

## **TERMS AND CONDITIONS OF BUSINESS PARTNERSHIP SUPPORT 1 JANUARY 2023**

### 1. GENERAL

#### 1.1. Granting Business Partnership Support

The support is granted in accordance with the Parliament-approved appropriations as laid down in item 24.30.66 of the state budget to be used in the recipient's own project for the purpose indicated in the discretionary Government grant decision. These general terms and conditions are part of the decision on the discretionary government grant, and compliance with them is the prerequisite for payment of the grant.

#### 1.2. Accepted project types

Business Partnership Support can be used to support the costs resulting from the preparation of a project and development of business in a country defined as a developing country<sup>1</sup> by the OECD's Development Assistance Committee (DAC). The purpose of the activities for which support has been granted must be socially acceptable<sup>2</sup>. The project must aim at being one of the following project types:

**1.2.1 Long-term business partnership.** Business partnership refers to collaboration between Finnish and local companies and other commercial operators in developing countries, which must have one of the following objectives:

- the establishment of a joint venture with a developing country partner
- the establishment of a subsidiary
- import to Finland and at the same time possibly to other countries
- entry into a subcontracting, maintenance, franchise or licensing agreement (excl. sales and user licences)
- the development of existing business in the project country

Operators in developing countries with whom there is a long-term business partnership will hereinafter be referred to as developing country partners.

**1.2.2. Piloting with an ODA eligible international organisation.** Business Partnership Support can be granted to a pilot and/or demonstration project related to a commercial/productised technology of solution that is carried out as part of an ODA-eligible international organisation (E.g. the EU, UN organisations, international funding institutes, international civil society organisations), activities, which, if successful, can be expected to lead to the more extensive deployment of a solution that produces added value for development policy.

- Operators considered eligible international organisations are found on the OECD's List of ODA-eligible international organisations (Annex 2, List of ODA-eligible international organisations, including multilateral

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<sup>1</sup> DAC list of ODA Recipients <https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/daclist.htm>

<sup>2</sup> Exclusion list [https://finnpartnership.fi/wp-content/uploads/2020/12/Finnpartnership\\_ExclusionList\\_2020.pdf](https://finnpartnership.fi/wp-content/uploads/2020/12/Finnpartnership_ExclusionList_2020.pdf)

agencies, international NGOs, networks and PPPs<sup>3</sup>), organisations whose Annex 2 list organisation type (Channel Parent Category) is 21000 (International NGO), 30000-32000 (PPPs and networks) or 40000-47000 (multilateral organisations).

- The condition for granting the support is that a letter of intent has been signed with the organisation in question.
- The piloting of one product/solution can be support in a project country only once per international organisation. Companies can only apply for one grant at a time. In addition, support can be granted to the same recipient at most for two pilots during the Finnpartnership programme period 2022-2024.

**1.2.3 Feasibility study for an investment project.** The support can be granted to feasibility study for an investment project that is eligible for the Ministry for Foreign Affairs Public Investment Facility funding. Projects considered eligible for PIF funding are those whose concept the Ministry for Foreign Affairs has given a favourable statement on. Support can also be granted at discretion to other feasibility studies of investment projects carried out in LDCs or LMICs aiming at other similar development impacts. In this case, the condition for granting support is that the value of the investment project is at least EUR 1 million and the applicant has signed a letter of intent with the project financier or another document proving that the applicant may take part in the project.

- Applicants can only apply for support for one feasibility study at a time and the previous plan must be ready before new support can be granted. In addition, applicants can apply for support for at most two feasibility studies every three years. During the following three year period, an applicant can only be granted support for a feasibility study, if the applicant is able to prove that at least one of their previous projects for which a feasibility study has been drawn up will move on to implementation and towards producing development impacts in accordance with a productive/existing plan.

**1.2.4 Support functions.** Support can be granted for joint projects between civil society organisations/educational institutions/research institutes and companies related directly to companies' Finnpartnership business partnership projects or for projects under the Business Finland-administrated Developing Markets Platform Programme (DevPlat), so that the organisation or other operator is not seeking a business partnership that will produce a profit. Business projects which involve a support function project are hereinafter referred to as parent projects. Essential support functions that support a parent project include:

- cooperation between companies and civil society organisations or other operators to develop the parent project's stakeholder capacity (incl. corporate responsibility and human rights issues-related training and

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<sup>3</sup> Annex 2, List of ODA-eligible international organisations <https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/annex2.htm>

vocational, technical and commercial training of teachers/coaches/pilot groups), to develop cooperation networks, to pilot products and services, etc.

- developing cooperation and innovation platforms related to the parent project
- organising seminars and workshops related to the parent project as a part of general awareness raising and advocacy efforts.

