



Standard terms and conditions of government grants for projects (development cooperation) for 2027–2030

1. General

1.1. Name of standard terms and conditions

Standard terms and conditions of government grants for projects (development cooperation) for 2027–2030

1.2. Period of validity for terms and conditions

In effect 1.1.2027 - 31.12.2030.

1.3. Scope of standard terms and conditions and the provisions to be applied

The discretionary government grant is subject to the Act on Discretionary Government Grants (688/2001). In addition to the standard terms and conditions regarding the use of the discretionary government grant, this document includes the key provisions that apply to the use of the discretionary government grant and the key provisions of the Act on Discretionary Government Grants. However, legislation may also contain other provisions applicable to the use of the discretionary government grant.

‘Government grant recipient’ means an organisation to which the grant has been awarded by a government grant decision. ‘Recipient of redistributed funds’ means a different user of the grant, one that implements the grant-financed project together with the government grant recipient and to whom the government grant recipient redistributes funds for use. The government grant recipient must conclude an agreement with the recipient of redistributed funds on the use of the redistributed funds, the monitoring of their use and their terms and conditions. Here, ‘collaborating partner’ refers to another entity with whom other cooperation is carried out. For example, this entity may be a party from whom goods or services are purchased or an entity with whom communication-related cooperation is carried out.

The government grant recipient, the recipients of redistributed funds and other collaborating

partners in Finland also undertake to comply with other legislation in force in Finland in all activities related to the use of the discretionary government grant. In other countries, discretionary government grants must be used in a manner that takes into account the local legislation and is in line with Finnish legislation.

These standard terms and conditions are part of the decision on awarding a discretionary government grant.

If the government grant decision and its appendices are in conflict, the order of interpretation is the following:

1. the government grant decision and the specific terms and conditions provided in it,
2. the standard terms and conditions appended to the government grant decision,
3. the approved cost estimate,
4. the approved implementation plan, if any,
5. the government grant application and its appendices.

In addition, the government grant recipient and the recipients of redistributed funds have an obligation to comply with other international commitments applicable to them as well as national legislation.

1.4. Compliance with conditions and restrictions

Pursuant to section 13, subsection 1 of the Act on Discretionary Government Grants, discretionary government grants may be used only for the purpose stated in the government grant decision. The purpose of use of the discretionary government grant is specified in the government grant decision.

Pursuant to section 13, subsection 2 of the Act on Discretionary Government Grants, in addition to what is provided in this Act or a government decree issued under section 8, the government grant recipient shall observe the terms, conditions and restrictions specified in the government grant decision concerning the grant-financed project or activity.

When a discretionary government grant has been awarded for the purpose of purchasing or modernising a property that is to be used for a specific purpose defined in the government grant decision, the property may not be permanently used for purposes other than that specified in the government grant decision nor may the ownership or right of possession of the property be transferred to another party during the property's period of use. The period of

use of property or activity financed under this call is defined as 10 years from the payment of the last instalment of the government grant.

1.5. Publicity of the government grant decision and information on the grant

Pursuant to section 1 of the Act on the Openness of Government Activities (621/1999), official documents are in the public domain, unless specifically provided otherwise in the Act or another act.

The term 'official document' refers to a document defined in section 5 of the Act on the Openness of Government Activities, which can be, for example, a document delivered by the applicant to an authority for the consideration of a matter or otherwise in connection with a matter within the competence or duties of the authority, with its appendices. Provisions on the grounds for non-disclosure of documents are laid down in section 24 of the Act on the Openness of Government Activities. The Ministry for Foreign Affairs decides, at its discretion, on the disclosure of the documents delivered to it.

The applicant, the government grant recipient or another concerned party has the opportunity, if necessary, to indicate the sections requiring non-disclosure in their application or other official documents and justify the need for non-disclosure on the basis of section 24 of the Act on the Openness of Government Activities. The Ministry for Foreign Affairs is not bound to the concerned party's proposal regarding non-disclosure; instead, the disclosure of the document delivered to the authority is assessed on a case-by-case basis pursuant to the Act on the Openness of Government Activities (621/1999) and other legislation. Information in the public domain includes, for example, the name of the government grant applicant and recipient and the euro-denominated amounts of the discretionary government grant applied for and awarded.

In addition, the Ministry for Foreign Affairs submits the minimum information about discretionary government grants which open for applications on or after 1 October 2023 and the related government grant applications and decisions as well as the minimum information about discretionary government grants awarded on the basis of an administrative decision made on or after 1 October 2023 to the data repository of government grant activities, maintained by the State Treasury. Pursuant to section 32d of the Act on Discretionary Government Grants, the State Treasury publishes certain information about discretionary government grants in the service for publishing and using government grant information (tutkiavustuksia.fi, in Finnish). The government grant recipient and the recipient of redistributed funds commit to process personal data, if any, in compliance with the EU's General Data Protection Regulation (2016/679/EU) and the Finnish Data Protection Act (1050/2018).

1.6. Payment of discretionary government grant

Pursuant to section 12, subsection 2 of the Act on Discretionary Government Grants, an advance may be paid if this is justified by the use of the government grant and expedient with regard to the monitoring of its use.

Pursuant to section 12, subsection 3 of the Act on Discretionary Government Grants, notwithstanding the provisions of subsection 1, a discretionary government grant of a small amount and one referred to in section 5, subsection 3, paragraph 3 may also be paid as a lump sum if this is justified by the use of the grant.

Pursuant to section 12, subsection 4 of the Act on Discretionary Government Grants, government grant recipients must provide government grant authorities with correct and sufficient information for paying the grant.

Other terms and conditions for the payment of the discretionary government grant are defined in the government grant decision.

The discretionary government grant cannot be paid unless the special conditions, if any, included in the decision are met and complied with.

As a rule, the Ministry for Foreign Affairs pays the discretionary government grant in two instalments each year on the basis of payment applications sent by the government grant recipient. For a justified reason, the payment may also be made in more than two instalments. A separate application for the payment must be made for each instalment at least 30 days before the desired time of payment for the instalment. The payment applications must take into account the timing of costs and the time limits related to the approval of the budget at the beginning of each year.

In the case of multi-annual grants, for the years following the first year of use of the grant, the payment applications may be made in accordance with the annual periodisation included in the government grant decision.

As a rule, grants that have been awarded for a certain year should be used during the year in question.

Payments require annual reporting in accordance with the instructions issued by the Ministry for Foreign Affairs and any other evidence or documents required by the Ministry for Foreign Affairs.

1.7. Conditions for the procurement procedure

The use of the discretionary government grant must comply with these standard terms and conditions, in addition to the fact that the government grant authority has, in its government grant decision, approved a purchase as part of the action or project plan and the cost

estimate.

Pursuant to section 5 of the Act on Public Procurement and Concession Contracts (1397/2016), the contracting entity referred to in the act (or a party that must arrange competitive tendering of their procurements pursuant to the provisions of the Act on Public Procurement and Concession Contracts) is any party conducting a procurement when it has secured the support in doing so of a state authority amounting to more than half of the value of the procurement or when the recipient is an institution of public law character referred to in section 5 of the Act on Public Procurement and Concession Contracts. Such contracting entity must comply with the procurement procedure laid down in the Act on Public Procurement and Concession Contracts (1397/2016).

The government grant recipient must determine whether it is the contracting entity referred to above. If the government grant recipient is a contracting entity referred to above, the recipient must comply with procurement legislation in procurements conducted with the government grant and take into account the competitive tendering obligations concerning procurement under the Act on Public Procurement and Concession Contracts. In this case, the government grant recipient is also responsible for complying with procurement legislation. If the recipient is a contracting entity referred to above and the procurement is conducted in breach of procurement legislation, the procurement cannot be accepted as part of the use of the discretionary government grant and consequently the procurement expense is not an eligible cost.

