General conditions for the use of discretionary government transfers granted by the ministry for foreign affairs, additional conditions for programme support and ethical code 28.10.2020

General conditions

Amount of discretionary government transfer

Discretionary government transfer may not cover the full amount of expenses caused by an activity or project for which the support has been granted, unless reasons necessary to and justified based on the objectives of granting discretionary government transfer dictate otherwise.

The share of self-financing varies depending on the form of support and will be informed in the call for proposal and in the discretionary government transfer decision (and its annexes).

Together with other forms of public support, the amount of discretionary government transfer may not exceed the maximum amount of discretionary government transfer or other public support laid down in European Union legislation or Finnish legislation.

Granting of discretionary government transfer

Within the framework of the appropriations approved by parliament, discretionary government transfer is granted for the intended use set forth in the discretionary government transfer decision for either the recipient’s own activities or project, or for assisting in the activities or projects of some other party implementing the intended purpose laid down in the discretionary government transfer decision.

If the discretionary government transfer is granted for assisting the activities or projects of a party other than the recipient to implement the intended purpose of the discretionary government transfer decision, the recipient organisation must sign an agreement with the party implementing the activities or projects on the use of the discretionary government transfer in accordance with the discretionary government transfer decision, on the monitoring of the use and on the applicable conditions.

Payment of the government transfer

The conditions for the disbursement of discretionary government transfer are defined in the discretionary government transfer decision.

The support is paid to the recipient in one or more instalments based on the timing of costs. The Ministry for Foreign Affairs (MFA) may decide to pay the discretionary government transfer based on actual costs after an acceptable account on the use of the support has been provided to the Ministry.

An advance can be paid on the discretionary government transfer if this is justified in terms of the use of the support and its monitoring.

The recipient of the discretionary government transfer must provide the MFA with accurate and sufficient information for the disbursement of the support.
The MFA will pay the support based on the disbursement requests sent by the recipient. In the case of support spanning multiple years, the support for the years following the first year of use can be paid without a separate decision once parliament adopts the budget proposal for the year in question, provided that parliament has granted the funds for the purpose in question. The disbursement requests must take into account the timing of the costs. The additional conditions concerning the staggering of the payments will be included in the discretionary government transfer decision.

The recipient organisation and the MFA can together agree in writing that funding be carried over to the following year or financing period. Funds that remain unused at the end of a calendar year must be taken into account in the first disbursement request of the following year.

Use of discretionary government transfer

Discretionary government transfer may only be used for the purpose set forth in the discretionary government transfer decision. In assisted projects or activities, the recipient organisation must adhere to the conditions and restrictions incorporated in the discretionary government transfer decision.

If discretionary government transfer has been granted for the procurement or basic improvement of property to be used for the specific purpose defined in the discretionary government transfer decision, the property may not be permanently used for purposes other than that specified in the discretionary government transfer decision, nor may the ownership or control of the property be transferred to another party during the period of use of the property defined in the discretionary government transfer decision.

The recipient organisation is fully responsible for any possible problems, claims and other ramifications resulting from the use of the discretionary government transfer. The recipient organisation is fully liable to the MFA for the appropriate use of the discretionary government transfer also insofar as the support has been used to assist the projects or activities of a party other than the recipient organisation. The legal relationship of the recipient organisation to the mfa is subject to public law. This means that the mfa may, for example, demand accounts, conduct inspections and recover misused discretionary government transfer from the recipient organisation even in the event that the recipient organisation has, if the discretionary government transfer decision permits, allocated some of the discretionary government transfer funds to the activities or projects of another party implementing the purpose defined in the discretionary government transfer decision. In other words, transferring discretionary government transfer to a third party does not in any way exempt the recipient organisation from its obligations/liabilities under public law. The recipient organisation must also clarify the use of the discretionary government transfer for the part that it has been handled by another party.

