

## **Innovation aid for shipbuilding**

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## **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 beneficiary's 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 grant (hereinafter funding) has been awarded on the basis of the annual state budget, the Act on Discretionary Government Transfers (688/2001), the Act on the General Requirements for Granting Support for Economic Activity (429/2016), and the Government Decree on state aid for innovations in shipbuilding (364/2015).

The funding granted by the decision is compatible with the General Block Exemption Regulation (Commission Regulation declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (EU) No 651/2014 (OJ L187 26.6.2014, p. 1)) and the conditions for granting specific aid for innovations in shipbuilding (SA.112237).

These funding terms and conditions are issued under section 11 (3 and 4) of the Act on Discretionary Government Transfers (688/2001).

## **2 Publicity of the funding decision**

The following information will be public: the beneficiary's name, business ID, size, domicile, sector, register number of the funding decision, form of financing, granting date, the amount of funding granted and the amount paid. The State Treasury publishes public information about state grants in the service for publication and use of state grant information (Tutkiavustuksia.fi).

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

The Funder may need information from other authorities and financiers for the payment and supervision of funding. Provisions on the exchange of information between authorities are laid down in the Act on the Customer Information System for Business Services (293/2017) and the Act on Discretionary Government Grants. Provisions on the disclosure of trade secrets are laid down in the Act on the Openness of Government Activities (621/1999).

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 authorizes an accountable project leader who is in an employment relationship with the beneficiary or holds a position of responsibility in the company. A person disqualified from the practice of commercial activities cannot act as the accountable project leader.

The accountable leader monitors the implementation of the project referred to in the funding decision and is responsible for ensuring that

- 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

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- reported 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.

The beneficiary must be able to demonstrate how the project plan has been implemented and what the results of the measures have been.

The auditor's report must be submitted with the final report.

With each report, the beneficiary must provide a statement of costs or a general ledger extract of the costs of the innovative components of the activities defined in the project plan. Additional information must be provided if requested by the project's supervisors. Additional information may include, for example, copies of receipts, invoice specifications, a general ledger extract, selection criteria for the purchased services, and reports on working time monitoring.

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

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

## **5 Auditor's report**

The costs are confirmed on the auditor's report. The beneficiary must submit an auditor's report covering the entire duration of the project and prepared by an independent auditor as part of the final report. The report template is available on the Business Finland website. The Funder has the right to demand an inspection with a larger sample size, if, for example, the auditor's report has a lot of observations.

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

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

## **6 Payment of funding**

The Funder will remit the funding on the basis of approved reports. The grant will not be remitted until the beneficiary has signed a binding contract for the project. Payments are made in installments in accordance with the schedule set out in the funding decision on the basis of the project's progress. At least 20% of the grant will be remitted after the approval of the final report on the basis of the eligible costs indicated by the beneficiary and verified by the auditor in the audit report.

The beneficiary must apply for the final funding installment when submitting the final report. Any funding that the beneficiary applies for after that will not be granted.

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

## **7 Applications eligible for funding**

### **7.1 A new type of vessel and offshore structures**

Eligible costs for a new type of vessel and offshore structures include:

- the costs of the development, design, functional design, or detailed design of the product concept
- costs of research, testing, and models as well as other similar costs related to the development and design of the vessel
- the costs of design and design implementation as well as product testing and experimentation
- the increased personnel costs resulting from the implementation of the technical innovation, limited to the minimum necessary.

The costs referred to in paragraphs 1–3 above that are comparable to the conventional ship design of a previous vessel type are not eligible costs.

### **7.2 Series-produced vessels**

- Extra costs arising from building the first vessel of a new vessel type may include the difference between its personnel and indirect personnel costs and the corresponding costs of subsequent vessels in the same series (sister vessels).
- A maximum of 10% of the costs of the new vessel type may be considered eligible if they are necessary for the practical implementation of the technological innovation and if they are estimated to amount to more than 3% of the production costs of the sister vessels to be manufactured later.

### **7.3 New components or systems**

The following costs arising from new components or systems eligible for the innovation aid are eligible to the extent and for the period that the components or systems have been used in the project, provided that they are directly linked to the innovation:

- planning and development costs
- testing costs and models for the innovative component
- material and equipment costs
- in exceptional cases, the building and installation costs of a new component or system are required for the practical implementation of the innovation, provided that the costs are limited to the minimum necessary.

### **7.4 New methods**

The following costs arising from new methods eligible for innovation aid are eligible to the extent that the methods have been used in the project, provided that they are directly linked to the innovation process:

- planning and development costs
- material and equipment costs
- where appropriate, the costs of testing the new method.

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## **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 reported costs can be verified.

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

In connection with the first interim report, the beneficiary must provide the Funder with a description of the project accounting and working time monitoring. The description must indicate whether the project accounting and working time monitoring have been arranged in accordance with the funding terms and conditions.

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 with verifications, where required and salary specifications submitted in connection with reporting) must be kept for a minimum of 10 years after the payment of the last project funding instalment.