In all procurements, it must be ensured that the tenderer is not subject to sanctions imposed by the European Union or the United Nations (UN), to fund-freezing decisions made by Finnish authorities, or that the tenderer is not subject to any other applicable restrictions. In procurements referred to in Article 5k of Regulation (EU) 833/2014, it must be noted that the conclusion of a procurement contract with Russian nationals, natural persons resident in Russia or legal persons established in Russia is prohibited; In invitations to tender, this can be achieved by adding the supplier's assurance that it or its circle of beneficiaries is not subject to sanctions or other restrictions. The government grant recipient is responsible for examining the matter and for the correctness of the procurement. The declaration of the party submitting the tender or the supplier does not eliminate this responsibility; instead, the grant recipient must request additional information if necessary.

When purchasing goods or services, both invitations to tender and procurement agreements must include a clause stating that the tender can be rejected or the agreement can be terminated with immediate effect if the service provider is encumbered by a mandatory or discretionary exclusion criterion referred to in national or EU legislation on public procurement or a sanction imposed by the European Union or the United Nations or other above-mentioned restrictions, such as Russian citizenship or location in Russia, even if the criterion had emerged only after the beginning of the contractual relationship.

The government grant recipient also assures that the parties for whose activities the recipient has redistributed part of the grant, in accordance with their purpose of use, or these parties' management, persons exercising supervisory authority or employees are not subject to a mandatory or discretionary exclusion criterion referred to in national or EU legislation on public procurement or a sanction imposed by the European Union or the United Nations or other above-mentioned restrictions, such as Russian citizenship or location in Russia, even if the criterion had emerged only after the beginning of the contractual relationship.

In addition, when purchasing goods or services, invitations to tender and procurement agreements must include a clause stating that the tender can be rejected or the agreement terminated if the agreement arrangements or the implementation of the agreement involve bribery or corresponding unlawful activity.

1.8. Other general terms and conditions

ODA eligibility of the grant-financed activity

The use of the discretionary government grant is governed by national legislation and by the norms agreed on by the providers of development cooperation financing in international cooperation. The grant-financed activities must conform to Official Development Assistance (ODA) as defined by the OECD Development Assistance Committee (DAC). The reporting obligations concerning the submission of information are specified further in clause 4.3 below.

Risk management and the arrangement of good governance of the organisation

The government grant recipient must see to its organisation's good governance, adequate risk management and internal control. Risk management work must be continuous. Risk management must also take into account the obligations listed in clause 4.6. The government grant recipient must have appropriate risk management mechanisms in place.

Sanctions and anti-money laundering and anti-terrorism obligations

The government grant recipient and the recipients of redistributed funds must independently ensure that the funds awarded by the Ministry to support the grant recipient are not handed over to or otherwise used for giving financial aid or support to persons or entities, terrorists or terrorist organisations or other legal persons or agencies that are listed in the United Nations Security Council's consolidated list of sanctions or in the EU's sanctions regulations in force. The government grant recipient must also ensure that recipients of redistributed funds, partners, their beneficiaries and the beneficiaries of the grant-financed activities are not subject to sanctions. Due to corporate restructurings made by sanctions-listed parties, the government grant recipient must verify that the actual ownership or control of the entities benefiting from the use of the grant does not, in any specific instance, lie with a sanctions-

listed party. The government grant recipient must inform the Ministry immediately if the recipient observes, within the duration of the activities for which the grant has been awarded, that these funds have been used for above-mentioned purposes.

The government grant recipient must therefore commit to fully comply with the above-mentioned and other sanctions systems, such as the targeted economic sanctions and other measures that the Security Council has approved in accordance with chapter VII, article 41 of the Charter of the United Nations, as well as economic and financial restrictive measures that have been approved in accordance with article 215 of the Treaty on the Functioning of the European Union and that are in force in the European Union.

If the activity targets a country that is a high-risk country as defined by the EU Directive (2015/849) or the Financial Action Task Force (FATF), the government grant recipient must ensure that the funds awarded by the Ministry to support the government grant recipient are not subject to money laundering or used to finance terrorism.

Obligation to report suspected misuse, and whistleblower protection

The government grant recipient and the recipient of redistributed funds and anyone working in their organisations must report, without delay, any suspected or discovered misuse to the misuse whistleblowing channel of the Ministry for Foreign Affairs at <https://vaarinkayttoilmoitus.fi>. Misuse refers, at the minimum, to misuse referred to in clause 2.2. Suspected misuse can also be reported to the Ministry for Foreign Affairs by recipients of redistributed funds, collaborating partners and third parties.

In cases of misuse, the primary communications responsibility lies with the government grant recipient and the recipient of redistributed funds carrying out the work. The Ministry for Foreign Affairs publishes information on recovery decisions made but, depending on the case, the Ministry for Foreign Affairs will also consider communicating cases of suspected misuse.

Misuse of the discretionary government grant includes, for example: bribery, theft, acceptance of bribes, money laundering, all other forms of financial misuse, sexual abuse, sexual harassment, other harassment, nepotism in recruitment, partiality, participation in decision-making when disqualified, gifts and hospitality that breach the terms and conditions, significant accounting errors or non-compliances in accounting, serious errors in the performance of tasks, significant delays in the performance of tasks, unjustified daily allowances and remuneration, violation of the Act on Public Procurement and Concession Contracts or improper procurement procedures breaching these terms and conditions or the terms and conditions of agreements related to the use of the discretionary government grant, unreasonable non-competition clauses and other illegal restrictions after the termination of employment, deficiencies in reporting, negligence of submitting material information, refusal of financial or other audits or complicating them, abuse of authority, exercising pressure,

discrimination or other inappropriate influencing, use of child or forced labour, other violations of human rights, investments in tax havens, other aggressive tax planning according to the OECD's definition, other corresponding unlawful activities or other forms of misuse.

The prohibition on misuse applies to the government grant recipient's personnel, persons in charge of the recipient's organisation, the organisation as a whole and all collaborating partners, their personnel, persons in a management position of a collaborating partner, organisations of collaborating partners as a whole and all those hired by the government grant recipient or from whom it procures services or goods in connection with the grant-financed activity.

In accordance with clause 2.3. (Terms and conditions regarding redistribution), the government grant recipient must include a prohibition of misuse in the agreements concluded with the recipient of redistributed funds and other third parties. The government grant recipient is obliged to cooperate with the Ministry for Foreign Affairs in investigating possible suspicions of misuse of funds.

If the government grant recipient or the recipient of redistributed funds is a private or public sector organisation (or government agency) that has more than 50 employees, as referred to in the Act on the Protection of Persons Who Report Breaches of Union Law and National Law, known as the Whistleblower Act (1171/2022), it also has an obligation to establish an internal whistleblowing channel. However, a report made in an organisation's internal whistleblowing channel does not eliminate the obligation to report suspected misuse to the misuse whistleblowing channel of the Ministry for Foreign Affairs in accordance with these terms and conditions and legislation in force.

The government grant recipient and the recipient of redistributed funds must ensure effective whistleblower protection. The government grant recipient and the recipient of redistributed funds commit to ensure that misuse reports can be submitted safely and securely and that the identity of the whistleblower is protected. The government grant recipient and the recipient of redistributed funds must protect whistleblowers from any direct or indirect retaliatory measures they may be subjected to when reporting misuse. The prohibition of retaliatory measures also covers, for example, measures targeting not only the whistleblower, but also a legal person represented by the whistleblower or the whistleblower's relatives who are connected to the whistleblower's employer because of their work. The breach of the prohibition of retaliatory measures or the prevention of reporting may result in liability for damages and an obligation to pay compensation to the whistleblower.

The government grant recipient and the recipient of redistributed funds must ensure that everyone working in their organisations, recipients of redistributed funds and other stakeholders are aware of the misuse whistleblowing channel of the Ministry for Foreign Affairs.

As a rule, the government grant recipient is responsible for investigating and reporting suspected misuse using the resources available to it under the awarded discretionary government grant, without separate outsourced services. The Ministry for Foreign Affairs may, on a case-by-case basis, approve costs necessary for investigating suspected misuse to be covered by the government grant. Before any such costs are incurred, the government grant recipient must contact the Ministry for Foreign Affairs to confirm whether the costs are eligible under the government grant.

