

**General terms and conditions for public research funding**

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## 1 Scope of application and publicity of the funding decision

These terms and conditions apply to funding granted by Tekes to public research projects in Finland (funding granted on the basis of discretionary government transfers, funding decisions based on authorisations and decisions concerning the allocation of appropriations; hereafter "funding decision"). The terms and conditions apply to research projects that are allocated funding from the state budget items 32.20.40 (*Supporting research, development and innovation*), 24.30.66 (*Development cooperation*), 32.20.42 (*Developing innovation clusters*) and 31.40.44 (*Innovation aid for the media*).

Discretionary government transfers refer to grants provided to off-budget entities. Funding decisions based on authorisations and decisions concerning the allocation of appropriations refer to the authorisation granted to on-budget entities to use appropriations.

The grants provided by Tekes to off-budget entities are based on the Act on Discretionary Government Transfers (688/2001).

Public research means the research and development activities carried out by a research organisation that are aimed at raising the general level of knowledge and thus promoting the creation, development and broad utilisation of competence. The results of public research are widely published.

A research organisation means an organisation conducting research and disseminating knowledge (such as higher education institutions, research institutions, technology-transfer bodies, innovation intermediaries, research-oriented physical or virtual cooperation entities), irrespective of its legal status (organised under public or private law) or way of financing, whose primary goal is to conduct independent fundamental research, industrial research or experimental development and to disseminate its results by means of teaching, publication or technology transfer. When such an entity is also engaged in economic activities, separate accounts must be kept of the funding and costs of and the revenue generated by such economic activities. The enterprises exercising a controlling interest in such an entity (as shareholders, members, etc.) may not enjoy any preferential access to the results generated by the entity.

It is also required that the profits generated by the activities carried out in accordance with the primary goal are reinvested in these activities.

With regard to the funding decision, Tekes has the right to publish the name of the recipient, a public summary of the research project granted funding and the amount of funding that has been granted and paid. The terms and conditions concerning the publicity of results are contained in section 15.

When the recipient disseminates information about the project or its results, it must disclose that Tekes has provided funding for the project.

## 2 Implementation of the project

The funding is intended for the use of the organisation named in the funding decision ("recipient"). The recipient may not transfer any of the funding it has received to third parties.

The recipient must implement the project in accordance with the research funding decision.

When the project has been granted more funding than usual, Tekes has the right to reduce the level of funding if the terms and conditions for the increased level laid out in the funding decision are not met.

### 2.1 Composition and tasks of the project steering group

Projects of all project types must have a steering group which, in addition to the recipient, includes third party experts and/or company representatives. A company that has co-funded the project or provided other contribution essential in terms of project implementation is entitled to have a member in the steering group.

The Steering Group for the New Knowledge and Business from Research Ideas project must include an expert to examine commercialisation. In the case of projects that are networked with industry, the steering group must appoint representatives from organisations potentially exploiting the outcomes of the project.

The expert members of the steering group must be selected for the group as personal members on the basis of their expertise. Expert members may not authorise other persons to act on their behalf. An expert may simultaneously work as a steering group member in several projects. The recipient selects and dismisses expert members of the steering group.

The steering group must agree on its meeting practices and its decision-making procedure at its first meeting. The decisions made by the steering group at its first meeting and any significant changes to the project must be subjected to the approval of all of the funding bodies. The steering group has an advisory role in the projects. The steering group does not have decision-making power binding to the recipient in the project, nor may such power be delegated to it. During the course of a research project that is networked with industry, the steering group must confirm to Tekes any project change proposals made by the accountable project leader. See also section 14.

Tekes is entitled to have a representative present at steering group meetings. A notice of meeting and the minutes must be sent to Tekes at the same time as they are delivered to the steering group

members. The content of the notice and the minutes must be identical with that sent to the steering group members.

Tekes does not accept the payment of compensation to any members representing the beneficiary organisations in the steering group for their work in the group or any travel expenses arising from the participation at the meetings of the steering group.

The compensations paid to the expert member of the steering group for the work in the group and the reimbursement for the travel expenses arising from the participation at group meetings are eligible project costs. Reimbursement for the costs is in accordance with the standard practices of the recipient.