## **9 Working time monitoring**

The salaries of the innovative component of each activity to be funded must be based on the monitoring of the working hours of the persons working for the project. The beneficiary must provide a specification of the persons who have been involved in the innovative component.

## **10 Eligibility of costs**

The project plan and cost estimate approved by the Funder form a part of the funding decision and serve as the basis for accepting the costs.

Eligible costs include the costs of the innovative components of the activities defined in the project plan that

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

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. Invoice for work performed during the project may be paid after the project end date but before the costs are reported to the Funder.

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.

All costs based on the project plan must be reported to the Funder. Final approval of the costs for a project can only be given after the costs have been approved.

To ensure the effectiveness of the funding, only procurements and work ordered or agreed upon in writing after submitting the funding application are approved for the project. In exceptional cases, the procurement ordered for the implementation of the project before submitting the funding application can only be accepted if the order or contract contains a clause stipulating that the procurement will be canceled if the funding decision is negative. Even then, the costs are only eligible from the date of submission of the funding application at the earliest.

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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 reported 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 a practice that is based on the unit costs derived from the beneficiary's expenditure records and generated by the beneficiary's cost accounting system. 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.

## **11 Procurement procedures**

When the beneficiary is a public procurement unit or the funding provided by the Funder or other public funding covers more than 50 per cent of the project costs, the beneficiary must observe the provisions of the Act on Public Contracts. When the total value of the procurement is at least 60,000 euros, the procurement must be tendered as a public procurement. When a procurement has to be put out to tender, the HILMA number or the criteria for direct award are indicated in the reporting.

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

## **12 Declared salaries**

Eligible costs include the salaries for effective working hours (up to 11 months/year) that are subject to the withholding tax of the persons participating in the innovative component of the funded activities of the beneficiary.

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 reported to the Funder

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

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

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

## **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, leave pay and holiday bonus
- social security costs

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- 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.

- If a salary's social security costs are not paid to Finland, indirect personnel costs cannot be accepted as project costs.
- For persons that do not receive any holiday pay, a total of 30 percent of all reported 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.

## **14 Material and supplies costs**

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

Materials, machinery, and equipment installed as an integral component of the ship may be eligible as material and equipment costs.

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

## **15 Machinery/equipment purchases**

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

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

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

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

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

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

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## **16 Machinery/equipment depreciation/rental costs**

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

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

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

The depreciation may be accepted as planned depreciation logged in the accounts provided that no other public funding has been received for purchasing the assets.

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

## **17 Purchased services**

The costs of research, know-how or patents purchased or obtained on license from external sources on market terms, and the costs of consultation and similar services, may be approved as per the project plan and invoices if these purchases have been used only in the project and nowhere else. Business Finland does not accept the allocation of purchases for a project as a percentage of the total sum of a purchase invoice, for example. For invoices in foreign currency, the exchange rate on the date of payment is used.

Purchased service costs can also include as direct project-related expenditures audit of the project costs and information and data gathering.

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

Purchased services do not need to be broken down into different types of purchase services, but they can be accounted for as a single item in the line Services purchased from other domestic companies/entities.

## **18 Purchases from other companies in the same group and associated companies**

### **18.1 Business Finland's definition of an associated company**

Companies (here referring to all legal persons) are each other's associated companies if another company or person exercises control over another company or can influence its choice of procurement sources.

Companies are considered each other's associated companies if at least 20% of the other company's share capital or corresponding equity is directly or indirectly owned or controlled by the other company. Companies are considered each other's associated companies also if at least 20% of the other company's share capital or corresponding equity is directly or indirectly owned or controlled by the same individual.

The Funder also considers direct or indirect ownership to exist on the basis of the following criteria when the individuals serve in the following roles or positions under the beneficiary or an associated company:

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- members or alternate members of a company's Board of Directors
- responsible persons within the company
- employees of the company
- creditors or guarantors of the company
- family members: an applicant's spouse or a cohabiting partner, the applicant's or their spouse's/partner's children
- close relatives, such as a grandchildren, siblings, parents, grandparents, or corresponding half-relatives.

### **18.2 Project accounting and cost reporting of an associated company**

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

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

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

The costs are declared using the template 'Cost statement for associated company Y3+Y5' and a separate salary specification (Y4). The authorized signatory of the group company or associated company signs the accountable project leader's declaration. The forms are available on Business Finland's website.

The beneficiary must submit the cost statement of each group company or associated company in a separate file. No later than in connection with the final report, the beneficiary must also submit a separate auditor's report in a specified form detailing the declared costs of the group company or associated 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.

In addition to direct project costs, indirect personnel costs 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.

### **18.3 Purchases from foreign group companies and foreign associated companies, and costs arising in an office abroad**

The Funder may also accept as project costs purchases from foreign group companies and foreign associated companies and costs to the beneficiary arising in an office abroad. 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.