Prohibition of bribery and corresponding activity

The government grant recipient assures that the recipient, the persons exercising control or supervisory authority in its organisation or its employees or local representatives have not committed bribery or similar unlawful activity (including bribing a foreign public official) and will not commit such acts during the period of use of the government grant. The government grant recipient also assures that the parties for whose activities the recipient has redistributed part of the grant, in accordance with its purpose of use, or the persons exercising control or supervisory authority in these parties' organisation or these parties' employees or local representatives have not committed bribery or similar unlawful activity and will not commit such acts during the period of use of the government grant. Bribery or similar activity may result in the recovery of the paid grant, in full or in part.

Disqualification

The government grant recipient is aware of potential disqualification issues and does not make decisions when disqualified. The government grant recipient ensures that the recipients of redistributed funds do not make decisions when disqualified.

2. General considerations regarding the use of a government grant

2.1. Obligation to organise the monitoring of the use of a government grant

The government grant recipient must submit the government grant decision for information to the accountants of the government grant recipient and of recipients of redistributed funds.

The government grant recipient must arrange the accounts in the manner laid down in the Accounting Act. The government grant recipient must keep the finances of the grant-financed activity separate from other activities (for example in a designated cost centre) so that the use of the grant can be reliably and easily verified.

Finances refer to the costs, revenue and financing arising from the activities or the project.

The government grant recipient must store the documents indicating the use of the grant for a minimum of 10 years from the last grant instalment.

The government grant recipient and the recipients of redistributed funds must arrange and record working hours monitoring reliably. Working hours monitoring of all employees of the government grant recipient and recipients of redistributed funds must be systematically organised in order to ensure good governance and efficient use of resources.

Persons only working part-time in the grant-financed activity must break down the working hours allocated to the project. The government grant recipient must submit information on the working hours allocated to the project to the Ministry for Foreign Affairs upon request. If the employees in the grant-financed activity work full-time in the activity in accordance with the government grant decision, it is sufficient that the employee only attends to the working time records in accordance with the Working Time Act. In such cases, the Ministry for Foreign Affairs does not require any separate monitoring of the use of working time.

2.2. Using a government grant for an approved purpose

The purpose of use of the discretionary government grant is specified in the government grant decision. Pursuant to section 13, subsection 1 of the Act on Discretionary Government Grants, discretionary government grants may be used only for the purpose stated in the government grant decision and its appendices.

Discretionary government grants may not be used for such part of the government grant recipient's activities for which the grant has not been awarded.

Uses deviating from the purpose of the government grant include, for example, economic activities that cause more than minor distortion to competition and the market in a member state of the European Economic Area.

2.3. Terms concerning the redistributing of a government grant

The government grant recipient must conclude an agreement on the use of the discretionary government grant, the monitoring of its use and the terms and conditions with the recipient(s) of redistributed funds if the government grant decision specifies that the government grant is also awarded to finance an activity or a project that fulfils the purpose defined in the decision but is carried out by a party other than the government grant recipient.

The government grant recipient is in a legal relationship with the Ministry for Foreign Affairs under public law, and the redistribution of the government grant to a third party does not release the government grant recipient from its obligations under public law in any respect. Consequently, the government grant recipient is fully liable to the Ministry for Foreign Affairs for the appropriate use of the discretionary government grant also to any extent that the grant

has been redistributed to support a project or activity of a party other than the grant recipient.

Consequently, the Ministry for Foreign Affairs may, for example, request evidence of the use of the discretionary government grant, conduct relevant audits and recover a misused grant from the government grant recipient even in the event that the recipient has, the government grant decision permitting, redistributed part of the grant funds to the activities or projects of another party fulfilling the purpose specified in the government grant decision. The government grant recipient also remains fully liable for any problems, claims and other consequences resulting from the use of the discretionary government grant.

The government grant recipient must ensure that the recipient of redistributed funds or its circle of beneficiaries is not subject to sanctions imposed by the European Union or the United Nations (UN), or to asset-freezing decisions.

The government grant recipient draws up the agreements in a manner that is appropriate for its activities.

The agreements must be submitted to the Ministry for Foreign Affairs before the project's first payment application.

The agreement must include at least the following points:

- * The purpose and objectives of the cooperation, the distribution of rights and responsibilities, the authorised representatives, and the duration and termination of the agreement.
- * Information that the project is financed by the Ministry for Foreign Affairs and its use of funds is guided by the Act on Discretionary Government Grants and its standard terms and conditions. For this reason, the Ministry for Foreign Affairs or its appointed representative also has the right, specified in section 16, subsection 1 of the Act on Discretionary Government Grants, to audit, if necessary, the finances and activities of the local recipient of redistributed funds that carries out the activity or project. The Ministry for Foreign Affairs may issue a decision authorising another authority or an external auditor to carry out the above-mentioned audits. This party is entitled to take possession of the material subject to audit if auditing so requires. The material will be returned without delay after it is no longer needed for the audit. Those carrying out the audit are entitled to have access, to the extent warranted by the audit, to the business, storage and other such premises used in the practice of a profession or in business and other areas in the possession or use of the government grant recipient, the conditions of which have a bearing on the awarding of a discretionary government grant and the monitoring of its use.
- * Information about the misuse whistleblowing channel of the Ministry for Foreign Affairs at <https://vaarinkayttoilmoitus.fi>.
- * The prohibition of misuse and the obligation to cooperate with the Ministry for Foreign Affairs in the investigation of potential cases of suspected misuse during the validity of the agreement, both applicable to the recipient of redistributed funds pursuant to clause 1.8.

- * Rights that the government grant recipient has secured for itself to a sufficient extent, such as recovery or the right to the suspension of payment.
- * The assurance of the recipient of redistributed funds that it or its circle of beneficiaries is not subject to sanctions imposed by the European Union or the United Nations (UN) or to asset-freezing decisions made by Finnish authorities.
- * The government grant recipient's right to terminate the agreement with immediate effect if it becomes clear that the recipient of redistributed funds or its circle of beneficiaries is encumbered by a sanction imposed by the European Union or the United Nations (UN) or an asset-freezing decision made by Finnish authorities.

In addition, the agreement must obligate the recipients of redistributed funds at least:

- * To use the government grant funds in accordance with the government grant decision, these standard terms and conditions, Finnish legislation and other local laws and international commitments that bind the recipients of redistributed funds.
- * To let representatives of a Finnish government grant recipient audit the finances and activities of the recipient of redistributed funds.
- * To arrange competitive tendering of their procurement, if necessary, pursuant to the Act on Public Procurement and Concession Contracts (1397/2016) if it is a contracting entity referred to in the Act on Public Procurement and Concession Contracts, and always in compliance with the obligations referred to in clause 1.8. of the standard terms and conditions.
- * To take into account the statutory obligations concerning sanctions, money laundering and terrorism in procurement. In all procurements, it must be ensured that the tenderer is not subject to sanctions imposed by the European Union or the United Nations (UN), to fund-freezing decisions made by Finnish authorities, or that the tenderer is not subject to any other applicable restrictions. In procurements referred to in Article 5k of Regulation (EU) 833/2014, it must be noted that the conclusion of a procurement contract with Russian nationals, natural persons resident in Russia or legal persons established in Russia is prohibited.
- * To implement appropriate risk management mechanisms.
- * To report to the misuse whistleblowing channel of the Ministry for Foreign Affairs and To the government grant recipient without delay if they suspect or discover, in their own operations, the operations of a person exercising control or supervisory authority in their organisation, the operations of their employee or local representative, the operations of the government grant recipient, the operations of their subcontractor, or anywhere in their organisation, any misuse or deviation from the purpose of use, referred to in clause 1.8., such as misuse of funds received as a government grant. The report to the Ministry for Foreign Affairs must be submitted for even the slightest suspicion regarding the use of the discretionary government grant in deviation of its purpose of use or in breach of the terms and conditions and other misuse referred to in clause 1.8.
- * To take immediate action to minimise damage resulting from suspected misuse referred to in clause 1.8.
- * To commit to ensure effective whistleblower protection in accordance with clause 1.8. of

these standard terms and conditions.

* To ensure a zero tolerance policy regarding the grey economy measures referred to in the standard terms and conditions and regarding sexual harassment, sexual abuse, other harassment and abuse of authority referred to in the standard terms and conditions.