The travel expenses accumulated by the recipient as a result from the participation at the meetings of the steering group are eligible project costs.

## 2.2 Accountable project leader - status and tasks

The recipient must appoint an accountable project leader that is in an employment relationship with the recipient. The accountable project leader is responsible for matters pertaining to science and research work carried out as part of the project. The accountable project leader is not entitled to act on behalf of the recipient and approve any commitments binding to the recipient without a separate authorisation provided by the recipient.

The accountable project leader may not have a conflict of interest. The accountable project leader may not have a material personal interest in a company co-funding the project or exploiting its outcomes or in a company selling services to the project. An example of a prohibited shared interest is a situation where the accountable project leader or a member of their family owns more than 10 per cent of the company, is a member of an administrative body of the company or serves as the company's managing director.

The task of the accountable project leader is to supervise the implementation of the project specified in the Tekes research funding decision. The accountable project leader must ensure that the project is appropriately managed and that the various parties, funding bodies and steering group members are informed of the research funding decision, including the applicable terms and conditions, and of the progress of the project in the manner agreed.

The accountable project leader is responsible for ensuring that project reporting is organised in a manner required by Tekes.

## 2.3 Acceptance notification concerning the research funding decision

The recipient undertakes to observe the funding decision and the terms and conditions laid down in it by signing the acceptance notification. The acceptance notification must be signed by a person that, under the recipient's rules of procedure or in an otherwise verified manner, is authorised to do so.

The recipient must provide Tekes with an acceptance notification of the funding decision within three months of the date of the funding decision announcement.

The acceptance notification contains the following information:

- contact details of the independent auditor except when the recipient is a government agency
- approval of the accountable project leader
- naming of the project contact person
- naming of the person signing the project cost statements.

The minutes of the first meeting of the steering group must be enclosed with the first report (see section 8, Reporting).

## 3 Monitoring of costs

The recipient must arrange its accounting so that the costs arising from the project can be itemised and their relevance to the accounting and cost statements can be verified.

The costs must be presented on the line that corresponds to the recipient's accounting.

## 4 Eligible costs

### 4.1 Principles

All costs must be essential and reasonable in terms of the implementation of the project. Costs are only accepted if their level and scope are in accordance with the cost regime of the organisation. Tekes has the right not to accept costs presented in a statement if their relevance to the project cannot be clearly substantiated or they are not at reasonable level.

Only costs that are in accordance with the recipient's accounting can be included in the project.

Tekes can accept as eligible costs the net direct costs arising from the project and the proportion of the indirect costs allocated to the project in accordance with the principle of cost causation.

Direct costs that have accumulated during the duration of the project can be accepted as eligible costs (accrual method). However, the costs arising from the auditor's report provided in conjunction with final project reporting are eligible costs even if they arose after the accepted duration of the project.

The breakdown to direct and indirect project costs must be in compliance with the principles generally applied in the organisation.

#### **VAT**

The costs accumulated by the recipient of the discretionary government transfer may include value added tax if they are connected with VAT-exempt activities and the VAT will be payable by the recipient. However, the VAT may not be included in the costs if the recipient of the discretionary government transfer receives compensation from the state budget on the basis of the actual VAT accrual and the compensation also covers the VAT paid from the Tekes funding.

The VAT proportions must be included on the appropriate cost lines in accordance with the recipient's accounting practice.

On-budget entities must record the VAT proportions corresponding to the Tekes funding that are connected with direct project costs (right of use and record) as follows:

- to the VAT item 32.01.29 of the administrative branch of the Ministry of Employment and the Economy when the funding decision has been made under the authorisation of the budgetary item 32.20.40
- to the VAT item 31.01.19 of the administrative branch of the Ministry of Transport and Communications when the appropriation allocation decision has been made under the budgetary item 31.40.44
- to the VAT item 24.01.19 of the administrative branch of the Ministry for Foreign Affairs when the appropriation allocation decision has been made under the budgetary item 24.30.66
- to the VAT item 32.01.29 of the administrative branch of the Ministry of Employment and the Economy when the appropriation allocation decision has been made under the budgetary item 32.20.42.