Eligible costs

Discretionary government transfer and the related self-financing portion can only be used to cover reasonable costs necessary for implementing the supported operations and in accordance with what is set forth by the mfa in the discretionary government transfer decision.

Changes to the use of funds

The recipient organisation must immediately notify the MFA of any changes that affect the realisation of the discretionary government transfer's purpose of use or any other changes that influence the use of the support. If core operations or personnel costs change, the recipient organisation must apply for
permission to change the support usage plan with the MFA. The application to change the use of funds must be submitted in writing before the activities to be changed are initiated.

Procurement and prohibition of bribery

When using the government transfer, the recipient must take into account the obligations relating to competitive tendering under the Act on Public Procurement and Concession Contracts (1397/2016). Under section 5(5) of the Act, contracting entities (actors that must arrange competitive tendering processes for their procurement in accordance with the Act on Public Procurement) are any parties making a procurement if they have received more than half of the procurement’s value in support from a state authority.

When procuring items or services, the invitations to tender and the procurement contracts must include a clause stating that the tender can be rejected and/or the contract terminated if the contract arrangements or the implementation of the contract involve bribery or similar unlawful activity (including bribing a foreign official). The recipient organisation assures that the organisation itself, the persons wielding its administrative or supervisory power, its employees or its local representatives have not engaged in bribery or similar unlawful activity (including bribing a foreign official) and will not do so while using discretionary government transfer. Furthermore, the recipient assures that neither the actors for whose activities the recipient transfers part of the transfer funds, in accord with their purpose of use, nor the persons exercising control or supervisory authority in these actors, nor their employees or local representatives, have committed corruption or unlawful activity comparable to corruption (including corruption of a foreign civil servant) and will not commit such activity during the period of use of the government transfer. A breach of the assurance may result in claw-back of the paid government transfer or part of it on the basis of the act on discretionary government transfers (688/2001).

Should the recipient organisation discover that a person wielding its administrative or supervisory power, its employee or its local representative has misused funds received as discretionary government transfer, the recipient organisation must take immediate action to minimise the resulting damage and notify the MFA of the matter. 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 actor or its employee or local representative has misappropriated received government transfer funds. The above mentioned notification to the ministry for foreign affairs does not remove the MFA’s right or duty to claw back paid government transfer or part of it from the recipient on the basis of the act on discretionary government transfers (688/2001).

In all activities, it is important that the recipient has sound governance and financial management structures and takes into account the instructions in the Anti-corruption Handbook for Development Practitioners published by the Ministry for Foreign Affairs (ISBN: 978-952-281-026-7).

Accessibility of online content

When using the government transfer, the transfer recipient must check whether it is included within the scope of applicability of the Act on the Provision of Digital Services (306/2019, the Digital Services Act). The Digital Services Act is applied, inter alia, to the institutions governed by public law defined in section 2 of the Act. Additionally, the Digital Services Act is applied to the development and maintenance of the digital services of an enterprise, foundation, association or other organisation if half of the development and maintenance costs of the digital service are financed by an authority. The Digital Services Act lays down provisions on the accessibility requirements of digital services, among
other things. The Act not only applies to the transfer recipient’s actual homepages, but also to any theme or campaign sites that may be located at different IP addresses.

Intellectual property rights

The MFA has a free and unlimited right to use all materials/results generated through the state-supported activities for an indefinite period of time, including the right to use, copy, edit and commission edits to the materials and disclose them to third parties. The MFA is entitled to make results/materials created in the context of the state-supported operations publicly available through the MFA website, for example.

Transfer recipient’s obligation to provide information

The recipient of the government transfer must provide the Ministry with correct and sufficient information for supervising compliance with the terms of the transfer decision. The recipient organisation is obliged to report on the use of the support in accordance with the discretionary government transfer decision.

Discretionary government transfer authority’s supervisory duty

The MFA has the right to receive and obtain information on the usage and monitoring of discretionary government transfer, along with other information, and conduct audits where necessary.