### 1.3. Approved project phases

Depending on the project type Business Partnership Support can be granted for different phases of a project. In the project type Long-term business partnership, support can be granted for project phases 1-7, in project type Piloting with an ODA eligible international organisation support can be granted for project phases 1-5 and in project type Feasibility study for an investment project support can be granted for project phases 2 and 4. Support function projects do not comprise different project phases. Project phases include:

1. partner identification
2. feasibility study
3. business plan
4. environmental and social impact assessment
5. piloting of technology and solutions, and demonstrations. Piloting refers to the testing of an existing technology/solution in a project country. A demonstration refers to the presentation of the effective functioning of a unit or similar.
  - Long-term business partnership project type: The piloting of one product/solution can be supported in a project country one time. Companies can only apply for one grant at a time. In addition, support can be granted to the same recipient at most for two pilots related to a long-term business partnership during the Finnpartnership programme period 2022-2024. A pilot/demonstration must always create a foundation for a decision on initiating long-term business.
  - Piloting with an international organisation project type: The piloting of one product/solution can be supported in a country of operation only once per international organisation. Companies can only apply for one grant at a time. In addition, support can be granted to the same recipient at most for two pilots carried out in collaboration with an international organisation during the Finnpartnership programme period 2022-2024.
6. training of local staff
  - The training of the company's own employees or its local partner's employees in the project country can be supported during the project phase for at most 300 workdays/project depending on the nature and the scope of the project.
  - The requirement for the payment of the support is the provision of the company's registration certificate or at least a business licence granted to a local company. When training the local partner's personnel, a long-

term partnership must be demonstrated by providing at least a letter of intent of the planned cooperation and its form, as well as a description of the roles of the personnel to be trained.

7. the development of existing business in the project country. The studies and personnel training that are supported during the project phase must be related to one of the following: a. expansion of a product portfolio, b. finding new suppliers and c. subcontracting and similar partners, d. development of activities so they are easier to scale, e. determining investment needs and their funding, f. improvement/development of working conditions, g. development activities so they are more responsible.
  - The condition for granting support is a registration certificate for a company established in the project country or a cooperation agreement (e.g. subcontracting agreement) concluded with a developing country partner.
  - Support can be granted once per project per project country for sections a-e. Support can be granted for sections f-g when there are grounds to do so.
  - Support can be provided for the training of personnel in the phase in question for at most 100 work days/project.

## 2. TERMS AND CONDITIONS RELATED TO FUNDING

### 2.1. Support amount

A discretionary government grant cannot cover the total sum of overall costs resulting from the activities or projects for which the support was granted. Together with other forms of public funding, the amount of a discretionary government grant may not exceed the maximum amount of discretionary government grants or other public funding on which provisions are laid down in European Union legislation or Finnish legislation.

### 2.2. Percentage of support / self-financing

Business Partnership Support accounts for 30-85% of the total costs of each project as approved by the ministry depending on the project type, the size of the applicant organisation and the project country. Decisions are made on the basis of the OECD/DAC classification (see table) valid at a given time. The company's self-financing, which cannot be in the form of another grant, is thus 15-70 per cent.

If a project that is aiming for a long-term business partnership is implemented in countries which are in different support categories, the share of the support will be determined according to the project country that has the smallest support percentage. Support for pilots and demonstrations carried out as part of ODA-eligible international organisation activities is calculated as 30-50%, if the country has not been specified or the project is implemented in numerous countries.

Type of project	Size of organisation	Share of support (of approved costs)		
		Project country category according to the OECD/ODA classification <sup>4</sup> and the States of Fragility list <sup>5</sup>		
		Least developed countries (LDC), Other low-income countries (LIC) and Extremely fragile states incl. Jordan and Ukraine.	Lower middle-income countries (LMIC)	Upper middle-income countries (UMIC) (an additional condition for granting support is substantial development impacts)
Long-term business partnership	SMEs* Other small and medium-sized entities	85%	70 %	50 %
	Large enterprises or similar operators	85 %	50 %	30 %
Piloting with an ODA eligible international organisation	SMEs* Other small and medium-sized entities	85%	70 %	50 %
	Large enterprises or similar operators	85%	50 %	30 %
Feasibility study for an investment project	SMEs* Other small and medium-sized entities	50 %	50 %	-
	Large enterprises or similar operators	30 %	30 %	-
Support functions	Civil society organisations, Educational institutions, research institutes	85%	85%	85%

\*The EU defines an SME as follows:

- fewer than 250 employees
- an annual turnover of no more than EUR 50 million or annual balance sheet total of no more than EUR 43 million
- the definition is also influenced by the company's relationship with other companies with respect to capital holdings or voting rights or the right to exercise a dominant influence, see <https://op.europa.eu/en/publication-detail/-/publication/756d9260-ee54-11ea-991b-01aa75ed71a1/language-en/format-PDF/source-244347940#>

<sup>4</sup> DAC List of ODA Recipients <https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/daclist.htm>

<sup>5</sup> States of Fragility <http://www3.compareyourcountry.org/states-of-fragility/overview/0/>

### 2.3. The minimum and maximum limits for support granted as well as the application of the *de minimis* condition

The minimum sum of the support to be granted is EUR 15,000 per project application. The maximum sum of support to be granted, if the support is not granted on *de minimis* condition, is EUR 400,000 per project in other project types, except for the feasibility studies for investment projects, where the maximum amount of support to be granted is EUR 150,000. The project may consist of several project applications, in which case the total sum of separate project grants related to the same project cannot exceed the maximum amount of support granted.