The appropriation used in the funding is given in the funding decision.

## **4.2 Procurement procedures**

Only purchases the results of which will be for the recipient's own use and that are a prerequisite for achieving results in the recipient's own research project may be included in project costs.

Project purchases must be in accordance with the provisions on public contracts and the relevant instructions provided by the recipient's administration. If requested, a report must be provided on the procurement method (competitive bidding or direct award). The recipient of the discretionary government transfer must provide an auditor's report prepared by an independent auditor in conjunction with the final report, in which the auditor issues an opinion on adherence to the procurement provisions.

If procurement provisions have not been observed, the purchase price cannot be presented as an eligible cost.

## **4.3 Wages and salaries**

### **a) Allocation of working time**

Each person working directly for a project must record the time that he/she allocates to the project at least on an hourly basis. Hours spent working on a project must be reported for the actual days, on which the work was done, in accordance with the actual hours worked. Otherwise the recipient only needs to provide reliable details of the hours allocated by the person to the project during each project reporting period so that the proportion of the wage and salary costs allocated to the project can be verified.

The allocated hours must be approved at least on a monthly basis by the employee's supervisor or other person who, under the rules of procedure, is responsible for the task. The approval must be entered in the monitoring system.

The retroactive corrections of the working hours allocated to the project must be in accordance with the recipient's standard procedures and approval practices.

Tebes has the right not to accept the wages and salaries in whole or in part if the allocation of the working hours has not been in accordance with these terms and conditions.

The material related to working time monitoring, hourly monitoring reports and verified monthly summaries must be kept for a period of five years after the payment of the last project funding instalment.

### **b) Declared wages and salaries**

The recipient may only declare the wages and salaries corresponding to the effective working hours allocated to the project as project costs. Effective working hours may not include paid leave (annual holidays, sick leave, maternity, parental or paternity leave) or other indirect working hours.

The wages and salaries declared by the recipient may not include the wage and salary costs arising from the hours allocated to teaching.

Wages and salaries in accordance with the collective agreements and other provisions regarding pay pertaining to the recipient are eligible as project wages and salaries.

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

#### 4.4 Indirect personnel costs

Costs subject to the indirect personnel cost rate include wages and salaries arising from paid leave, holiday pay and holiday bonus as well as social security payments, pension contributions, accident and unemployment insurance premiums and other similar employer's contributions, and refunds of these contributions. The indirect personnel cost rate may also be applied to other personnel costs (such as occupational health care and workplace meal costs) to the extent that they are not included in overheads.

Indirect personnel costs must be allocated to the project using the indirect personnel cost rate. A percentage of the direct wages and salaries allocated to the project is generally used as the indirect personnel cost rate. Tekes will accept the indirect personnel cost rate presented by the recipient if it has been calculated on the basis of the recipient's accounting information in a manner that meets the requirements of good accounting practice. Use of the rate must be agreed with Tekes in advance.

If the recipient is unable to reliably calculate or otherwise provide a rate that is derived from accounting, Tekes can accept an indirect personnel cost rate that is a maximum of 50 per cent of the wages and salaries allocated to the project's effective working hours.

#### 4.5 Indirect costs (overheads)

Indirect costs mean project costs that are indirectly, and not directly, allocated to the project on the agreed basis of division that is in accordance with the principle of cost causation. The breakdown of project costs to direct and indirect costs must be in compliance with the principles generally applied in the organisation.

Indirect costs must be allocated to the project by means of an overhead cost rate. A percentage of the direct wages and salaries and indirect personnel costs corresponding to the person's effective working time contributing to the project is generally used as the overhead cost rate.

Costs covered by the overhead cost rate may consist of administrative services, eligible depreciation of machinery and equipment as well as costs of using facilities that have arisen from the project unless they have been included as direct costs under the organisation's general accounting principles.

Tekes will accept the overhead cost rate provided by the recipient if it has been calculated on the basis of the recipient's accounting information in a manner that meets the requirements of good accounting practice. Use of the rate must be agreed with Tekes in advance.