Right to audit

The MFA is entitled to conduct any such audits of the transfer recipient’s finances and operations that are necessary for the payment of the discretionary government transfer and the monitoring of its use. If the discretionary government transfer has been granted pursuant section 7(2) to be used for the project or activities of a party other than the recipient organisation but in accordance with the discretionary government transfer decision’s purpose of use, the MFA has the right to audit the finances and operations of the party handling the operations or project in question. By its decision, the MFA can authorise another authority or external auditor to conduct the aforementioned audits. A third-party expert can, by request of the discretionary government transfer authority, assist the audit. The right to audit of both National Audit Office of Finland and Parliament’s Audit Committee is stated separately.

Auditing

The auditing is stated in the Act on Public Procurement. The recipient organisation must provide the auditing official and/or auditor with all information, reports, documents, records and other material necessary for performing the audit and otherwise provide assistance with the audit. The official and/or auditor conducting the audit has the right to seize the materials being audited, if the auditing process so requires. The materials will be returned without delay once they are no longer needed for the audit. To the extent required by the audit, the official and/or auditor performing the audit is entitled to access the commercial premises, storage facilities and other similar properties used for commercial or business purposes as well as other areas that are relevant to the granting of the discretionary government transfer and the monitoring of its use.
Interruption of payment

The interruption of payment is stated in the Act on Public Procurement. The MFA can decide to suspend the payment of the discretionary government transfer in the following cases:

1) there is reason to believe that the transfer recipient is not adhering to the provisions set forth in sections 12(4), 13 or 14 of the act on discretionary government transfers.

2) the grounds on which the discretionary government transfer was granted have essentially changed; or

3) the legislation of the European Community necessitates the suspension of payment.

Repayment of the government transfer

The transfer recipient must immediately return any discretionary government transfer or part thereof that it has received erroneously, excessively or obviously without justification. The transfer recipient must also return the discretionary government transfer or part thereof if it cannot be used for the purpose stated in the discretionary government transfer decision. If the amount to be returned is no more than 100 Euros, returning it is not necessary. Annual interest according to section 3(2) of the Interest Act (633/1982) with an added three percentage points must be paid for the returnable amount. The interest is calculated from the final payment day to the return payment.

Duty to claw-back discretionary government transfer

According to the Act on Discretionary Government Transfers, the MFA is obliged to issue a decision to stop the payment of the discretionary government transfer and recover the support already paid if the transfer recipient has:

1) failed to return discretionary government transfer 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) in order to obtain support, provided incorrect or misleading information on a matter which has essentially influenced the decision to grant support or its amount or conditions, or the organisation has concealed such a matter; or

4) otherwise substantially violated the provisions concerning the use of the discretionary government transfer or the conditions included in the discretionary government transfer decision in a manner comparable to sections 1–3.

Discretionary claw-back of discretionary government transfer

Pursuant to the Act on Discretionary Government Transfers, the MFA can issue a decision to stop the payment of discretionary government transfer and recover the discretionary government transfer already paid in part or in full if the transfer recipient has:

1) violated section 12(4), 13 or 14 of the Act on Discretionary Government Transfers;
2) refused to provide the materials referred to in section 17(1) of the Act on Discretionary Government Transfers or assist in the audit as indicated in the section in question;

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 with discretionary government transfer to another party;

5) in violation of section 13 permanently changed the purpose of use of the state-supported property;

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 transfer; or

7) taken action in a manner comparable to sections 1–6 with the result of changing the true nature or purposeful legal form of any matter related to the granting, payment or use of the discretionary government transfer.

If the transfer recipient or its representative specified in the Penal Code has been convicted by a final decision of unauthorized use of foreign labor or of an employer’s violation of the Aliens Act, or the transfer recipient has received by a final decision a fine laid down in the Employment Contracts Act, the discretionary government transfer authority can continue the payments of the government transfer and in addition not pursue a claw-back of a payed government transfer or part of it only for a particularly compelling reason.