If the government grant recipient receives a report on misuse referred to above from the recipient of redistributed funds, the government grant recipient must take immediate action to minimise damage and to report the issue to the Ministry for Foreign Affairs as described in clause 4.1. Reporting the issue to the Ministry for Foreign Affairs is without prejudice to the right or obligation of the Ministry to recover the paid government grant in full or in part from the government grant recipient under the Act on Discretionary Government Grants.

2.4. Restrictions concerning the period of government grant use

The discretionary government grant may be used only during the period of use specified in the decision on awarding a government grant.

An exception to this is, at the end of the use of the grant, the drawing up of the final interim report (the so-called final report) and the financial audit of the grant-funded activities for the final year, which are considered eligible costs, even if the costs are incurred after the end of the period of use specified in the government grant decision.

The period of use of the grant may be extended if the grant recipient submits, during the period of use of the grant, a justified application and the Ministry for Foreign Affairs accepts it (see clause 2.6.).

2.5. Restriction and obligations concerning the use of the assets acquired with a government grant

Property acquired for the grant-finance activity under this call for applications must be used for 10 years from the payment of the final instalment of the government grant. An exception applies to the purchase or modernisation of a building or an apartment in a building, in which case the grant-financed property must be used for its intended purpose for at least 15 years when the activities are financed by a project grant.

The government grant recipient must ensure that the recipients of redistributed funds maintain an up-to-date list of any fixed assets purchased using the government grant and the own contribution and of changes in the value of these assets. The Ministry for Foreign Affairs may request the list for inspection. When the project ends and assets with resale value are transferred to the recipient of redistributed funds or another party, the matter must be agreed upon in writing to ensure that the assets will continue to serve the intended purpose. When the period of use of the grant ends, a copy of the transfer agreement signed by the

government grant recipient and the recipient of redistributed funds must be submitted to the Ministry for Foreign Affairs.

2.6. Changing the specific terms referred to in the government grant decision

Pursuant to chapter 4, section 14 of the Act on Discretionary Government Grants, a government grant recipient shall notify the Ministry for Foreign Affairs without delay of any changes affecting the use of the government grant in accordance with its purpose and any other change affecting its use.

The government grant recipient may submit in writing an advance, justified application to request a revision from the Ministry for Foreign Affairs regarding the special terms and conditions specified in the government grant decision. A revision may not be executed before the Ministry for Foreign Affairs has considered the matter and issued its opinion on the matter in writing.

A revision must be requested at least in the following cases:

1. If the key objectives or functions of the grant-financed project change.
 2. If there is a non-minor change in the government grant decision or in the cost estimate or the levels of expense types (of either the government grant recipient or the redistributed government grant) approved for the entire period of use of the government grant. Other than minor changes may include changes between expense types in the cost estimate if the growth or decrease exceeds 10 per cent of the level of expense types approved by the Ministry for Foreign Affairs.
 3. If it is proposed that the government grant be allocated to a new expense type deviating from the application, regardless of the monetary amount.
 4. If persons or personnel costs that are essential for the government grant change or non-essential personnel costs change significantly.
 5. If it is proposed that the period of use of the government grant be extended.
 6. If the government grant recipient's form of association changes during the period of use of the grant.
 7. If at the end of the year the government grant recipient has amounts of government grant that have not been drawn or that have been drawn but not used. The grant recipient must apply for any carrying over of undrawn funds of the current year by 15 November. Should the grant recipient have funds that have been drawn but remain unused at the end of the year, a possible carry-over to be used during the next year is subject to a request for a revision, which must be submitted to the Ministry for Foreign Affairs by 15 November.
-

2.7. Other terms relevant to the general considerations regarding the use of a government grant

The Ministry for Foreign Affairs may issue further instructions concerning, for example, the government grant recipient's obligation to provide evidence, to maintain accounting records, the payment of government grants, and the use of grants and the monitoring of their use.

3. Terms concerning the revenue, financing and supported costs

3.1. Eligible costs

The discretionary government grant may only be used to cover reasonable costs that arise from the grant-financed activity and that are essential for realising the activity, as required by the Ministry for Foreign Affairs in its government grant decision.

Costs that are considered to be eligible costs are those based on the Accounting Act (1336/1997), on the Accounting Decree (1339/1997) and on good accounting practice that must be recorded as expenses for the period of use of the discretionary government grant.

Personnel costs

Eligible wage and salary costs may include wage and salary costs incurred from work necessary to implement the grant-financed activity, including statutory employer's contributions, and costs based on an act or a collective agreement. Wages and salaries are eligible to the extent that they do not exceed the general level of wages and salaries in the sector. Holiday pay provisions are eligible costs if incurred from the implementation of the grant-financed activity.

Employee benefits (such as occupational health care, holiday bonuses, holiday pay) for employees working in the grant-financed activity are eligible costs to the extent that they are reasonable in amount, justified and correspond to the employee benefits of other employees in similar roles in the organisation.

In the event of termination of employment, the government grant may cover only wage and salary costs against which there is a work obligation, that is, against which actual work performance is carried out for the grant-financed activity. An exception to the work obligation during a period of notice is any possible legislation of the destination country obliging the employer to make payments without a work obligation in the event of termination of employment. In such situations, the grant recipient must contact the Ministry for Foreign Affairs in advance.

Travel and accommodation expenses

Travel expenses that are reasonable and necessary for the grant-financed activity are eligible, provided that the duration and total costs of the travel are minimised. At the same time, the appropriate and safe completion of the travel and the duties must be taken into account. In

addition, the grant recipient must comply with the guidelines and decisions provided by the tax authorities concerning the reimbursement of travel costs.

Investments, construction and equipment

Investments such as construction, renovation and equipment acquisitions may only be implemented with the government grant if these constitute an essential part of the project implementation. The grant may not be used for the acquisition of land.

Indirect costs (formerly administrative costs)

Indirect costs refer to costs the amount of which cannot be determined or it is not appropriate to determine by allocating costs directly to the grant-financed activity or project, but the amount of which can be determined by allocating a share of the cost using an approved cost accounting method.

Indirect costs may not exceed 10 per cent of the eligible annual total costs of the grant-financed activities.

Costs must be based on actual costs that can be proved to have been incurred. The government grant recipient must submit separate evidence to the Ministry for Foreign Affairs on the matching principle of indirect costs. The Ministry for Foreign Affairs can issue more detailed instructions on the matter.

The Ministry for Foreign Affairs has the right to partially or fully reject indirect costs if it is not clearly demonstrable that the costs arose from the grant-financed activity.

3.2. Non-eligible costs

Examples of non-eligible costs include:

- * Recreation costs, interest representation costs and entertainment expenses. Entertainment expenses do not include necessary and reasonable negotiation expenses, such as refreshments served at steering group meetings. Entertainment expenses are defined in the Finnish Tax Administration's standardised instructions and their interpretation on the differentiation between entertainment expenses and negotiation expenses (the Finnish Tax Administration's guidance on entertainment expenses in income taxation of 18 August 2014 and tax guidance for corporations for the public good of 4 December 2023, available in Finnish and Swedish)
- * Depreciation
- * Fundraising costs (excluding fundraising carried out to cover the own contribution required by the Ministry for Foreign Affairs)
- * Procurement in which a contracting entity, defined in the Act on Public Procurement and

Concession Contracts, has not complied with procurement legislation or the terms and conditions of the discretionary government grant

- * Costs of business and investment activities, loan repayments and interest
- * Provisions referred to in the Accounting Act (1336/1997) (with the exception of holiday pay provision)
- * Imputed items not based on actual costs
- * Severance pay or salary costs payable for the period of notice without an obligation to work
- * Non-statutory additional pensions, performance bonuses and other bonuses
- * Legal costs, compensation payments imposed by a court and other penal charges, such as fines, penalty payments and parking tickets
- * Currency exchange fees, exchange rate losses or other financing-related costs
- * Costs or deficits of other grant-financed projects or activities
- * Carbon offsetting or other similar payments for flights or for any other procurements
- * Expenses from cash withdrawals or from currency exchange for business trips. If using cash is otherwise necessary for project implementation, reasonable costs arising from the use of cash are eligible. The foreign exchange costs arising from transferring the discretionary government grant are eligible.
- * Costs for which the government grant recipient has not obtained approval from the Ministry for Foreign Affairs, for example as part of the budget or a decision on the revision of the government grant.