If the recipient is unable to reliably calculate or, for some other reason, present a rate derived from its accounting information, Tekes will accept an overhead cost rate that is a maximum of 20 per cent of the wages, salaries and indirect personnel costs allocated to the project's effective working hours.

#### 4.6 Travel expenses

Tekes can accept reasonable travel expenses of the persons working for the project. The expenses are accepted if they are necessary for the implementation of the project, for acquiring knowledge and competence for the project or for disseminating project results in a manner that is in accordance with the utilisation of the project aims and results.

Expenses arising from trips that are connected with the identification of international partners or with the preparation of international follow-up projects are accepted as project costs if the preparation of the international project is included in the project plan.

The travel expenses included in the project plan can be accepted in accordance with the following regulations of the Finnish Tax Administration:

- Decision of the Finnish Tax Administration on the tax-exempt compensation of travel expenses
- Instruction of the Finnish Tax Administration concerning compensation for commuting expenses

Tekes will accept travel expenses in accordance with other provisions and administrative regulations applying to the recipient when there are provisions regarding the compensation of travel expenses that differ from the decisions and instructions issued by the Finnish Tax Administration.

The expenses are only accepted if their level and scope are in accordance with the cost regime of the organisation.

#### 4.7 Material and supplies costs

Costs of material and supplies purchased from outside the research organisation that are essential for implementing the project are eligible as direct project costs as specified in the invoice. Internal material and supplies costs must be declared at cost price.

Cost categories that are entered as indirect costs in the recipient's cost accounting may not be declared as materials and supplies costs. In such cases, the overhead cost rate must be used instead.

#### 4.8 Machinery and equipment costs

Tekes may accept the cost arising from the acquisition of a research instrument purchased for the project as a direct project cost if the instrument is mainly used in the project. If the instrument is also used for other purposes, the acquisition cost is accepted to the extent that the instrument is used in the project. If the useful life of the instrument is longer than the duration of the project, a proportion of the acquisition cost corresponding to the depreciation accumulated during the duration of the project will be accepted as project cost.

Tekes research funding must not be used for economic activities. If a Tekes-funded instrument is also used – contrary to expectations – for economic activities during the project, the recipient must inform Tekes about this insofar as the recipient has received Tekes funding for the acquisition of the instrument. See also section 5, Project income.

The recipient must have a reliable monitoring system enabling them to easily prove the use of the Tekes-funded instrument for economic and non-economic activities.

A research instrument means an instrument or research software that is essential for implementing the project.

The acquisition cost of personal computers, mobile phones and other extensively used equipment may not be included in equipment purchases or other direct cost items. Costs of this type are indirect research costs that are included in the costs reported using the overhead cost rate.

Tekes will accept the costs arising from the use of existing research and other equipment in the manner indicated in the sections "Overheads" or "Other costs".

#### 4.9 Purchased services

The purchased services necessary for the implementation of the project are accepted as direct project costs.

Only the costs arising from purchases the results of which will be for the recipient's own use and that are a prerequisite for achieving results in the recipient's own research project may be included in purchased services. Such services include purchased testing and analysis services and reports that facilitate the implementation of the recipient's own project.

The costs arising from the audit of project costs are purchased services that are accepted as project costs.

Services related to preparations for commercialisation of the project results may not be purchased from a party that may commercialise the results.

Funding transfers from third parties may not be included in the purchased services. A joint project may not be established so that the contribution of a project partner is presented as a purchased service in the recipient's cost estimate.

#### 4.10 Other costs

Direct costs arising from the project that cannot be included in any other cost category can be included under "Other costs".

A breakdown of other costs must always be provided in the cost statement.

Costs arising from the use of previously existing, expensive equipment or facilities are often allocated directly to each user of the equipment or facility. The allocation must be based on an hourly charge or similar usage criteria. Such costs arising from the use of equipment or facilities can be accepted as direct project costs under "Other costs" or under some other cost line item that better corresponds to the recipient's accounting instructions.

