

Growth Engine funding, start-up aid

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 22 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).

These terms and conditions have been issued under 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

1.1.2021

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.

An extract of the general ledger account or receipt-specific itemization (N6) and salary specification (Y4) must be included as appendices to the cost statement. An auditor's report must also be submitted as part of final accounting.

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

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 Loan terms and interest

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 interest rate for subordinated loans is stated in the funding decision.

6 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 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

1.1.2021

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.

7 Payment of funding

The Funder shall pay out funding on the basis of approved reports and cost statements. A maximum of 50 per cent of the first instalment of the subordinated loan may be paid in advance. The advance payment of the loan is debt-based loan. The payment order issued on the basis of the project report and cost statement declares the portion of the loan that may be declared as subordinated loan.

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 final instalment of the subordinated loan is 10 per cent 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 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 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 submitting the final project report and the final cost statement. Any funding that the beneficiary applies for after that will not be granted.

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.

8 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.

1.1.2021

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.

9 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 instalment.

10 Eligibility of costs

The costs are considered eligible if they

- 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.

11 Procurement procedures

When the subordinated loan provided by the Funder or other public funding covers more than 50 per cent of the procurement 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 company required to put a contract out to tender failed to do so, it cannot receive aid towards more than 50 per cent of the value of the purchase.

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.

12 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

1.1.2021

- 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.

13 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.

14 Purchased services

All other costs incurred from the project for the beneficiary, in accordance with the approved plan and invoicing, can be included in purchases.

Purchases from outside the European Single Market are reported in the cost statement under section Other purchases. European Single Market refers to the area comprising the European Economic Area and the Swiss Confederation.

15 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.

In addition to direct project costs, indirect personnel costs and overheads connected with wages and salaries are also eligible costs. A maximum of 50 per cent of the salaries allocated to the project are accepted as indirect personnel costs.

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

1.1.2021

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.

16 Ineligible costs

- export activities, i.e. running costs directly related to export volumes, the establishment and operations of a distribution network or any other export activities
- entertainment expenses
- voluntary insurance policies, financing costs and expenditures arising from donations and stipends
- the beneficiary's funding share for a project implemented in a research organization
- any financing, administration, insurance, repair, maintenance or equivalent expenditures arising from acquisitions financed through a part payment agreement
- costs that are not essential and/or reasonable for achieving the objectives set in the funding decision
- other costs that are not included in the project plan
- 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)
- payroll costs for which a pay subsidy has been received
- services containing other public funding

17 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 beneficiary may receive other, simultaneous public funding only for those costs for which it does not receive Growth Engine funding. If the beneficiary receives other public funding in which the eligible costs cannot be itemized, this other public funding is taken into consideration when determining the maximum amount of the Growth Engine funding. If necessary, the Funder will reduce its own contribution to ensure that the maximum amount is not exceeded.

18 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.

1.1.2021

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.

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

19 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.

20 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.

21 Reassignment and approval of corporate reorganization

As a rule, a funding decision may not be transferred to a third party.

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

1.1.2021

- 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 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.

22 Amendments to lending terms

If the attainment of the beneficiary's business targets is delayed significantly as a result of obstacles to market entry, the loan period can be extended to a maximum of ten years. The grace period may not exceed five (5) years.

If the business targeted by the young company or young innovative company fails, the outstanding loan principal and interest payments may be waived in exceptional circumstances, within the limits of the maximum loan amount under Section 14 of Government Decree 125/2018. The loan of a young company may be waived only on condition that the company terminate its business after the loan has been waived.

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

23 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.

24 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.

1.1.2021

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.

25 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.

26 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.

27 Clawback of funding

27.1 Right of 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

- interest or repayment instalment is not paid by the due date
- the debtor is placed in liquidation or bankruptcy, applies for the abatement of debts or suspends repayment
- the debtor has used the loan capital for purposes other than those for which it was granted
- the debtor has provided substantively false information during or after applying for the loan or kept secret a factor with substantive influence on the loan decision
- the debtor has failed to comply with the loan terms
- the prerequisites for the use of the loan capital under which the loan was granted have changed substantively.

27.2 Interest

The beneficiary must pay interest on the amount to be repaid or clawed back. The interest rate on the repayment of the loan is defined in the bond issued by the State Treasury.

27.3 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).

28 Funder's right of offsetting

The funding to be returned or clawed back and the interest on it may be deducted from other loan funding provided to the beneficiary by the Funder.

29 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.

30 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

1.1.2021

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

31 Scope of application and legal basis

- Annual state budget
- Act on State Lending and State Guarantees (449/1988)
- Act on Discretionary Government Transfers (688/2001)
- Act amending the Act on Discretionary Government Transfers (1113/2018)
- 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)