The list of non-eligible costs is non-exhaustive and for information purposes only.

3.3. Terms concerning the revenue from the activity or project

In grant-financed activities or projects, revenue refers to cash flows, with consideration given, that can be accrued directly with the reported costs of the activity or project. Revenue may be accrued from sales, rental, compensation for use or other consideration given.

The government grant recipient must provide evidence on the revenue accrued in the activity or project to the Ministry for Foreign Affairs (see 4.3.).

Without the express written approval of the Ministry for Foreign Affairs, the grant-financed activities of the government grant recipient may not generate revenue that is covered by the European Union's state aid rules.

3.4. Terms concerning the financing of the supported activity or project

The maximum amount of the discretionary government grant is 90 per cent of the project's annual eligible costs.

For projects whose main objective is to promote the rights of persons with disabilities, the maximum amount of the discretionary government grant is 95 per cent of the project's annual

eligible costs.

Voluntary work, donations of goods or services or other resources made available without payment cannot be used to cover the own contribution.

The rate at which the government grant recipient accumulates its own contribution to the project must be monitored and any potential problems must be reported to the Ministry without delay. If the own contribution falls short of the amount recorded in the government grant decision for the reporting year, the amount is considered the project's own contribution. In such cases, the project costs proposed to be covered by the discretionary government grant must be reduced so that the required own contribution is met.

If the own contribution includes foreign public or private financing, the government grant recipient must present reasons for its approval. Reports on the project's finances must include the financing providers and the countries of origin. The own contribution to development cooperation projects may not be covered by other Finnish financing received from the central government, a municipality or other body governed by public law or by other financing under public law received from another Finnish source by the government grant recipient or the recipient of redistributed funds.

Pursuant to section 6, subsection 3 of the Act on Discretionary Government Grants, discretionary government grants, together with other public financial support, may not exceed the maximum amount of discretionary government grant or other public financial support laid down in European Union or Finnish law.

If the government grant recipient or the recipient of the redistributed funds receives other funding for the same project during the implementation, the Ministry for Foreign Affairs must be notified of this immediately.

3.5. Terms and conditions applying to resources made available without payment

A resource made available without payment refers to a resource received by the government grant recipient, which is allocated to the grant-financed activity or project and for which the government grant recipient does not need to pay. A resource made available without payment may be, for example, volunteer work allocated to the government grant recipient's activity or project by a third party. It may also mean the government grant recipient's free access to equipment or premises. The grant-financed activity or project may include resources made available without payment but they cannot be used to cover the own contribution to the grant-financed activity.

3.6. Terms concerning the financial situation of the government grant recipient

No such terms and conditions have been defined.

4. Specific obligations of the government grant recipient

4.1. Obligation of the government grant recipient to provide information

Provisions on the government grant recipient's obligation to provide information and notification obligation are laid down in section 14 of the Act on Discretionary Government Grants. The obligations are important for monitoring the use of the government grant, for example.

A government grant recipient shall provide the government grant authority with correct and sufficient information for monitoring that the terms and conditions of the government grant decision are observed (section 14, subsection 1 of the Act on Discretionary Government Grants).

A government grant recipient shall notify the government grant authority without delay of any changes affecting the use of the government grant in accordance with its purpose and any other change affecting its use (section 14, subsection 2 of the Act on Discretionary Government Grants).

This notification obligation applies at least to all of the cases listed in clause 2.6. of these terms and conditions, for which a request for the revision must be submitted to the Ministry for Foreign Affairs.

In addition, the government grant recipient must immediately submit a notification at least in the following cases:

1. If misuse or suspected misuse referred to in these terms and conditions takes place in the grant-financed activity. Failure to report misuse may potentially be a criminal offence according to the Finnish Criminal Code (39/1889). For clarity: even if misuse is merely suspected, it must be reported immediately to the Ministry for Foreign Affairs. The provision of information to the Ministry for Foreign Affairs is without prejudice to the right or obligation of the Ministry to recover the paid government grant in full or in part from the government grant recipient under the Act on Discretionary Government Grants (688/2001);
2. If the contact persons of the government grant recipient change. The government grant recipient must keep the Ministry for Foreign Affairs informed of changes concerning the recipient's contact persons;
3. If the amount of other private or public financing received by the government grant recipient for the grant-financed activity implemented by the grant in question increases;
4. If the grant-financed activity is suspended;
5. If there is an essential change in the financial standing of the government grant recipient or the recipient of redistributed funds;

In addition to the aforementioned notifications to be submitted without delay, the government grant recipient must submit an interim report on the use of the grant during the year. The report must indicate any changes in the use of the grant, including changes of less than 10 per cent (see section 4.3. Reporting).

4.2. Obligation to reimburse the government grant

Provisions on repayment of a discretionary government grant are laid down in section 20 of the Act on Discretionary Government Grants. Pursuant to section 20, subsection 1 of the Act on Discretionary Government Grants, a government grant recipient shall without delay pay back, in full or in part, any government grant it has received through error, in excess or clearly without justification. A government grant recipient shall also pay back, in full or in part, a grant that cannot be used as specified in the government grant decision. If the repayable sum does not exceed EUR 100, it is not necessary to pay it back.

An annual interest in accordance with section 3, subsection 2 of the Interest Act (633/1982) plus 3 percentage points must be paid on the amount to be paid back. Pursuant to section 25 of the Act on Discretionary Government Grants, if the sum to be paid back is not paid by the due date set by the government grant authority, an annual penalty interest is payable on the sum in accordance with the interest rate referred to in section 4, subsection 1 of the Interest Act.

The Ministry for Foreign Affairs may decide that a part of the sum to be paid back and any interest or penalty interest on it will not be recovered if repayment in full would be unreasonable. The Ministry for Foreign Affairs may decide on very serious grounds that the sum and the interest on it are not collected at all.

When making a decision on adjustment, it is considered whether repayment in full would be unreasonable, taking into consideration the financial standing and circumstances of the government grant recipient or the type of the property purchased using the discretionary government grant or the procedure on which repayment is based or because of a change in circumstances.

The starting point for adjustment is the unreasonable severity and unfairness of the payment obligations under the prevailing individual circumstances. The payment obligation is relieved only partially, to the extent that it is unreasonable. As adjustment is essentially a deviation from the obligations under the Act on Discretionary Government Grants, permitted by the Ministry for Foreign Affairs at its discretion, the threshold for eliminating the payment obligation in full is extremely high. The Ministry for Foreign Affairs will provide separate instructions on submitting an application for adjustment.

4.3. Obligation to provide details of the use of a government grant

The government grant recipient must provide evidence on the use of the government grant. The obligation to provide evidence and to report means providing evidence on the content and progress of the grant-finance activity, on results achieved and on costs incurred. The grant recipient must report on the use of the government grant even with regard to any grant funds having been made available to a recipient of redistributed funds where permitted by the government grant decision.

In addition to annual reporting, the Ministry for Foreign Affairs may also request other evidence from the grant recipient regarded as necessary by the Ministry. The Ministry for Foreign Affairs will provide more detailed guidance on reporting. Reporting delays or failure to report may lead to the suspension and recovery of payments and the denial of any additional grants.

Reporting

The recipient of discretionary government grant must report on the use of the grant. The interim report (previously the annual report) must be submitted at the latest by the end of April of the year following the calendar year for which grant has been awarded and/or in which the grant has been used.

Interim report includes reporting on the used government grant and on effectiveness in accordance with the instructions issued by the Ministry for Foreign Affairs. The report must take into account the key changes made during the year. In the interim report, the government grant recipient examines its activities from the perspective of effectiveness and sustainability of the results, also assessing their relevance to achieving the intended results. The achievement of objectives and results must be described using the selected indicators. Interim report must also address the risks associated with the project and its implementation, and describe the realisation of risk management. An updated risk matrix is added to the interim report.