#### 4.11 Ineligible costs

The funding may not be used for gratuitous expenditure such as stipends, donations, awards or similar monetary payments.

The funding may not be used for costs arising from economic activities, entertainment expenses, advertising or marketing costs. Entertainment expenses do not include reasonable conference costs that are necessary for the implementation of the project, such as food/refreshments served at the meetings of the steering group. An entertainment expense is defined in the harmonisation instructions of the Finnish Tax Administration and the interpretation of the difference between entertainment and meeting costs given in them (Instruction of the Finnish Tax Administration 18 August 2014

Entertainment expenses in income taxation). The serving of food/refreshments must be in accordance with the recipient's own orders concerning the level of conference catering. Tekes will only accept conference catering expenditure as eligible costs to the extent that it considers the costs reasonable.

Ineligible costs may not be included in direct or indirect project costs.

## 5 Project income

Income refers to assets earned when the recipient provides the payer with some direct compensation, such as goods or services. Eligible project costs are not intended to produce income during the duration of the project.

Project funding may not be used for economic activities. If, during the project, income is generated as a result of the activities connected with the implementation of the project, the income and the cost generated with the purpose of producing the income must be kept separated from the project costs and funding.

If separating the costs produced with the purpose of generating income is not a straightforward process, project-related income must be reported to Tekes. The income generated during the duration of the project must be deducted from eligible project costs.

The right of first refusal to the project results which is offered to the funding body according to Tekes' terms and conditions for funding does not constitute direct compensation. Gratuitous financial contribution (co-funding) obtained elsewhere to cover project costs is not income as referred to in this section but project funding.

## 6 External funding, internal contribution and other contribution obtained for the project

External co-funding for the project refers to monetary funding obtained to cover project costs that the funding body has allocated directly to the project in question and for which the funding body does not receive direct compensation. If the funding body receives direct compensation, it is considered income referred to in section 5.

Internal project contribution will cover the proportion of overall project expenses for which the recipient is unable to obtain external co-funding.

Other contribution obtained for the project refers to non-monetary contribution essential for implementation of the project, such as gratuitous work done for the project or equipment or software provided for the duration of the project. Other contribution obtained for the project may not include any contribution by a company or other party that is actually the research target of the project. Other contribution must be valued in euros but it may not be included in the project cost estimate or financing plan.

The realised project financing and other contribution obtained must be reported as specified in the "Project reporting" section.

## 7 International researcher mobility

In researcher mobility, an employee of the recipient performs part of the research work for the project in Finland and part of it abroad. Alternatively, a researcher can come from abroad to work in a research project carried out in Finland. Researcher mobility funded by Tekes must involve research that genuinely adds value to the project.

Tekes will only provide funding for researcher mobility to the results for which the recipient will receive at least access and utilisation rights for research and education purposes free of charge and globally pertaining to its research activities related to the project. The researcher may not sign any visiting researcher agreements before the recipient has granted the researcher permission to sign the agreements and/or commitments with the receiving community.

Tekes will cover the reasonable costs incurred by the recipient from researcher mobility to the extent that they are in compliance with the regulations pertaining to the recipient and the terms and conditions concerning compensation for work abroad generally observed in the organisation. Costs are only accepted if their level and scope are in accordance with the cost regime of the organisation.

A FiDiPro researcher must work in an employment relationship with the recipient in Finland for at least four months during a period of one year and at least 12 months during the project.

## 8 Reporting

The recipient must submit reports on the project's progress through Tekes online service. The costs, funding and income allocated to the project must also be reported online. A wage/salary specification (T4) must be appended to the cost statement submitted through Tekes online service. The reports to be submitted in January and September are obligatory. Funding recipients wishing to do so may also submit a report in May.

The minutes of the steering group's first meeting must be attached to the first report. The minutes of the meeting must state that the steering group has confirmed a project plan, cost estimate and financing plan in accordance with the funding decision. The minutes of the meeting must also specify the

composition of the steering group. Should any changes be made in the project plan or cost estimate after the funding decision has been issued, an alteration application must be made accordingly.

An auditor's report must also be submitted as part of the final report (see section 9). Government agencies do not need to provide a wage/salary specification or the auditor's report.