If state-supported property has been destroyed or damaged during the period of use specified in the discretionary government transfer decision and new equivalent property is not procured to replace this property, the mfa can issue a decision to stop the payment of the discretionary government transfer and order an amount equivalent to the discretionary government transfer’s share of the original acquisition cost of the property to be recovered from the possible insurance compensation or other reimbursement.

The MFA can also issue a decision to cease the payment of discretionary government transfer and recover paid support if the legislation of the European Community so requires.

More detailed instructions from the discretionary government transfer authority

The MFA can issue more specific instructions concerning the applicant’s obligation to provide clarifying information, the transfer recipient’s obligation to keep books, the payment of the discretionary government transfer, the use of the support and the implementation of the monitoring.

**Additional conditions for programme support**

**Self-financing**

The transfer recipient undertakes to provide a self-financing contribution that covers at minimum 15 %, unless specifically otherwise stated in these conditions or in the discretionary government transfer decision.
The cash element of the self-financing must cover at least 10 % of the programme’s annual total costs. No more than 5 % of the self-financing contribution can also be covered in the form of voluntary work or service and material donations. Acceptable voluntary work can be work performed by a representative of the transfer recipient, who has been seconded from Finland, and work carried out in Finland. In order to be approved as self-financing, the service and material donations must originate in Finland or the European Economic Area (EEA).

The programmes that mainly seek to promote the rights of persons with disabilities, at minimum 7.5 % of the programme’s actual annual total costs must be covered by the transfer recipient, unless specifically otherwise stated in these conditions or in the discretionary government transfer decision. The programme can also include a component that mainly seeks to promote the rights of persons with disabilities to which a self-financing requirement of 7.5 % is applied. In programmes and programme components that mainly seek to promote the rights of persons with disabilities, the full 7.5% self-financing contribution must be raised in cash.

The cash element of the self-financing must be entered in the recipient’s bookkeeping. Any voluntary work included in the self-financing contribution and donations received in the form of service and material donations must be recorded in the project's bookkeeping, in which case they are to be recognised as both revenue and expense.

The value of voluntary work is determined based on reasonable gross salary payable for comparable work in the country in which the voluntary work is done. The value of service and material donations is calculated on the basis of their fair value. The fair value is the normal market price of the items or services at that time. The estimated value must be documented and made available if necessary. If a donation or special item is very high in value, an expert should be commissioned to determine its value. The expert’s evaluation must be made available if necessary.

No other support received by the transfer recipient or its partner from the central government, a municipality or other public body in Finland may be used to cover the self-financing contribution. The source of the self-financing must be declared.

If the self-financing comprises public or private funding from abroad, the transfer recipient must provide justifications for accepting the self-financing contribution. The budget included in the programme application must cite the provider and source country of the financing. Funds collected in the target country may not be used to cover the self-financing contribution. However, the transfer recipient may include a share of local funding in the local activities of its programmes.

Special foundations, i.e., Abilis Foundation, KIOS Foundation and Siemenpuu Foundation, may collect the self-financing contribution in the target countries from the partners they support. The self-financing of these special foundations is at minimum 7.5 % of the project funding and may consist either of cash, donations of goods or services, or voluntary work.

A self-financing requirement of 7.5 % is applicable to Finnish Development NGOs – Fingo. Fingo is required to cover the full self-financing contribution in cash.

The raising of self-financing must be monitored, and any problems must be reported. If the transfer recipient is unable to raise the planned self-financing contribution, an agreement on curtailing the programme accordingly must be reached with the Ministry to ensure that the self-financing meets the required minimum proportion of the programme’s annual total costs.
Payment of discretionary government transfer

The transfer will normally be paid on the bank account indicated by the transfer recipient in two instalments or, for a well-founded reason duly substantiated by the organisation, in more than two instalments annually. To receive the instalments, the transfer recipient must duly complete the disbursement request form and send it to the Ministry for Foreign Affairs (MFA). The requested amount must correspond to the programme’s actual need for funds, and the schedule of the disbursements must be reviewed from time to time along with the progress of the programme. After the first year of disbursements, the transfer is payable without a separate decision as soon as the Budget of the year concerned has been approved by Parliament and entered into force.