In connection with the interim reporting, the government grant recipient must also submit the following documents concerning the grant recipient annually by 30 April: the latest approved annual report, the financial statements signed by the board of directors (profit and loss account, balance sheet, cash flow statement, if any, and notes to the financial statements), the auditor's report / performance audit report, the budget for the current year and the action plan. If necessary, any missing documents can be added to the interim report. The budget for the current year and the action plan are submitted with the annual reporting and other material when the organisations have access to them. The rules concerning the government grant recipient are submitted if changes have been made to them during the reporting year. In addition, the government grant recipient must ensure that the statistical data (incl. that required by OECD DAC) on the grant-financed activity is up-to-date by 31 January of each year during which the grant has been used. The Ministry for Foreign Affairs will provide separate

instructions on reporting.

The government grant recipient is responsible for ensuring that both its own accounts and the recipient of redistributed funds accounts of the project costs are audited in compliance with international auditing standards and the Ministry's audit instructions for project grants in development cooperation. The auditors selected by the government grant 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) or by the local Chamber of Commerce (a JHT auditor) or selected by the Finnish Board for Chartered Public Finance Auditors (an HT auditor). In the management of finances in the destination country, local legislation must be observed. If local expenses are entered into the recipient of redistributed funds bookkeeping in the target country, they must be locally audited. An authorised auditor familiar with the partner country's legislation must be used to audit the local costs.

If the entire audit of a project is performed in Finland, all receipts must be kept there. If they are in a language other than Finnish, Swedish or English, they must include clarifications written in one of the aforementioned languages.

The Ministry for Foreign Affairs may also request other evidence it deems necessary from the government grant recipient.

Reporting delays or failure to report may lead to the suspension and recovery of payments and the denial of any additional grants.

4.4. Evaluating the impacts of the supported activity or project

The government grant recipient must include a monitoring, evaluation and learning plan in its activities, including in the reporting. The Ministry for Foreign Affairs can issue separate instructions on the matter.

The government grant recipient must participate in producing and providing information on the impact of the grant. The government grant recipient must ensure that its monitoring systems produce data on all results that relate to the sustainable development goals and objectives of Finland's development policy, according to more detailed instructions. This data must be available to the Ministry for Foreign Affairs in accordance with more detailed instructions issued by the Ministry.

4.5. Using the outcomes

The government grant recipient must ensure that the intellectual property rights of the results achieved in the grant-financed activity or project belong to the government grant recipient or the recipient of redistributed funds by virtue of law or separate agreement.

The results of the grant-financed activity must be public, generally accessible and available for use for non-profit purposes. This may refer to, for example, the general usability of photos and learning materials. The government grant recipient must publish the results of the activity in the format defined by the Ministry for Foreign Affairs.

The government grant recipient must provide information about the grant-financed activity to local and domestic audiences. The provision of information about the activity refers to all different communication methods that the government grant recipient uses to inform local and domestic audiences of the development cooperation project. The government grant recipient must ensure that its own website and any other communication channels of its own provide up-to-date information about the development cooperation project implemented by the grant recipient. Communication about the government grant recipient itself cannot be covered with the government grant.

4.6. Other terms concerning the specific obligations of a government grant recipient

Compliance with legislation and standards

In its projects and activities, the government grant recipient must comply with Finnish legislation, internationally approved environmental and social responsibility standards, local legislation and international commitments applicable to the project. These include obligations related to terms of employment and working conditions, in which international labour rights and occupational safety standards (ILO) must be observed and local legislation on work and labour must be taken into account. In addition, with regard to recipients of redistributed funds and collaborating partners, it must be ensured that they also act in accordance with the regulation on the organisational form in each country of operation. For example, in addition to company law, the tax responsibility principles set for Finland's development cooperation funding and international standards, corporate partners must be required to follow principles related to good governance, tax responsibility, transparency and anti-corruption activities.

Accessibility of digital services

When using the grant, the government grant recipient must ascertain if it falls within the scope of application of the Act on the Provision of Digital Services (306/2019, Digital Services Act). Pursuant to section 1 of the Act on the Provision of Digital Services (306/2019, Digital Services Act), the purpose of the Act is to promote the availability, quality and data security of digital services and the accessibility of their content and in so doing improve everyone's opportunities to use digital services equally.

The Digital Services Act is applied, inter alia, to the institutions governed by public law defined in section 2 of the Act. Furthermore, pursuant to section 3, subsection 3 of the Digital Services Act, the Act applies to the digital services of a company, a foundation, an

association and another organisation when the authority referred to in the Act participates in financing the development and use of these services and covers at least half of their development or annual maintenance costs. In the Act, an authority refers, for example, to state authorities and other parties to the extent that they are taking care of public administration duties. The Digital Services Act lays down provisions on the accessibility requirements of digital services, among other things. The Act not only applies to the government grant recipient's actual website, but also to any themed or campaign sites that may be located at different addresses.

The government grant recipient has an obligation to comply with the provisions of the Act on the Provision of Digital Services when providing a digital service financed with this government grant.

Environmental and social responsibility in activities

The activities of the government grant recipient are required to be environmentally and socially responsible. This applies especially to the consideration of the risks and impacts of the grant-financed project and the prevention and minimisation of potential negative impacts on the environment, society and human rights. The contractual employment relationships and volunteer relationships included in the activities must comply with local legislation and ensure decent working conditions and requirements.

In their activities, the government grant recipient and the recipient of redistributed funds aim to mitigate climate change, promote adaptation to climate change and protect the environment and biodiversity. The government grant recipient must comply with the guideline for the cross-cutting objectives of development policy concerning climate change and biodiversity.

The government grant recipient and the recipient of redistributed funds must have methods for assessing climate and environmental impacts and for minimising adverse impacts in all their activities, including impacts potentially occurring in their supply chain.

The government grant recipient or the recipient of redistributed funds must monitor and assess the environmental and climate impacts of its activities and strive continuously to improve the environmental friendliness of its activities, to reduce the use of materials and the generation of waste and to set requirements related to environmental friendliness and carbon footprint reduction in its activities.

Zero tolerance towards sexual abuse, sexual harassment, discrimination and abuse of authority

The government grant recipient and the recipient of redistributed funds must apply a zero

tolerance policy regarding sexual exploitation, sexual abuse, sexual harassment (SEAH), other harassment, discrimination and abuse of authority. This means that in their activities, the government grant recipient and the recipient of redistributed funds must not approve of any forms of SEAH, other harassment, discrimination or abuse of authority by their employees or collaborating partners and that the government grant recipient and the recipient of redistributed funds may not ignore any such cases they become aware of, cover them up or handle them inappropriately.

This zero tolerance policy also applies to all partners of the government grant recipient and the recipient of redistributed funds, such as service providers in procurement. If the government grant recipient and the recipient of redistributed funds notice or suspect that this zero tolerance policy has not been adhered to, this must immediately be reported to the Ministry for Foreign Affairs as specified in clause 1.8. The government grant recipient must also respond to suspected misuse and misconduct with appropriate measures.

Suspected misuse and misconduct can be reported to the Ministry for Foreign Affairs also by partners and third parties through the online whistleblowing channel created for this purpose, which also facilitates anonymous reporting.

Provisions on sexual abuse, sexual harassment and other harassment are also laid down in chapter 20 of the Criminal Code (39/1889), section 7 of the Act on Equality between Women and Men (609/1989) and section 14 of the Non-discrimination Act (1325/2014).

Sexual abuse can refer to at least the actual or threatened physical intrusion of a sexual nature, whether by force or under unequal or coercive conditions. Examples of sexual abuse: attempted rape, forcing someone to perform oral sex or touching, and rape.

Sexual harassment can refer to at least unwelcome verbal, non-verbal or physical behaviour of a sexual nature that deliberately or de facto infringes a person's psychological or physical integrity especially by creating an intimidating, hostile, degrading, humiliating or distressing environment. Examples of sexual harassment: gestures and other non-verbal communication with sexual undertones, comments of sexual nature about the individual, the individual's body, conduct, sex life or gender identity, pornographic material, sexually suggestive letters, emails, text messages or phone calls.