The signatory of the cost statement must be authorised by the recipient to approve the reported cost and funding information, on the basis of which Tekes will pay its funding share. The party submitting the information must be authorised to send the information through Tekes online service.

A prerequisite for Tekes funding is that the businesses participating in the project's steering group actually pay their planned share of the funding. Such funding payments must be reported on at least an annual basis in connection with the January report and upon the presentation of the final report.

The actual project funding payments must be reported in accordance with accounting practices, broken down in a similar manner to the approved financing plan. If funding payments are not made in line with the progress of the project, the recipient must submit a clarification on this issue. If the beneficiaries participating in the steering group do not actually pay their planned funding share, Tekes will assess the applicability of the project results and the impact of the project vis-à-vis the original project plan. Based on this assessment, the project's cost estimate may be reduced or the project may be suspended.

If the company or some other party has, instead of co-funding, provided other essential contribution necessary for project implementation, such as work, equipment or software, realisation of this contribution must be monitored in the steering group. Realisation of the contribution must be documented in an appropriate manner.

The recipient must report all expenditure accepted as project costs as part of the final report at the latest. If the maximum amounts for each cost category in the budget are exceeded, the recipient must apply for a change to the cost estimate (see section 14). No new project costs can be presented after the approval of the final report.

Costs that have been preliminarily accepted on the basis of the interim report must be processed again as part of the final reporting. Tekes will only give its final approval to the costs after it has received the auditor's report.

As part of the final reporting, Tekes must also be provided with a separate, freely-formulated content report comprising an extensive description of the project's key results and conclusions. As the final report is public, no confidential information may be included in it. Any essential information that contains confidential information that is relevant for reporting the results must be presented in a separate appendix that will not be published.

## 9 Auditor's report

Off-budget entities must provide an auditor's report prepared by an independent auditor in conjunction with the final report, in which the auditor issues an opinion on adherence with the procurement provisions, if the cost estimate total approved in the project's funding decision exceeds EUR 500,000. The auditor's report must cover the entire duration of the project. The report template is available on Tekes website.

The auditor must give special consideration to ensuring that project accounting, the monitoring of working time and the integrity of the traceability chain are in accordance with these terms and conditions. The auditor must express his or her opinion on the materialisation of the project's external funding and assess adherence to the procurement provisions.

Tekes has the right to deliver the auditor's report to other authorities for the purposes of funding supervision.

There is no need to provide an auditor's report if the cost estimate total approved in the project's funding decision does not exceed EUR 500,000. However, Tekes is also entitled to request an auditor's report in conjunction with such projects.

## 10 Payment of funding

Tekes will provide the funding on the basis of approved reports and cost statements.

The funding will be deposited into the bank account given by the recipient to Tekes registry office (Tekes/ Kirjaamo). Notification to Tekes must be submitted by the financial director or other person who is authorised to make the notification under the organisation's rules of procedure.

At least 10 per cent of the funding granted will only be paid after the final report has been approved provided that the project has accumulated a sufficient amount of eligible costs.

The recipient must apply for the final funding instalment from Tekes when it submits the final project report and the final cost statement. Funding that the recipient applies for after that date will not be granted.

Entitlement to the granted funding or part of it will lapse if the recipient does not submit the requested reports or further information by the due date specified in the funding decision or separately notified by Tekes. Furthermore, Tekes will recover any funding already paid, with interest.



Tekes has the right to withhold funding in connection with the interim report if the sum to be paid is too small when compared with the total funding.

## **11 Joint projects**

In joint projects, more than one organisation is involved in reporting and declarations related to the project work.

### **11.1 Project reporting and declaration of costs**

In joint projects, the parties must provide Tekes with a progress report on their own work according to the schedule mentioned in the funding decision and in line with the general terms and conditions. In addition to the monitoring of project costs and progress, the project partners must report on how well cooperation has been realised. Any departures from the cooperation envisaged in the project plan must be approved by Tekes.

Each partner must declare its own project costs.