In principle, Business Partnership Support is *de minimis* aid under Regulation (EU) No 1407/2013 of the European Commission. The total amount of *de minimis* aid granted to one undertaking cannot exceed EUR 200,000 during the current period and the previous two fiscal years. At group level, parent companies and subsidiaries are considered one undertaking in accordance with Article 2(2) of the European Commission Regulation and the support they receive, as well as those received by undertakings under the same control, are added together. In calculating the support, all support received from different authorities (e.g. municipalities, regional councils, ministries, authorities under the ministries' administrative branch, such as Finnvera Oyj, ELY Centres and Business Finland), which the authority has granted as a *de minimis* condition, will be taken into account.

If the applicant does not consider the support for the project to be *de minimis* aid, reasons for this must be given in the application. Each project is assessed individually to determine whether it falls under the *de minimis* regulation. Projects whose impacts do not affect the European Economic Area do not fall under the *de minimis* regulation.

As an exception to the main rule, limited amounts of *de minimis* aid can be granted to the following sectors: fisheries and aquaculture (*de minimis* limit of EUR 30,000); primary production of agricultural products (*de minimis* limit of EUR 15,000). The maximum sum for undertakings performing road freight transport for hire or reward is EUR 100,000. As an exception to the main rule, *de minimis* aid cannot be granted to the coal industry, nor can it be granted as export aid or as aid favouring domestic over imported products.

### 2.4. Reporting obligation and consideration of other public subsidies

The Business Partnership Support applicant is responsible for monitoring the accumulation of *de minimis* aid and for reporting on granted aid when applying.

If the applicant receives financial support from other development cooperation instruments of the Ministry for Foreign Affairs, the applicant is required to provide a separate statement in which it clarifies that the Business Partnership Support it is applying for will not be directed towards the same activities for which the company receives support from other development cooperation instruments.

### 2.5. Payment of discretionary Government grants

The conditions for the payment of discretionary Government grants are defined in the discretionary Government grant decision. Recipients of discretionary Government grants must provide the Ministry for Foreign Affairs with accurate and sufficient information necessary for the payment of the grant. The support is paid afterwards on the basis of approved, actual, paid (with the exception of provisions for holiday pay) and audited expenses in one or two instalments to the bank account indicated by the beneficiary. Before payment of the support, the beneficiary must submit a commitment form. For payment of the support, the beneficiary must submit a request for payment via the e-service, including the mandatory appendices, which include a statement, a checklist and a specification of realised costs for the project signed by the auditor, a specification of realised costs in Excel format and a progress or final report. The payment request must be submitted within 24 months after the notification of the discretionary Government grant decision.

For more detailed conditions on auditing and reporting, see section 4.1. Obligation to organise the monitoring of the use of support and 5.5. Duty to provide clarification on the use of the discretionary Government grant.

If a country is being removed from the OECD/DAC list of development aid eligible countries, the recipient must be prepared for this at the time of planning and when requesting payment. The Ministry for Foreign Affairs cannot make payments to projects that are implemented in countries that have been removed from the DAC List of ODA Recipients after Business Partnership Support has been granted. For up-to-date information see the OECD/DAC website<sup>6</sup>.

### **3. TERMS AND CONDITIONS RELATED TO SUPPORTED COSTS**

#### **3.1. Eligible costs**

The support and its related self-financing share can only be used for costs that are necessary and reasonable for the implementation of the supported activities. Eligible expenses include expenses incurred on or after the registration date in accordance with the project budget submitted as an attachment to the decision to award the discretionary Government grant. Expenses are approved in their VAT-free form. To the extent that the operator can prove that VAT will remain part of its final expenses, the VAT's share can be included in compensated expenses.

Expenses for which the recipient receives support, a grant or compensation from other parties cannot be supported. Support also cannot be used for expenses resulting from the recipient's normal business activities.

If the eligible costs to be covered by Business Partnership Support equal 30% or less of the costs for the project on the project application, the application for support will be rejected.

##### **3.1.1. Travel expenses**

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<sup>6</sup> <https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/daclist.htm>



Reasonable travel and accommodation expenses to and in the Ministry for Foreign Affairs-approved project country or another country relevant to the project will be covered in accordance with the most affordable overall option. Expenses approved as reasonable travel and accommodation expenses are those that are in accordance with the State Travel Regulations.

The travel and accommodation expenses (excl. per diem allowance) for personnel of a local company in a developing country owned or partly owned by the recipient or by a developing country partner will only be covered if training takes place in Finland or another country other than the project country.

Approved travel expenses include:

- flights, train journeys and ship journeys as well as other public transportation
- accommodation
- per diem allowance (in accordance with the maximum amount specified in the State Travel Regulations valid at the given time)
- necessary taxi trips and reasonable car and driver rental fees (incl. fuel and road tolls) in the project country
- connecting journeys and journeys within the project country
- reservation fees related to travel
- airport taxes

### **3.1.2. Work-related expenses**

The work of a company's own personnel and external experts can be supported in the project country, Finland and another country that is relevant to the project. Project phases 3-7 require that the project also include work in the project country.