As a rule, transfers that have been granted for a certain year should be used during the year concerned and be drawn no later than by the end of October of that year. The carry-over of unwithdrawn funds to the following year may be separately agreed upon if the transfer recipient submits a duly justified request to this effect to the MFA prior to the end of October. Should the transfer recipient have withdrawn funds that remain unspent at the end of the year, a permission must be requested from the MFA for their possible carry-over to the next year using the change application form prior to the end of the year concerned.

The disbursement request must be submitted no later than one month prior to the planned due date for payment. The first possible due date is 30 January.

Use of discretionary government transfer

Cooperation agreement with partners

After having received a decision on a discretionary government transfer, the transfer recipient must conclude a cooperation agreements with its partners who use the government transfer. The transfer recipient is fully accountable for the use of the transfer to the MFA, also insofar as the discretionary government transfer is further allocated to a third party. The transfer recipient prepares the cooperation agreements in the manner that is deemed appropriate in view of its operations. The cooperation agreements must be submitted to the MFA upon request.

From the point of view of the use of a discretionary government transfer awarded by the MFA, the cooperation agreements must indicate that a discretionary government transfer awarded by the MFA and governed by the respective decision on discretionary government transfer (and the related terms and restrictions, instructions and legislation) is used in the cooperation. For this reason, the MFA or its named representative also has the right to audit the activities and finances of the local partners. In other words, the cooperation agreements must oblige the partner to allow the MFA or its named representative to audit the partners’ finances and activities.

Eligible expenses

The programme’s administrative costs may not exceed 10% of its actual total annual expenses (including administrative costs). Eligible administrative costs include those resulting directly from the programme administration in Finland. Fundraising costs may only be included in the administrative costs insofar as they arise from raising the programme’s self-financing contribution. The administrative costs must be itemised in the financial section of the annual report in a manner that is appropriate in
view of the content. If preferred, the transfer recipients may alternatively use the 7% annual flat rate system applied by the European Union. In this case, the administrative costs need not be itemised.

With regard to the umbrella organisation Fingo, the eligible portion of administrative costs is defined in more detail in the special terms and conditions of the discretionary government transfer decision.

Special foundations are required to send the funding decisions they make, complete with grounds thereof, to the Ministry for information for the purpose of potential change requests in accordance with the special terms and conditions that define the use of discretionary government transfers.

Personnel costs

A discretionary government transfer can be used to cover the necessary salaries and statutory non-wage payroll costs and other comparable essential personnel costs that the programme implementation requires. The transfer recipient must enclose with the annual plan a list of the personnel it has hired on programme support (see the annual plan section for more detailed instructions). The transfer recipient must keep up-to-date records of the persons hired on programme support, the durations of their employment relationships, and the grounds and amount of their pay. The personnel costs must be reported on an annual basis.

Pay must be based on a valid collective agreement indicated by the transfer recipient and/or on the average local pay level in the sector. The transfer recipient is responsible for ensuring that the employees and experts have legal work permits.

Working hours monitoring

Working hours monitoring of all employees of the transfer recipient and its partners must be systematically organised in order to ensure good governance and efficient use of resources. For those employees whose work is related to several main titles of the budget or programme components, or who only work part time on the development cooperation programme, the working hours completed on different programme components must be itemised, and the transfer recipient must be able to report them to the Ministry for Foreign Affairs upon request. For those employees who work full time on a certain development cooperation programme component or main title of the budget, there is no need to itemise the working time use.

Operating costs

The transfer recipient can also use the transfer for expert costs essential for the programme.

