), persons coming from abroad to work in Finland or persons working abroad. If the person is not paid holiday pay, 30 per cent of the declared wages and salaries are accepted 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 are calculated using the indirect personnel cost calculation tool available on the Business Finland website.



7.8 Overheads

- The Funder can accept as overheads a maximum of 20 per cent of the project-related salaries and indirect personnel costs.
- Costs considered as overhead are not eligible under other cost categories. Such costs include
 - the salaries of managerial and administrative personnel
 - IT, 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.



7.9 Travel expenses

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



7.10 Material and supplies costs

- Eligible project costs are the costs of materials and supplies directly related to the cluster organization's activities in accordance with the project plan.
- Materials and supplies purchased from third parties can be accepted in accordance with the related invoicing.
- Internal material and supplies costs must be declared at cost price.



7.11 Machinery and equipment purchases

- Eligible costs in investment aid are the purchase costs of tangible assets in accordance with the project plan. Tangible assets refer to land areas, buildings, plants, and machinery and equipment. In the cost estimate, the acquisition costs of tangible assets are declared under the item Machinery and equipment purchases.
- The Funder may accept as direct project costs those purchase costs of tangible assets that are primarily used for the project.
 - If the tangible asset is also used for other purposes, the purchase cost is accepted to the extent that the asset is used in the project.
- This also applies to 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 machinery and equipment purchases when the amount of the instalments paid is at least equivalent to the percentage of the Funder's funding of the fixed asset 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.



7.12 Machinery and equipment rental costs

- Rental costs of buildings, machinery and equipment that are mainly used in the project are eligible in so far as they are used in the project.
- Cloud service purchases must be declared as Machinery and equipment rental costs.
- 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 expenditure, are not eligible costs. If the above costs cannot be itemized, a maximum of 50 per cent of the total rental costs to the project are eligible as project costs.



7.13 Purchased services (1)

- Eligible project costs are purchased services directly related to the cluster organization's activities in accordance with the project plan.
- Eligible costs in investment aid also include costs related to investments in intangible assets. Intangible assets refer to patents, licenses, other intellectual property rights and know-how.
- Services purchased from third parties can be accepted in accordance with the project plan and invoicing.
- Purchased service costs can include the following costs as direct project-related expenditures:
 - the auditing of project costs
 - information and data gathering
 - in investment aid, patent or license purchases when they are used exclusively for the project
 - applications for intellectual property rights
 - other purchase costs of intangible assets.
- Software required for the project is approved under Machinery and equipment purchases or Machinery and equipment rental costs, not under Purchased services.



7.13 Purchased services (2)

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.
- 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

- Services purchased from the European internal market are entered under this cost category (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 under this cost category.



7.13.1 Purchases from other companies in the same group and associated companies (1)

Definition of an associated company

- Companies are associated with each other if at least 20 per cent of the other company's entire share capital or corresponding shareholders' equity is directly or indirectly owned or controlled by the other company.
- The Funder may also consider companies as associated companies if the other company has a controlling interest in the other company or can in other ways influence where the other company makes its purchases. Such a situation may arise, for example, through board membership, the responsible persons, family members or acting as an employee and/or funder.



7.13.1 Purchases from other companies in the same group and associated companies (2)

General principles

- Group companies and associated companies must also observe these 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 that the recipient has paid and that the seller has incurred by providing the service. 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 Funding Agency 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 declaration by the accountable project leader must be signed by the persons authorized to sign for the group company and the associated company. The templates are 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 Business Finland website. The Funder may, at its discretion, exceptionally accept purchased services without a separate cost statement even from associated companies.



7.13.1 Purchases from other companies in the same group and associated companies (3)

- 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: 50%.

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

- Purchases from foreign group companies and foreign associated companies as well as costs incurred for the beneficiary at an office located abroad may also be accepted as project costs. 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 is provided in a specified form and may be in Finnish, Swedish or English. The forms and auditor's report templates are available on the Business Finland website.



7.14 Ineligible costs include

- entertainment expenses, donations, stipends or grants
- costs related to production and sales other than advertising and marketing the cluster, such as the costs of travel, brochures, advertising expenses or professional fairs
- financing costs
- 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 salary costs of a person who has received a startup grant for the same period)
- salary 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.



8 Handling of income

- The payments collected on the use of the cluster's infrastructure and services and participation in its operations must correspond to the market prices or costs. Companies that have funded at least 10 per cent of the cluster's investment costs can be granted privileged access rights under more favorable conditions. Such privileged access rights must be in the correct proportion to the share of the investment costs paid by the company, and the terms and conditions of such rights must be made public.



9 Other public funding

- Details of all other public funding (from the state, municipalities and other public organizations or foundations) must be provided in the cost statement. Funding granted by the European Union must also be reported.
- The total funding that the project receives from the Funder and other public funding may not exceed the maximum amount of public funding allowed for the project. If necessary, the Funder will reduce its own contribution to ensure that the maximum amount is not exceeded.



10 Monitoring the impact of funding

- 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 on the outcome of the plans and forecasts that it presented during the processing of the application and the implementation 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 be granted the opportunity to review the beneficiary's annual accounts and auditor's reports from the Finnish Patent and Registration Office database for five accounting periods following the completion of the project. The Funder has the right to commission an analysis of the beneficiary's financial statements from another public Funder.