In addition to the studies related to the project, reporting of development impacts as part of the project's activities and use of funds must also be supported. Working hours that are supported must be reasonable in relation to the nature and extent of the project. However, work used for personnel training can be supported at the Personnel Training project phase for a maximum of 300 working days/project, and for a maximum of 100 working days/project for the project phase Development of existing business in the project country project phase. One project may consist of several project applications, in which case the total number of training days for the separate applications related to the same project cannot exceed the maximum limit.

a. The working expenses of the recipient's own personnel must be paid based on the wage paid according to the employee's employment contract. The maximum approved working expenses for the company's own employees is EUR 500 per day.

- The recipient's own personnel consist of its employees (including the persons under managerial level employment contracts) and



persons who, with their spouses and/or children and/or parents, own more than five per cent of the recipient's shares and/or voting rights. Employees of companies owned by the recipient are also considered the recipient's own personnel (incl. management agreements) as are employees of companies that own the recipient (incl. management agreement). If the recipient's owner/s own/s another company, the employees of this company (incl. management agreements) are also considered to be the recipient's own employees. Others may be considered external experts.

- The labour cost/day is calculated from the employee's salary according to the employment contract and paid and the statutory holiday pay as follows: (monthly salary + employer contributions + provision for holiday pay) / 21 (21 is the average number of workdays per month).
  - The working expenses do not take into account bonuses or premiums (e.g. exceptional overtime pay).
  - Only the employer's statutory contributions in accordance with the actual costs are included as secondary labour costs. Holiday bonuses based on a collective agreement or expenses arising from occupational healthcare are not counted as compulsory employer contributions.
- The working expenses of the recipient's own personnel can be supported only for work carried out on weekdays (Monday–Friday), as working expenses per day are calculated by dividing the working expenses per month by 21.
- The content of workdays must be itemised at the application phase on a daily basis and be proven at the time of payment. The recipient must organise the use of working hours monitoring.
- Work carried out in Finland or another country related to the project cannot be supported again in the project country as work with the same content.

b. The remuneration of an external expert may be supported up to EUR 520/day for a junior expert and up to EUR 910/day for a senior expert (if necessary, reference information on the experts may be requested from the beneficiary to determine who are senior and junior experts). In addition, reasonable office costs, such as telephone and internet use, as well as printing costs to the extent that they are included in the mandate, will be accepted.

c. The project country studies carried out by the party considered the recipient's developing country partner can be supported during project phases 1-3 with a remuneration in line with project country prices.

### 3.1.3. Other expenses

Other reasonable and essential expenses resulting from the implementation of the project, such as

- audit (cost considered reasonable in relation to the scope of the payment request)
- visas
- compulsory vaccinations and medicines for a journey to the project country
- travel insurance add-ons, if any, in a high-risk country
- payments to public officials
- costs of obtaining operating permits (e.g. import and export permits)
- notarisation
- start-up costs, drafting and translation of agreements
- test and analysis fees for environmental and social impact assessments
- security services necessary in high-risk countries

#### **3.1.4. Expenses also accepted for the piloting and demonstration of technology and solutions**

- planning expenses, localisation, training, other technical support and installation work related labour expenses
- equipment and facility rents necessary for the piloting
- reasonable equipment investments, construction costs and freight costs, if the pilot or other similar equipment is owned by the beneficiary or a developing country partner at least for the Business Partnership Support period in question and provided that the investments are considered essential with regard to the nature and the feasibility of the project.

#### **3.1.5. Expenses also accepted for import projects**

- product development expenses related to market-specific merchandising and other expenses connected to testing, along with expenses related tests required for public authorities' import permits and auditing expenses related to the assessment of producer responsibility.

#### **3.1.6. Expenses also accepted for support function projects**

- Reasonable facility rent for events organised in the project, as well as travel expenses for participants and conference packages
- In connection with teacher training, one pilot group for curriculum reforms, teacher training, acquisition of teaching equipment and devices, teaching facility repair work and other short-term costs to develop the capacity of stakeholders in the parent project.

### **3.2. Costs that are not approved**

- costs considered normal business activities such as marketing, sales, recruitment and communication.
- expenses arising from the identification of an agent or distributor to serve a Finnish exporter, or expenses that are immediately linked with machinery and equipment supplies, which are not meant to lead to a long-term business partnership in line with terms and conditions of Business Partnership Support