Operating costs may include costs arising from the use of the programme’s local premises, including rent, electricity, water and other property-related day-to-day costs. Operating expenses also include fuel and maintenance expenses arising from the use of machinery and equipment. Local telephone, internet, mail and other similar expenses can be filed as office expenses. Corresponding costs in Finland are counted as administrative costs. Expenses arising from servicing and maintenance are considered to be maintenance costs.

Investments, such as construction, renovation and purchase of equipment, can only be supported by the discretionary government transfer if they constitute an essential part of the programme implementation. Primarily, renovating existing facilities is recommended, and only if this would not serve a purpose, new ones should be built. Discretionary government transfers may not be used to purchase land. If it is justified to deliver goods from Finland or from outside the partner country,
government transfer can be used to cover freight costs. The transfer recipient must ensure that its local partner also maintains an up-to-date list of any fixed assets procured with development cooperation support and self-financing, and of any changes in the value of these assets. The final report of the programme must provide information on any agreements concluded on transfer of property, and the agreements must be made available to the MFA upon request.

Travel and accommodation expenses are covered based on the most affordable options, provided that eligible costs may not exceed the maximum costs stated in the then-current State Travel Regulations.

Communications, advocacy and global education

The development cooperation programme must include a free-form communication plan in which the transfer recipient specifies objectives for its communications and optional global education work in Finland. In addition to the objectives, the plan must include the main activities/actions as well as the indicators used for monitoring the achievement of the objectives. In particular, communications must take into account the outcomes and challenges of the programme work as well as the operating environments in which the development cooperation takes place and the development challenges which the transfer recipients wish to address. Transfer recipients must consider the use of multiple channels in the planning and implementation of communications and set themselves the objective of also reaching new target groups.

In its communications and global education, the transfer recipient must cite the transfer received for its work from development cooperation funds granted by the Ministry for Foreign Affairs. The logo created for this purpose and the related instructions can be downloaded from the MFA website.

Any advocacy work in Finland included in the programme must have a close association with achieving the programme objectives.

The communications, advocacy and global education included in the programme must be included as part of the annual plan and reported as part of the annual report on an annual basis.

Discretionary Government transfer recipients’ duty to provide information

Annual plan

The transfer recipient submits annually, a plan for the use of the following year’s programme support to the Ministry at least two weeks prior to the annual consultations between the Ministry and the transfer recipient.

The annual plan presents a concise description of the programme, the planned main result targets, possible changes in the operating environment, the main risk management measures, and possible actions with regard to evaluation. Additionally, it must include a concise description on any changes to the result matrix.

The annual plan must be accompanied by: 1) the appropriately itemised annual budget, including at least country-specific itemisation, 2) a job title listing of the personnel hired on programme support, including working hours allocated to the programme, the durations of employment and the grounds and amounts of pay, 3) an updated risk matrix and, in the event of changes, 4) an updated results matrix.
Annual report

The transfer recipient must submit to the Ministry an annual report with its attachments concerning the previous year’s entire programme, its implementation and the use of funds by the end of August in the following year or by some other date confirmed by the MFA. The transfer recipient undertakes to comply with the annual reporting guidelines for programme support. The annual report must compare the approved annual plan against the actual activities in such a way that the plan and its actual implementation can be derived clearly from one another. Any approved changes in the planned use of funds must be included in the annual report. Any other changes to and deviations from the plans must be duly justified.

In the annual report, the transfer recipient examines its activities from the perspective of effectiveness and the sustainability of the results produced by different programme components, also assessing their relevance to achieving the targeted programme objectives. The achievement of objectives and results must be described using the selected indicators.

At the end of the funding period, the transfer recipient describes in its annual report not only the past year but also the results of the entire funding period. This annual report will serve as the final report on the entire period.

Once a discretionary government transfer has been granted, the transfer recipient must publish its development cooperation programme on its website. The results report for the annual report and any other documents with essential bearing on programme implementation must also be published.