Harassment can refer to at least behaviour that deliberately or de facto infringes a person's human dignity if the infringing behaviour is related to the person's age, origin, nationality, language, religion, belief, opinion, political activity, trade union activity, family relationships, state of health, disability, sexual orientation or other personal characteristics and the behaviour creates, due to the above-mentioned reason, an environment that is degrading, humiliating, intimidating, hostile or offensive towards the person in question.

Abuse of authority can refer to at least the improper use of a position of influence, power or

authority against another person. This is particularly serious when a person uses their influence, power or authority to improperly influence the career or employment conditions of another, including, but not limited to, appointment to a position, assignment of duties, contract renewal, performance evaluation, or promotion. Abuse of authority may also include conduct that creates a hostile or offensive work environment which includes, but is not limited to, the use of intimidation, threats, blackmail or coercion. Discrimination and harassment, including sexual harassment, are particularly serious when accompanied by abuse of authority.

Regarding the prevention of sexual abuse, sexual harassment, discrimination and abuse of power, and related measures, the government grant recipient and the recipients of redistributed funds are required to:

- * Understand the policies, principles and standards of the prevention of sexual exploitation, abuse and harassment (PSEAH);
- * Have in place SEAH prevention mechanisms;
- * Have in place a risk management process that includes SEAH;
- * Have in place a SEAH reporting and follow-up mechanism/procedure;
- * Make reasonable efforts so that complaint mechanisms are known by the population being assisted. All complaints are expected to be handled by staff other than those who manage programmes and are in contact with communities;
- * Report any allegations of SEAH to the Ministry for Foreign Affairs.

Respect for human rights

The government grant recipient and the recipient of redistributed funds have an obligation to respect human rights in their activities and procurement in line with the Ministry for Foreign Affairs guidance on a human rights-based approach. The government grant recipient and the recipient of redistributed funds must also take into account international commitments concerning human rights. The government grant recipient and the recipient of redistributed funds ensure that they do not contribute, directly or indirectly, to adverse human rights impacts. An adverse human rights impact eliminates or impairs individuals' and communities' opportunity to exercise their human rights. The government grant recipient and the recipient of redistributed funds must require respect for human rights also from their other collaborating partners, if any.

The government grant recipient and the recipient of redistributed funds must have methods for detecting and addressing adverse human rights impacts in all their activities, including procurements made by them and other activities with partners, if any.

Such methods may include, for example, human rights assessment according to the Ministry for Foreign Affairs guidance on a human rights-based approach. In addition, all government grant recipients and recipients of redistributed funds must ensure that there are

whistleblower protection channels, as required in clause 1.8., and sufficient anti-corruption measures.

Development cooperation funds may not be used to propagate an ideology, a religion or a political position.

Prohibition of discrimination

Discrimination based on race, skin colour, gender, marital status, pregnancy, religion, social or ethnic origin, nationality, physical characteristics, age, political opinions, trade union membership and sexual orientation and all other forms of discrimination are prohibited.

Discrimination refers to any unequal treatment of individuals, such as segregation, disfavour or favouritism that is not based on work requirements or quality but instead indicates attitude-based unequal treatment.

The government grant recipient and the recipient of redistributed funds must support the acceptance of diversity, and equal opportunities of employees. If necessary, discriminated groups must also be supported with positive discrimination.

Any harassment of employees is prohibited. Employee harassment refers to the inhuman treatment of employees, including sexual abuse and harassment described above, physical punishment, psychological or physical coercion and harassment, and the threat of such treatment.

Non-discrimination and equality

In their activities, the government grant recipient and the recipient of redistributed funds must promote gender equality and non-discrimination. The government grant recipient must fulfil the employer obligations laid down in the Act on Equality between Women and Men (609/1986) and the Non-discrimination Act (1325/2014).

The government grant recipient and the recipient of redistributed funds must comply with the guideline for the cross-cutting objectives of development policy, in accordance with international human rights standards concerning gender equality and non-discrimination and the more detailed non-discrimination and equality guidelines issued by the Ministry for Foreign Affairs.

Prohibition of child labour

Work performed by children (child labour) is prohibited, apart from the exceptions justified in the ILO Convention number 138. It is prohibited to have children do work that has an adverse

impact on their studies or is harmful to their health or development.

Here, "child" refers to a person who is:

* under 15 years of age or under the minimum age defined in national legislation if that is higher than 15 years; and

* under the age at which the national compulsory education ends.

Children under 18 years of age may work only in tasks that are not, due to their nature or conditions, harmful to the children's health, safety and morals. It is prohibited to have children under 18 years of age do night work or work overtime.

If child labour is detected, the government grant recipient or the recipient of redistributed funds intervenes with the situation and ensures that the child's best interest is realised, in cooperation with the employer, the child, the child's family and, if necessary, other parties.

Prohibition of forced labour

Forced labour is prohibited. Forced labour is any work or service that is exacted from a person under the threat of penalty and for which that person has not offered themselves voluntarily.

In addition to forced labour, also slave labour, work required to pay debts and penal labour are prohibited. All employment relationships must be voluntary and employees must always have the right to terminate their employment with a reasonable period of notice.

There must always be a written employment contract in a language understood by the employee.

Employers and employment intermediaries may not keep in their possession or otherwise hide, confiscate or destroy documents that prove the employee's identity and right of residence, such as personal ID documents, passports or work permits, nor prevent employees' access to these documents. If the obligations laid down in national legislation require the temporary seizure of documents, the documents must be returned to the employee without delay as soon as possible.

Employees may not be required to pay recruitment fees or make any recruitment-related payments. If such fees or payments are observed, employees must be paid back any fees or payments they have paid or made. The employer must ensure that employees have not been forced to pay recruitment fees or make recruitment-related payments to labour intermediation agents or other parties.

Freedom of association

The employer respects employees' right to and freedom of association and collective bargaining. These refer to various formal and informal forms of cooperation, aimed at jointly supporting and defending the employee's interests at the workplace and in the work community. The employer must inform employees of this right. In states where freedom of association is not fully acknowledged, the employer adopts and supports practices aimed at facilitating the meetings and negotiations between employees or their freely elected representatives and the workplace management regarding questions related to pay and working conditions, without fear of adverse consequences.

5. Monitoring the use of a government grant, suspending the payments, and recovery

5.1. Monitoring and supervisory practices

The production of monitoring and supervision information is based on the information produced by the government grant recipient, referred to in clause 4.3., and other government grant practices as instructed by the Ministry for Foreign Affairs; however, in addition, the Ministry for Foreign Affairs has the right to receive and obtain grant use and monitoring information and other information as well as to carry out audits, as necessary.

If the terms, conditions and instructions issued for the reporting and use of the government grant by the Ministry for Foreign Affairs are not complied with, the Ministry may set a deadline for compliance, suspend the payment of the grant and issue a decision to recover the paid grant.

The government grant recipient has an obligation to assist the Ministry for Foreign Affairs in carrying out the monitoring and supervision of the recipient of redistributed funds, such as destination country monitoring or other verification measures.

The Ministry for Foreign Affairs may participate in the steering group, if any, of the grant-financed activity to support monitoring and supervision, but the Ministry does not have a role with decision-making or steering power in the steering group.

5.2. Audit rights

Provisions on the right of the government grant authority to audit are laid down in section 16 of the Act on Discretionary Government Grants. The Ministry for Foreign Affairs has the right to audit the government grant recipient's finances and activities as required by the payment of the government grant and the monitoring of its use.

If a discretionary government grant has been awarded under section 7, subsection 3 of the Act for a project or activity of a party other than the government grant recipient but in accordance with the purpose specified in the government grant decision, the Ministry for Foreign Affairs has the right to audit the finances and activities, as specified in the government grant decision, of the recipient of redistributed funds. The government grant recipient must include sufficient clauses in agreements concluded with the recipients of redistributed funds to ensure that the right to audit is realised; obligations are described in more detail in clause 2.3. The government grant recipient has an obligation to assist the Ministry for Foreign Affairs also to carry out other audit measures concerning the recipient of redistributed funds.