- training included in licencing or franchising agreements
- general market research expenses that are not related to the promotion of business partnerships in line with the terms and conditions
- expenses arising from participation in competitive tendering or preparation of export trade that does not involve a long-term partnership as required by the terms and conditions
- planning and preparation of travel and remote meetings
- expenses arising from the procurement of machinery and equipment needed for implementation of the project and other production investments
- general marketing expenses and the cost of marketing material
- general product development expenses for products and solutions and related testing expenses (other than market-specific merchandising expenses related to developing country imports)
- general costs related to seminars or visits that are not related to the promotion of business partnerships that are in compliance with terms and conditions or their essential support functions (such as identification of business partners or corporate responsibility)
- work carried out by the recipient's own employees on weekends
- the portion of the working expenses of the company's own employees and the wages/fees of external experts that exceed the maximum limits set for these,
- expenses arising from travel within Finland, unless they are connecting trips
- per diem allowances in Finland unless they are connected with travel to the project country or another country relevant to the project
- per diem allowances for employees from the project country during their training in Finland,
- mileage allowances and non-essential taxi fares in the project country or another country relevant to the project
- conventional travel and personal insurance
- costs of medicines that are not necessary considering the conditions in the project country
- parking costs
- courier service costs
- representation costs
- facility costs (excl. support function projects and mandatory costs in during piloting)
- project accounting costs
- fundraising costs
- reserves referred to in the Accounting Act (1336/1997) (with the exception of provision for holiday pay)
- imputed cost items that are not based on actual costs
- severance pay or wage expenses paid for notice period with no work obligation
- non-statutory additional pensions, profit-based compensation and bonuses
- court costs or compensation imposed by a court as well as other penalty-like fees, such as clawback obligations, fines, interest on delay or reminder fees

- costs or deficits of other projects that have received support
- other possible costs not eligible for support

#### **4. GENERAL PREMISES FOR THE USE OF THE SUPPORT**

##### **4.1. Obligation to organise the monitoring of the use of support**

A company receiving Business Partnership Support must comply with the national accounting rules and regulations of the company's country of registration in the project's accounting, (e.g. Finland's Accounting Act (1336/1997) and Accounting Decree (1339/1997)) as well as good accounting practice. The recipient must organise their accounting in a manner that allows costs resulting from the project to be itemised and their connection to accounting and payment itemisation can be proved, e.g. by establishing a cost centre separate from its other activities for recording the costs for the target of support. The statements must indicate the information necessary for accounting. The recipient must organise the use of working hours monitoring. The project's documents and other materials necessary for the supervision and audit of the project must be stored for at least ten years from the date of the project's last payment instalment.

The auditing must be carried out in accordance with the International Standard on Related Services ('ISRS') 4400 Engagements to perform Agreed-upon Procedures regarding Financial Information as well as with these terms and conditions. The auditor must audit 100% of the expenses included in the reimbursement request (a random sample audit is not sufficient).

The Ministry for Foreign Affairs recommends that an auditor appointed by the company's general meeting perform the audit of accounts. In the event that the company is not otherwise obligated by the Auditing Act to select an auditor, it is, however, obligated to select an auditor for the auditing of the Business Partnership Support.

The auditor must hold a degree of an authorised auditor (KHT, HTM or a similar qualification) approved in the country of registration of the company receiving support. Auditors must fill in a checklist in accordance with the instructions provided by the Ministry for Foreign Affairs and prepare a statement according to the template provided. The Ministry for Foreign Affairs and the Finnpartnership programme have the right to communicate directly with the selected auditor of the company receiving Business Partnership Support.

##### **4.2. Use of the support is approved for a certain purpose**

Discretionary Government grants may only be used for the purpose set forth in the discretionary Government grant decision. The recipient must comply with the terms and conditions, and limitations contained in the discretionary Government grant decision and its appendices for the project receiving support. Discretionary Government grants cannot be transferred to a third party.

The recipient organisation is fully responsible for any possible problems, claims and other consequences resulting from the use of the discretionary Government grant.

#### **4.3. Restrictions applying to the support's period of use**

The support granted shall be used and the reimbursement request shall be submitted within 24 months after the notification of the decision to award the discretionary government grant. Unless otherwise proven, it is assumed that the discretionary Government grant decision has been delivered on the third day after the decision has been available for viewing in the e-service. In the event that the company has not requested payment of the granted funds by the due date, the Ministry for Foreign Affairs can annul the decision to grant the unpaid funds and reallocate the unused appropriations.

#### **4.4. Amendment of the special terms and conditions referred to in the discretionary Government grant decision**

The recipient must notify the Ministry for Foreign Affairs immediately of a change that will affect the purpose for which the support of used or other changes that will influence the use of the support.

The ministry can on the basis of a written application by the recipient containing grounds decide on amendments to the special terms and conditions contained in the decision concerning granting of the support. A special reason must always be given when applying for an amendment. An application for an amendment must be submitted if any of a project's key objectives or functions change. Changes to the use of support will require the submission of an application for amendment when changes take place between the phases for the budget approved in the discretionary Government grant decision and their total amount is at least 15 per cent of the total cost of the project phase. The use of the support for an expenditure type or project phase that differs from the application on which the support is based will always require the submission of an application for amendment regardless of the amount of money. The change cannot be implemented before the recipient has received a favourable decision to the application. The Ministry for Foreign Affairs will assess on a case-by-case basis whether it will approve the change. The Ministry for Foreign Affairs will not approve extensions to the period of use for Business Partnership Support.

### **5. SPECIAL OBLIGATIONS OF THE BENEFICIARY OF THE AID**

#### **5.1. Compliance with the principles for environmental and social responsibility**

The recipient's activities are required to be environmentally and socially responsible. This applies in particular to taking into consideration the risks and impacts of a project that receives Business Partnership Support and to the prevention and mitigation of possible negative impacts to the environment, society and human rights. The applicant must undertake to compliance with International Labour Standards and International Labour Standards on Occupational Safety and Health (ILO) and international recommendations on human rights (United Nations Guiding Principles on Business and Human Rights). Projects must also comply with internationally

accepted environmental and social responsibility standards as well as local legislation. The assessment is based on international financiers-approved standards on environmental and social impacts and their management laid down by the World Bank and International Financial Corporation (IFC Performance Standards, World Bank Group EHS Guidelines).