11 Changes to the project

- The beneficiary must obtain consent for project changes. Consent must be sought from the Funder in writing in advance if the project progress deviates from the plan in the following aspects:
 - significant changes to the project plan
 - changes in cost categories
 - changes to the schedule
 - change of the reporting date
 - change of accountable project leader.
- The beneficiary must immediately notify the Funder of other significant changes to the project, such as changes to key personnel resources.
- Changes of bank account are reported using the form available on the website.



12 Reassignment, transfer of tangible and intangible assets and business restructuring

- If, during the project or within the useful life specified in the decision or before the loan and interest have been repaid in full, the beneficiary intends to reassign the funding decision to a third party or sell, give as pledge or otherwise assign assets which the funding concerned, the beneficiary must obtain the prior written consent 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 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.
- If investment aid has been used for the procurement or modernization of assets, the asset in question may not be permanently used for a purpose other than that specified in the funding decision during the useful life specified for the asset which the investment aid concerns. Unless otherwise specified in the special terms and conditions to the funding decision, the useful life of assets is ten years.
- Under clause 18 of these terms and conditions, the Funder may claw back paid funding if the beneficiary engages in measures that compromise the desired impacts of the project or if the beneficiary is in breach of clause 12 herein.



13 Amendments to loan terms and conditions

- 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.
- Amendments to loan terms must remain within the maximum project support as set out in section 19 of 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.
- 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.



14 Beneficiary's disclosure obligation

- The beneficiary must provide the Funder with accurate and sufficient information for the payment of funding and to monitor 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.



15 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. An external expert may, at the Funder's request, assist in conducting the inspection.
- Right of inspection is in effect for a period of ten years from payment of the project's last instalment. Project documents and other materials necessary for monitoring and inspections must be stored for a period of at least ten years after the payment of the final funding instalment of the project.
- 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 the practice of 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.



16 Discontinuation of payment

The Funder may order the temporary interruption of the payment of funding on the following grounds:

1. The Funder has reasons to suspect that the beneficiary is not providing the Funder with accurate or adequate information or the information that has been requested 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 the written agreement of the Funder
 - b) there is a substantial deterioration in the beneficiary's financial position in relation to the anticipated trend
 - c) the company loses its entire equity
 - d) the company initiates restructuring proceedings
 - e) the company accumulates tax debts
 - f) the company has neglected its obligation to pay back loans issued by Business Finland.
3. European Union law stipulates that the payment of funding be interrupted.

If the grounds for the interruption are not corrected within the time specified in the decision to interrupt funding, the Funder has the right to discontinue the payment of funding and to claw back the funding already paid in whole or in part.



17 Repayment of funding

- The beneficiary must, without delay, repay any funding or part thereof received through error, in excess or manifestly without cause.
- If the funding is in the form of a grant, amounts of less than one hundred euros need not be repaid.
- The beneficiary must contact the Funder before the repayment of funding.



18 Claw-back of funding (1)

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

18.1 Statutory claw-back

Innovation Funding Agency Business Finland shall issue a decision ordering the discontinuation of the payment of funding and the claw-back of funding already paid if the beneficiary has

1. failed to return funding or part thereof that must be repaid under section 17;
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 fundamentally violated the provisions concerning the use of the funding or these terms and conditions of funding in a manner comparable to clauses 1-3.



18 Claw-back of funding (2)

18.2 Discretionary claw-back

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

1. false or misleading information has been provided for the purpose of payment of funding or supervision thereof, information has been concealed, the provision of information has been refused or the information requested by the Funder has not been provided by the specified 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 restructuring proceedings
8. the beneficiary or its representative has been convicted of an offence or ordered to pay penalties, in accordance with section 22 of the Act Amending the Act on Discretionary Government Transfers
9. the claw-back of funding is required under European Union legislation
10. the beneficiary otherwise acts in a manner comparable to the matters in this section.



18 Claw-back of funding (3)

18.3 Interest

- The beneficiary must pay interest on the amount to be repaid or clawed back.
- The interest is applied from the date on which the funding was paid. In the case of grants, interest 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.

18.4 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 determined in accordance with the interest rate referred to in section 4(1) of the Interest Act (633/1982).



18 Claw-back of funding (4)

18.5 Moderation of grant claw-back

- The Funder may decide to waive a part of the grant to be repaid or clawed back, or any interest or penalty interest on it, if repayment in full is unreasonable in light of the financial standing and circumstances of the beneficiary, in relation to the type of assets acquired with the grant or the procedure on which the claw-back is based, or because of a change in circumstances.
- For an extremely weighty reason, the Funder may decide to totally waive the sum to be repaid or clawed back, or the interest or penalty interest on it.

18.6 Claw-back time limit

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



19 The Funder's right of offsetting

- The grant to be repaid or clawed back and the interest on it may be deducted from the other grants paid to the beneficiary.
- The State Treasury is entitled to exercise the same right of offsetting in relation to loans granted by the Funder.



20 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.



21 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 its appendices
7. Any other documents relevant to the funding decision



22 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 amending the Government Decree on Funding for Research, Development and Innovation Activities (125/2018)
- Act on customer information systems for business services (293/2017)