The Ministry for Foreign Affairs may issue a decision authorising another authority or an external auditor to carry out the above-mentioned audits. External experts may assist in audits at the request of a government grant authority. Provisions on the right of the National Audit Office of Finland's and the Parliament's Audit Committee to audit are issued separately.

Provisions on carrying out an audit are laid down in section 17 of the Act on Discretionary Government Grants (see also 5.3.).

5.3. Obligation of the government grant recipient to assist in the audit

Pursuant to section 17, subsection 1 of the Act on Discretionary Government Grants, the government grant recipient and the recipient of redistributed funds must provide the auditing authority or another person carrying out the audit with all information and reports, documents, records and other material necessary for performing the audit and otherwise provide assistance with the audit free of charge. The auditing authority or another person carrying out the audit is entitled to take possession of the material subject to audit if auditing so requires. The material will be returned without delay after it is no longer needed for the audit.

The auditing authority or another person carrying out the audit is entitled to have access, to the extent warranted by the audit, to the business, storage and other such premises used in the practice of a profession or in business and other areas in the possession or use of the government grant recipient or the recipient of redistributed funds, the conditions of which have a bearing on the awarding of a government grant and the monitoring of its use.

The government grant recipient has an obligation to assist the Ministry for Foreign Affairs also in carrying out an audit targeted at the recipient of redistributed funds.

5.4. Suspending the payment of a government grant

Provisions on the suspension of payment are laid down in section 19 of the Act on Discretionary Government Grants. The Ministry for Foreign Affairs may decide to suspend the

payment of the government grant for the duration of inspecting the matter if: 1) there are reasonable grounds to suspect that the government grant recipient is not complying with the provisions laid down in section 12, subsection 4 or sections 13 or 14 of the Act on Discretionary Government Grants; 2) the grounds on which the government grant was awarded have essentially changed; or 3) suspension of payment is required by European Community law. The suspension of payment is targeted at the part of payment that is being inspected.

The payment of the government grant may be temporarily suspended when, for example, there are reasonable grounds to suspect that the information provided for payment is not correct and sufficient or that there has been a change influencing the use of the government grant, such as a change in the financial standing of the government grant recipient, with no notification made of this change. The decision to suspend the payment may also be made when the grounds on which the government grant was awarded have essentially changed. This may mean that there have been essential changes in the bases on which the government grant was awarded or on which it is used and it is necessary to determine how the changes influence the opportunities to use the government grant in the manner referred to in legislation, the budget and the government grant decision.

The suspension of payment is a temporary preventive measure, with which the payment of the awarded government grant may be suspended for the duration of the closer inspection of the matter. After the inspection, the government grant authority issues a decision to continue the payment or to discontinue the payment and recover the government grant. Pursuant to section 34 of the Act on Discretionary Government Grants, the government grant recipient has the right to request a review for the payment suspension decision by submitting a request for administrative review, but the authority is allowed to suspend the payment for the duration of the processing of the request.

5.5. Interest payments and recovery of a government grant

Provisions on the recovery of a government grant are laid down in sections 21 and 22 of the Act on Discretionary Government Grants. Provisions on the recovery of investment grants, if any, are laid down in section 23 of the Act on Discretionary Government Grants. The repayment of a government grant on the government grant recipient's initiative is described in clause 4.2.

Pursuant to section 21 of the Act on Discretionary Government Grants, the Ministry for Foreign Affairs has an obligation to issue a decision to discontinue the payment of a discretionary government grant and to recover a grant already paid if the government grant recipient has:

1. failed to pay back a government grant which under section 20 of the Act on Discretionary Government Grants must be paid back in full or in part;

2. used the government grant for a purpose essentially different from that for which it was awarded;
3. provided the Ministry for Foreign Affairs with false or misleading information on a matter that was conducive to influencing the awarding, amount or terms of the government grant, or concealed such matter; or
4. in a manner comparable to paragraphs 1–3, otherwise essentially violated the provisions concerning the use of government grants or the conditions of the government grant decision.

Discretionary recovery of discretionary government grants

Pursuant to section 22 of the Act on Discretionary Government Grants, the Ministry for Foreign Affairs may issue a decision to discontinue the payment of a discretionary government grant and to recover in part or in full a grant already paid, if:

1. the government grant recipient has violated section 12, subsection 4, or sections 13 or 14 of the Act on Discretionary Government Grants;
2. the government grant recipient has refused to provide the data referred to in section 17, subsection 1, or to provide the assistance referred to in the said subsection with an audit;
3. the government grant recipient has discontinued the grant-financed activities, reduced them substantially or assigned them to another party;
4. the government grant recipient has in violation of section 13 of the Act on Discretionary Government Grants assigned to another party the ownership or possession of the property purchased with the government grant;
5. the government grant recipient has in violation of section 13 of the Act on Discretionary Government Grants permanently altered the purpose of the grant-financed property;
6. the government grant recipient has been subject to debt enforcement proceedings, or placed into liquidation or bankruptcy, or made subject to restructuring proceedings referred to in the Restructuring of Enterprises Act (47/1993) or debt adjustment referred to in the Act on Adjustment of the Debts of a Private Individual (57/1993), unless the purpose of the government grant requires otherwise; or
7. the government grant recipient in practical terms takes action that is comparable to what is specified in 1–6 above by giving a subject related to the awarding, payment or use of the government grant a legal form that is not compatible with its true nature or purpose.

If the government grant recipient or its representative defined in the Criminal Code has been sentenced by final judgment for the use of unauthorised foreign labour or for the employer's violation of the Aliens Act or a financial sanction referred to in the Employment Contracts Act has been imposed on the government grant recipient with a final decision, the government grant authority may continue the payment of the grant and leave the grant already paid unrecovered in full or in part only on very serious grounds.

If the property for which the government grant was awarded has been destroyed or damaged during the period of use specified in the government grant decision and new, corresponding

property will not be purchased to replace the destroyed or damaged property, the Ministry for Foreign Affairs may issue a decision to discontinue the payment of the grant and order that a sum that corresponds to the share of the grant in relation to the original acquisition cost of the property be recovered from any insurance indemnity or other compensation.

The Ministry for Foreign Affairs may also issue a decision to discontinue the payment of a government grant and to recover a grant already paid if required by European Community law.

Adjustment of recovery

The Ministry for Foreign Affairs may decide that a part of the sum to be recovered and any interest or penalty interest on it will not be recovered if recovery in full would be unreasonable.

The Ministry for Foreign Affairs may also decide on very serious grounds that the sum and the interest, if any, are not collected at all.

When making a decision on adjustment, it is considered whether recovery in full would be unreasonable, taking into consideration the financial standing and circumstances of the government grant recipient or the type of the property purchased using the discretionary government grant or the procedure on which repayment or recovery is based or because of a change in circumstances.

The starting point for adjustment is the unreasonable severity and unfairness of the payment obligations under the prevailing individual circumstances. The payment obligation is relieved only partially, to the extent that it is unreasonable. As adjustment is essentially a deviation from the obligations under the Act on Discretionary Government Grants, permitted by the Ministry for Foreign Affairs at its discretion, the threshold for eliminating the payment obligation in full is extremely high. The Ministry for Foreign Affairs will provide separate instructions on submitting an application for adjustment.

Interest to be paid on the amount to be recovered

Pursuant to section 24 of the Act on Discretionary Government Grants, a government grant recipient shall pay an annual interest in accordance with section 3, subsection 2 of the Interest Act (633/1982) plus 3 percentage points on the amount to be paid back or recovered from the date the discretionary government grant was paid.

Pursuant to section 25 of the Act on Discretionary Government Grants, if the recovered sum is not paid by the due date set by the government grant authority, an annual penalty interest is payable on the sum in accordance with the interest rate referred to in section 4, subsection 1 of the Interest Act.

Contact information

governmentgrantservices@statetreasury.fi

Sörnäisten rantatie 13, Helsinki
PO Box 14, FI-00054 State Treasury

Business ID: 0245440-1

Valtiokonttori
Statskontoret
State Treasury