The company implementing the project is also expected to comply with principles related to good governance, tax responsibility, transparency and the measures against corruption. The company must be committed to the OECD Guidelines for Multinational Enterprises, which cover responsible business including the conditions employees work in, the payment of taxes, consumers, anti-corruption measures and the environment<sup>7</sup>. In addition, as regards tax responsibility, a company must comply with the tax responsibility principles set out for Finland's development cooperation funding<sup>8</sup>.

## **5.2. The recipient's obligation to tendering in accordance with the Public Procurement Act and the tendering of small procurements**

When using the Government grant, the recipient must take into account the obligations relating to competitive tendering under the Act on Public Procurement and Concession Contracts (1397/2016).

Section 5(5) of the aforementioned Act provides that, for the purposes of the Act, contracting authority (actors that must arrange competitive tendering for their procurement in accordance with the Act on Public Contracts) refers to any purchaser who has received more than half of the value of the contract from a governmental authority.

If the procurement has been carried out in breach of procurement legislation, the procurement cannot be approved as an expense.

All procurements must be carried out in the most affordable manner.

## **5.3. Prohibition of bribery**

When procuring goods or services both the invitation to tender and procurement agreements must include a clause according to which the tender can be rejected and the agreement nullified if the drafting or implementation of the agreement involves bribery or illegal activity similar to bribery (including bribery of a foreign official). The recipient of the support gives an assurance that neither it, nor the persons using its leadership or supervisory power, or its employees or local representatives have engaged in bribery or illegal activities similar to bribery (including bribery of a foreign official), and that they will not take part in such activity during the time that the discretionary Government grant is used. The recipient of the grant gives a further assurance that the entities to whom it transfers part of the funds as part of the purpose for the use of the funding it receives or those with management or supervisory power over these entities, or their employees or local representatives have not committed bribery or illegal activities similar to bribery (including bribery of a

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<sup>7</sup> Guidelines in English <http://www.oecd.org/corporate/mne/> and in Finnish <https://tem.fi/documents/1410877/2870803/OECDn+toimintaohjeet+%20monikansallisille+yriyksille.pdf/2e3aa906-8cd6-4151-b24f-1588c079dda4>

<sup>8</sup> <https://um.fi/documents/35732/0/Tax+responsibility+principles+in+Finland%27s+development+cooperation+funding+to+the+private+sector.pdf/cf0cd254-c616-81a6-59dc-aec6908317df?t=1614867347967>

foreign official), and that they will not take part in such activity during the time that the discretionary Government grant is used. A breach of the assurance may result in the clawback of a paid Government grant or part of it on the basis of the Act on Discretionary Government Transfers (688/2001).

Should the recipient organisation discover that a person exercising executive or supervisory authority in the organisation or its employee or local representative has misused funds received as a discretionary Government grant, the recipient organisation must take immediate action to minimise the resulting damage and notify the Ministry for Foreign Affairs. The recipient must act in the same manner if it notices that an actor for whose activities the recipient has transferred part of the transfer funds, in accord with their purpose of use, or a person exercising control or supervisory authority in this organisation or its employee or local representative has misappropriated funding granted in the form of government grant. The provision of information to the Ministry for Foreign Affairs does not eliminate the ministry's right or obligation to clawback the paid discretionary Government grant or part of it from the recipient on the basis of the Act on Discretionary Government Transfers.

Support for good governance in all activities is central and the recipient of support shall, in its activities, take into consideration the instructions of the Ministry for Foreign Affairs' Anti-corruption Handbook for Development Practitioners<sup>9</sup>.

#### **5.4. Discretionary Government grant recipients' duty to provide information**

Provisions on the duty to provide information by recipients of discretionary Government grant are laid down in section 14 of the Act on Discretionary Government Transfers. The recipient must provide correct and adequate information to the Ministry for Foreign Affairs to enable the payment of the discretionary Government grant decision and the supervision of its terms and conditions.

#### **5.5. Duty to provide clarification on the use of the discretionary Government grant**

The recipient has a duty to report on the use of the support and the progress of their project in accordance with the objectives set out in the application within 8, 16 and 24 months of the support being granted pursuant to the instructions provided by the ministry.

In connection with every request for payment, the recipient must submit reports via the ministry's e-service on the project's activities and use of funds according to the instructions provided by the ministry. If the period of use for the support ends without any payments being made, the applicant must provide a short explanation on the expiration of the project.

#### **5.6. Impact assessment for the supported project**

The support recipient must fill in project follow-up questionnaires (two in total). The company will receive the first questionnaire electronically no later than one year after the date on which the support expired. The second questionnaire shall be sent one year after the submission of the first follow-up report at the latest. The recipient is

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<sup>9</sup> [https://um.fi/documents/35732/48132/anti\\_corruption\\_handbook\\_for\\_development\\_practitioners](https://um.fi/documents/35732/48132/anti_corruption_handbook_for_development_practitioners)



responsible for responding to the follow-up questionnaire by the deadline specified in the questionnaire.