Monitoring, evaluation and learning

The transfer recipient is required to include a monitoring, evaluation and learning plan in its programme. The transfer recipient must ensure that its monitoring systems also produce programme and country-specific data on the results that relate to the objectives of Finland’s development policy and sustainable development goals. This data must be made available to the Ministry if necessary.

During the grant period the transfer recipient must include in the programme one programme level evaluation carried out by an independent outside party with expertise on evaluation. In this evaluation, it is recommended by the Ministry to use the evaluation principles agreed in the OECD Development Assistance Committee and the evaluation criteria updated in 2019 (relevance, coherence, effectiveness, efficiency, impact and sustainability). In the evaluation, the constantly updated MFA Evaluation Manual can be used where applicable. The transfer recipient must attach this report to the immediately following annual report and state the conclusions made and the actions taken in response to the recommendations given in the evaluation.

The programme may also include other relevant assessment. In connection with its annual report, the transfer recipient must submit key reports on any assessments related to the programme it has performed or commissioned during the reporting year. The Ministry for Foreign Affairs may publish them on its website at its discretion. In the annual report, the transfer recipient must state the conclusions made and the measures taken in response to the recommendations given in these assessments.

The evaluation data must be utilised in the steering and the joint learning process of the programme. Another objective of the evaluations is to verify what has been achieved by the allocated development
cooperation appropriations. The evaluation reports are public, and key reports must be submitted to the Ministry for Foreign Affairs that may publish them on its website at its discretion.

For a well-founded reason, the Ministry may also request other clarifications it deems necessary from the transfer recipient. The Ministry also has the right to evaluate programmes.

Programme bookkeeping and the financial section of the annual report

The transfer recipient must have qualified accounting and financial statement preparation practices as required by the Accounting Act and Decree (1336/1997 and 1339/1997, respectively) as well as statutory audit or performance audit practices in place. The transfer recipient's bookkeeping must be organised in such a way that the use of the discretionary government transfer and the required self-financing contribution can be easily monitored. The necessary information on the use of funds under the programme have to be substantiated by the receipts and other documents concerning the use of the transfer, which must be archived and retained as required under the Finnish Accounting Act or the applicable laws of the partner country, ensuring that the material can be audited by the Ministry or a party authorised by it.

The transfer recipient must keep an inventory of any property purchased on the support granted by the Ministry and the self-financing contribution.

In the financial section of the annual report, the actual costs and the self-financing contribution in the reporting year must be itemised. The budgeted and actual costs should be set out in the same way as in the programme’s annual plan approved by the Ministry. Any budget overruns and/or undercuts must be duly accounted for in the annual report.

The transfer recipient is required to separately report any interest income accrued from depositing the discretionary government transfer on a temporary basis. Its use will be jointly agreed upon in the annual annual consultations between the transfer recipient and the Ministry. As a rule, any such income will be channelled to the transfer recipient’s activities in the partner countries.

The report must be accompanied by the auditors’ audit report on the transfer recipient’s development cooperation programme in accordance with the Ministry’s separate audit instructions.

Auditing of the programme

The transfer recipient is responsible for ensuring that its own and its partners’ accounts of the programme costs are audited in compliance with international auditing standards and the Ministry’s audit instructions for development cooperation projects. The auditors selected by the transfer recipient are to audit both the accounts and the financial reports. One of the auditors must be an auditor approved by the Central Chamber of Commerce (a ‘KHT auditor’), a chartered public finance auditor (a ‘JHT auditor’) selected by the Finnish Board for Chartered Public Finance Auditors or an auditor approved by the Auditing Committee of a local Chamber of Commerce (an ‘HT auditor’). An authorised auditor familiar with the partner country’s legislation must be used to audit the local costs.
Other documents to be submitted

OECD/DAC reporting

The transfer recipient must report to the Ministry on the planned and actual use of development cooperation support in accordance with separate instructions. This report will be forwarded to the OECD Development Assistance Committee (OECD-DAC).