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## **19 Ineligible costs**

- overheads
- travel expenses
- entertainment expenses, gifts and donations, stipends or grants
- advertising and marketing costs, brochures, advertising expenses and fairs
- financing costs
- official fees, excluding the costs mentioned under Purchased services
- certification costs when they are not in line with the project plan for the development of innovation activities
- costs related to the industrial property rights of large companies
- the beneficiary's funding share for a project implemented in a research organization or other organization
- costs subject to public support, the terms of which prohibit other public support (including the wage costs of a person who has received a start-up grant for the same period)
- payroll costs for which a pay subsidy has been received
- services containing other public funding
- any financing, administration, insurance, repair, maintenance, or equivalent costs arising from acquisitions financed through a part payment agreement
- administration, financing, insurance, repair, or equivalent costs related to machinery and equipment rental
- machinery and equipment rental costs 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.

## **20 Other public funding**

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

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

## **21 Monitoring of funding impact**

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

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

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

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

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

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## **22 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.

A positive amendment decision can only be made if the beneficiary has fulfilled their registration, declaration, and payment obligations in relation to taxes or other legal obligations.

A change in the beneficiary's bank account is reported using form Y1 available on the website.

## **23 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.

## **24 Reassignment and approval of corporate reorganization**

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

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

- sells, gives as security, or otherwise assigns business or any part thereof generated in the project
- sells, gives as security, or otherwise assigns intellectual property rights, licenses, or other rights generated in the project
- moves its business activities abroad, or
- undertakes other significant business changes or restructuring, including sale of a business or 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. If, as a result of business arrangements, control moves outside the European common market area, the Funder may require repayment of the granted funding.

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No approval is needed for licensing access rights if licensing is an integral part of the business originally pursued in 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.

## **25 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.

## **26 Right of inspection**

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

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

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

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

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

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

## **27 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

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- 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 neglects its registration, notification, or payment obligations related to taxes or other regulatory obligations
  - f) the beneficiary has outstanding debt to the State or the institutions of the European Union arising from their payment or recovery decisions or orders
  - g) the beneficiary has recovery decisions with which it has failed to comply
  - h) the beneficiary has failed to adhere to the repayment obligations concerning the loans granted by Business Finland
  - i) the beneficiary does not provide sufficient information about the owners or beneficiaries so that the Funder can take the measures related to know your customer
  - j) the beneficiary does not provide the Funder with sufficient information regarding the providers, subcontractors, or their beneficiaries, so that the Funder can make sure that these actors are not subject to sanctions imposed by the European Union or the United Nations (UN), or decisions to freeze assets imposed by the Finnish authorities.
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.

## **28 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.

## **29 Clawback of funding**

Innovation Funding Agency Business Finland may claw back any funding already paid if the beneficiary violates against these terms and conditions.

### **29.1 Clawback obligation**

Innovation Funding Agency Business Finland will order the discontinuation of the payment of funding and the clawback of funding already paid if the beneficiary has

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

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## **29.2 Discretionary clawback**

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

1. false or misleading information has been provided for the purpose of payment or supervision of the funding, information has been concealed, the provision of the required information has been refused or the information requested by the Funder has not been provided by a specific date
2. the beneficiary has directly or indirectly made funds or financial resources available or usable by natural persons, legal entities, entities or bodies on the embargo list or close to them
3. the beneficiary has not complied with the terms and conditions for funding
4. 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
5. the funding has not been used for the purpose specified in the funding decision
6. the beneficiary has not been able to demonstrate how the project plan has been implemented or what the results have been
7. the beneficiary has refused to assist in the project audit
8. the beneficiary has terminated the project for which the funding was granted, reduced or altered it substantially or transferred it to another party
9. the beneficiary has been subjected to recovery proceedings, placed into liquidation or bankruptcy, or made subject to reorganization proceedings
10. the beneficiary or its representative has been convicted or sanctioned in accordance with section 22 of the Act on the amendment of state subsidies
11. the claw-back of funding is required under European Union legislation
12. the beneficiary otherwise acts in a manner comparable to the matters in this section.

## **29.3 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. It is calculated as an annual interest to which three percentage points are added. The annual interest is determined in accordance with section 3(2) of the Interest Act (633/1982).

## **29.4 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 outstanding balance of the loan. 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).

## **29.5 Moderation of grant clawback**

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

## **29.6 Clawback time limit**

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

1.1.2025

### **30 Funder's right of offsetting**

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

### **31 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.

### **32 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. Funding terms and conditions
3. Cost estimate
4. Project plan
5. Funding application and its appendices
6. Any other documents relevant to the funding decision

### **33 Scope of application and legal basis**

- Annual state budget
- Act on Discretionary Government Transfers (688/2001)
- Act on General Conditions for Aid Granted to Economic Activities (429/2016)
- Government Decree on state aid for innovations in shipbuilding (364/2015)
- Openness Act
- Act on the Customer Information System for business services (293/2017)
- Act on the Provision of Digital Services (306/2019)
- Act on Electronic Services and Communication in the Public Sector (13/2003)