Any delay or failure to report may lead to interruption of payments and clawback as well as a possible denial of continued support. The Ministry for Foreign Affairs may also ask the recipient organisation to provide other clarifications as it deems necessary.

### **5.7. Obligation to repay the support**

Section 20 of the Act on Discretionary Government Transfers contains provisions on the repayment of discretionary Government grants. The recipient must immediately repay any discretionary Government grant or part thereof if they have received it erroneously, the sum is excessive or they have obviously received it without justification. The recipient must also repay the discretionary Government grant or part thereof if it cannot be used for the purpose stated in the discretionary government grant decision. If the amount to be repaid is no more than EUR 100, returning it is not necessary.

## **6. SUPERVISION OF THE USE OF THE SUPPORT, INTERRUPTION OF PAYMENTS AND CLAWBACK**

### **6.1. Discretionary government grant authority's supervisory duty**

The Ministry for Foreign Affairs has the right to receive and obtain information on the use and monitoring of discretionary Government grants, along with other information, and conduct audits where necessary. If non-compliance with the terms and conditions for the reporting and use of the support outlined by the Ministry for Foreign Affairs is observed, the ministry can specify a deadline for compliance with the terms and conditions and decide on the clawback of already paid support.

### **6.2. Right to audit**

Section 16 of the Act on Discretionary Government Transfers contains provisions on the right to audit. The Ministry for Foreign Affairs is entitled to conduct any such audits of the recipient organisation's finances and operations that are necessary for the payment of the discretionary Government grant and the monitoring of its use. The Ministry for Foreign Affairs can issue a decision to authorise another authority or external auditor to conduct the aforementioned audits. A third-party expert can, by request of the discretionary government grant authority, assist in the audit. The right of audit of the National Audit Office of Finland and the Parliamentary Audit Committee are laid down separately.

### **6.3. Obligation of the recipient to assist in the audit**

Section 17 of the Act on Discretionary Government Transfers contains provisions on the performance of an audit. The recipient organisation must provide the auditing official and/or auditor all the information, reports, documents, recordings and other materials necessary for performing the audit and otherwise provide assistance during the audit. The official and/or auditor conducting the audit is entitled to seize the material subject to audit if the auditing so requires. The materials will be returned

without delay after they are no longer needed for the audit. To the extent required by the audit, the auditing official and/or auditor conducting the audit is entitled to access the business premises, storage facilities and other similar properties used for professional or business purposes as well as other areas the conditions of which are relevant to the awarding of the discretionary government grant and the monitoring of its use.

#### **6.4. Interruption of payment**

Section 19 of the Act on Discretionary Government Transfers contains provisions on the interruption of payment. The Ministry for Foreign Affairs can decide to interrupt the payment of a discretionary Government grant if:

- 1) there are reasonable grounds to suspect that the recipient of a discretionary Government grant has not acted in the manner laid down in sections 12(4), 13 or 14 of the Act on Discretionary Government Transfers.
- 2) the grounds on the basis of which the discretionary Government grant was granted have changed substantially; or
- 3) the interruption of payment is required by European Union law.

#### **6.5. Support clawback and interest**

##### **6.5.1. Responsibility to clawback**

Provisions on the clawback of a discretionary Government grant are laid down in sections 21 and 22 of the Act on Discretionary Government Transfers. According to the Act on Discretionary Government Transfers, the Ministry for Foreign Affairs is obligated to order that the payment of a discretionary government grant be interrupted and that the paid amount be clawed back, if the recipient organisation has:

- 1) failed to repay a discretionary Government grants or part thereof that should be returned by virtue of section 20 of the Act on Discretionary Government Transfers
- 2) used the support for a purpose which is essentially different from the purpose for which it was granted
- 3) given false or misleading information to the Ministry for Foreign Affairs on a matter that has essentially influenced the decision to grant the transfer or its amount or conditions, or has concealed such a matter, or
- 4) in a manner comparable to paragraphs 1–3 above, otherwise substantially violated provisions concerning the use of discretionary Government grants or the conditions included in the discretionary Government grant decision.

##### **6.5.2. Discretionary clawback**

Pursuant to the Act on Discretionary Government Transfers, the Ministry for Foreign Affairs can issue a decision that the payment of a discretionary government grant be discontinued and that the paid amount be clawed back fully or partly if:

- 1) the recipient has violated section 12(4), 13 or 14 of the Act on Discretionary Government Transfers;
- 2) the recipient has refused to provide the materials referred to in section 17 of the Act on Discretionary Government Transfers or to assist in the audit in the manner laid down in the subsection;
- 3) ceased the supported activities, reduced them significantly or transferred them to others
- 4) in violation of section 13 of the Act on Discretionary Government Transfers, transferred the ownership or control of property procured using a discretionary government grant to another party
- 5) in violation of section 13, permanently changed the intended purpose of the property for which the discretionary government grant was awarded
- 6) become subject to a debt recovery procedure, been placed in liquidation, gone into bankruptcy or is subject to restructuring proceedings under the Restructuring of Enterprises Act (47/1993) or Act on the Adjustment of the Debts of a Private Individual (57/1993), unless otherwise required by the purpose of the discretionary government grant, or
- 7) the recipient takes action that is in practical terms comparable to what is laid down in subsections 1–6 above by giving a matter related to the granting, payment or use of the transfer a legal form that does not comply with its true nature or purpose.