Basic information notice

The transfer recipient’s latest approved annual report, financial statements signed by the Board of Directors (profit and loss account, balance sheet, possible cash flow statement and notes to the financial statements), the auditor’s report or performance audit report, and the action plan and budget for the current year must be submitted to the Ministry’s e-Service on an annual basis together with the basic information notice. If any changes have been made to the transfer recipient’s rules, the updated rules must be submitted to the Ministry.

For a well-founded reason, the Ministry may also request other documents and additional information about the programme from the transfer recipient.

Assurance

In an attachment to its application for discretionary government transfer, the recipient has provided the Ministry for Foreign Affairs with an assurance that, among other things, the transfer recipient, its representatives or those who have access to the transfer have not committed certain offences in the past five year before the signing of the assurance.

If the transfer recipient finds that any of the parties mentioned in the assurance has committed any of the offences mentioned in the given timeline of the assurance or during the period of use of the transfer, the transfer recipient must immediately take measures to minimise the damage and inform the MFA accordingly.

In addition, when committing to the general terms, the recipient also gives the said assurance under Procurement and Prohibition of Bribery.

If any of the parties mentioned in the assurance changes during the use of the government transfer, the transfer recipient must submit a new assurance to the MFA.

E-services

E-services should be primarily used to apply for programme support and in the different stages of its administration. In order to use the e-services, the organisation must register with the Ministry for Foreign Affairs’ e-service and create an e-service account through which documents relevant to programme support will be submitted to the Ministry.

Ethical code of conduct of the Ministry for Foreign Affairs for development cooperation carried out with government support

Although government transfer recipients (recipient) serve a variety of purposes and may be influenced by religion, political affiliation or some other ideology, they are to practise their development cooperation in a manner that strengthens democratic structures and is in line with Finnish legislation,
Finland’s human rights policy, the Development Policy Programme's human rights based approach and concept of non-discrimination as well as sector-specific guidelines complementing the programme. The importance of commitment to the code of conduct is accentuated when dealing with persons representing different cultures, religions and ideologies.

The Ministry for Foreign Affairs or Embassy has set compliance with the ethical code of conduct as a condition for the use of its support.

Upon receiving support from the Ministry for Foreign Affairs transfer recipients pledge to apply and adhere to this ethical code of conduct in their development cooperation activities in developing countries. In case a transfer recipient fails to meet these conditions, the Ministry can set a date by which the terms must be fulfilled, interrupt the payment of support, or issue a decision to refund the paid transfer.

1. All those who are involved in development cooperation are guaranteed respect for their human dignity, human rights, culture, religion and ideology, and freedom from discrimination of any kind. Development cooperation supported by the Government must be free from all kinds of discrimination. The most common forms of discrimination are related to religion, political or ideological view/opinion, belief, sex, ethnic origin, caste, language, status of health, disability, sexual orientation, sexual identity, age or other aspect relating to the person.

2. Development cooperation focuses on people subject to discrimination in society and communities. It addresses the causes of poverty, injustice and discrimination. It seeks to change prevailing discriminatory attitudes and structures.

3. Provision of support must not be conditional or prevent participation in development cooperation activities upon the recipients' ideological or religious belief or political opinion. Particular attention must be paid to this when working with minor children and youth. Funds granted for development cooperation must not be used to propagate an ideology, a religion or a political opinion.

4. Development cooperation promotes peaceful dialogue and fosters peace and partnerships in communities. The cooperation work creates and employs approaches that enhance equal participation.

5. Good governance promotes sustainable development. Corruption and associated poor governance contribute to unequal access to development and weaken the realisation of human rights. Anti-corruption work and tackling any suspicions head-on are conscious acts in an effort to improve the results and impacts of development cooperation.

6. Development cooperation must be based on zero-tolerance towards sexual exploitation and abuse and sexual harassment, as well as discrimination and abuse of power. Appropriate action must be taken in case of any such allegations.

In any alleged case of incompliance with the above-mentioned ethical standards the Ministry for Foreign Affairs has to be informed without delay.

+++