If either a recipient of a discretionary Government grant or the recipient's representative as specified in the Criminal Code, has been imposed a final sentence for the employment of unauthorised foreign labour or a violation of the Aliens Act, or if the recipient of a discretionary Government grant has been issued an administrative fine, as referred to in the Employment Contracts Act, the discretionary Government grant authority may only continue to pay the discretionary Government grant and refrain from the clawback of paid amounts or part of these for a particularly weighty reason.

If the property for which the discretionary Government grant was awarded has been destroyed or damaged during the period of use specified in the discretionary Government grant decision and new equivalent property is not procured to replace this property, the Ministry for Foreign Affairs can issue a decision to discontinue the payment of the discretionary Government grant and require that an amount equivalent to the discretionary Government grant's share of the original acquisition cost of the property to be clawed back from possible insurance compensation or other reimbursement.

The Ministry for Foreign Affairs can also issue a decision to terminate the payment of a discretionary Government grant and to claw back paid instalments if required by European Union law.

### **6.5.3. Interest**

The recipient of a discretionary Government grant will pay an annual interest in accordance with section 3(2) of the Interest Act (633/1982) plus three percentage points on the amount to be repaid or clawed back from the day the grant was paid. (section 24 of the Act on Discretionary Government Transfers)  
The interest is calculated from the due date of the repayment to the actual date on which the clawed back repayment is made.

## **7. OTHER TERMS AND CONDITIONS RELATED TO GENERAL MATTERS**

### **7.1. Discretionary Government grant decision and publicity of the information concerning the transfer**

Pursuant to section 1 of the Act on the Openness of Government Activities (621/1999) official documents shall be in the public domain, unless specifically provided otherwise in this Act or another Act. Section 24 of the Act on the Openness of Government Activities contains provisions on the conditions for the secrecy of documents. Business Partnership Support, granted by the Ministry for Foreign Affairs, is a part of the development cooperation carried out by the public sector in Finland and it is included in the reports on Finland's Official Development Assistance to the OECD. The names of the organisations that submitted the application for support as well as the names, business IDs, size, sector, region and funding models of those receiving Business Partnership Support and the date they were granted the support and the amount of granted and paid support are all considered public information. In addition, public information includes the statistical data on the project listed on the application form, the name of the project and the project country.

The Ministry for Foreign Affairs, the Ministry of Economic Affairs and Employment, Finnvera Plc, Business Finland Ltd, Innovation Funding Centre Business Finland as well as ELY Centres and TE Offices can amend client data concerning the recipient in accordance with section 31 of the Act on Discretionary Government Transfers.

In addition, in support function projects whose parent project is in the Business Finland-administrated Developing Markets Platform, information essential for the discretionary Government grant decision can be exchanged between Business Finland, the Ministry for Foreign Affairs and the Finnpartnership Programme service provider.

When the recipient reports on the project or its results, it must state that it has been awarded Business Partnership Support from the Ministry for Foreign Affairs' development cooperation funds.

The logo of the Ministry for Foreign Affairs or Finnpartnership cannot be used in communication related to the project.

### **7.2. Accessibility of digital services**

When using the aid, the recipient must ensure whether it falls within the scope of application of the Act on the Provision of Digital Services (306/2019, Digital Services Act). The Digital Services Act applies to such things as the legal institutes defined in section 2 of the Act. In addition, the Digital Services Act applies to the development and maintenance of the digital services of a company, foundation, association or other entity, if an authority finances half of the development and maintenance costs for the digital service. The Digital Services Act includes provisions on such things as accessibility requirements for digital services. In addition to the recipient's actual website, the Act applies to any possible theme and campaign sites at different internet addresses.

### **7.3. The project's ownership rights and immaterial rights**

The recipient of the aid must ensure that they legally own the ownership rights and immaterial rights used during the projects and which the project results (e.g. Copyright Act, Act on the Right in Employee Inventions) or has a right to them with a separate agreement.

If the recipient uses the immaterial rights owned by an external party (incl. employees and owners) in the project, the recipient of the funding must ensure that they have the adequate rights to use these immaterial rights in the research and development work outlined in the project plan and in business.

### **7.4. Applied legislation**

Act on Discretionary Government Transfers (688/2001), sections 5–7, 9–17, 29, 31, 32, 34, 35 and 37

Annual state budget

Commission Regulation (EU) No 1407/2013 of 24 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid (Official Journal of the European Union L352)

Act on the General Requirements for Granting Support for Economic Activity (429/2016), sections 3 and 4

Act on Electronic Services and Communication in the Public Sector (13/2003), section 19

Act on the Client Information System of Enterprise Services (293/2017), sections 7 and 7 a