### **11.2 Eligible costs**

A service purchased from another partner – which is in receipt of Tekes funding for its involvement in the same joint project – can only be accepted as a project cost if the service forms part of the business operations of the seller i.e. it is not part of the R&D&I activities which the seller declares to Tekes.

### **11.3 Payment of funding**

Funding for joint projects is usually paid to all of the partners at the same time. Payment of funding may be suspended for all of the partners, if the cooperation envisaged in the project plan is not realised due to the funding decision concerning one of the partners, or because of a breach of the general terms and conditions.

### **11.4 Tekes' right to disclose information**

Tekes has the right to disclose information to other project partners if such information affects cooperative activity or the payment of the funding. The customer will be heard before such a disclosure is made.

## **12 Phase funded projects**

A phase funded project is a research project which is funded in more than one phase, under more than one funding decision. When a funding decision is made, account is taken of the overall project plan. The project is given a record number which remains the same for the duration of the project.

The notification of the funding decision specifies the period of time to which the funding decision applies, the amount of funding granted for this period, and the planned total duration of the research activities. The notification also includes a plan of the Tekes funding needed.

Future phase funding decisions are considered separately based on the interim report of the previous phase (a new application is not needed). As the progress made in the project is a key requirement for further phase funding, it is also possible that further funding will not be granted.

### **12.1 Approval of the funding decision**

Notification of the approval of the funding decision should only be submitted to Tekes after the applicant has been notified of the first phase funding decision.

At the beginning of the subsequent phases, the funding recipient must, however, provide Tekes with a cumulative cost estimate and financing plan for the following phase, confirmed by the steering group. If new business partners join the project, the funding recipient must ensure that each new business submits confirmation of its participation in the project.

### **12.2 Project reporting**

Periodic reporting includes a Public research report (Phase funding report) and a cost statement. The Public research report must contain a report on the progress of the project, its results and its future outlooks. All documents related to periodic reporting must be submitted to Tekes in accordance with the schedule laid down in the funding decision.

The cost statement form must include the actual costs of the cost period and the cumulative total costs of the total duration of the phase funded project.

If Tekes changes its share of funding granted for the project at the beginning of a new phase and if the customer is declaring its costs for two separate periods at the same time, the customer must submit

separate cost statements for each phase. In other words, the final cost statement for the earlier phase and the first cost statement of the subsequent phase must be submitted on separate forms. Tekes's share of funding for both phases is calculated according to the funding percentage laid down in the funding decision for each respective phase.

The purpose of periodic reports is to monitor the progress of the phase funded project and development of the potential for exploiting its results. The periodic report is approved by the accountable project leader. Based on this report, Tekes will decide whether to grant funding for the following project phase.

### 12.3 Applications for extensions

If the project as a whole needs an extension, this can be applied for only once, no later than two months before the final funding phase of the project concludes. If the ends and beginnings of phases need to be changed, the funding recipient should send a schedule change application to Tekes.

## 13 Follow-up reporting

Tekes will continue to evaluate the impact of projects after their completion. Tekes will send the recipient a follow-up report form about three years after the completion of the project. Follow-up reporting is a part of the project reporting that the recipient must undertake to complete.

## 14 Changes

### 14.1 Changes to a project

The recipient must submit an application to Tekes in advance if the project deviates from the original project plan in the following aspects:

- changes to the project plan
- changes to cost categories
- changes to the schedule
- changes to a reporting deadline
- appointment of a new accountable project leader.

The recipient must immediately notify Tekes of other significant changes to the project, for example if there are changes to key personnel resources.

The application can be submitted on the project change template available on Tekes website.

### 14.2 Transfer of a funding decision

The recipient may only transfer the funding decision to a third party during the project with written approval of Tekes. Prior to the transfer, the original recipient must report and declare its share of the project. The auditor must submit an auditor's report of the declared costs when the transfer concerns a funding decision made for an off-budget entity.

## 15 Rights to project results and publicity of results

### 15.1 Publicity

The results of the project will be public upon completion of the project. The recipient must disseminate the results extensively and in an active and non-discriminatory manner.

The steering group must be heard in the case of a Project Networked with Industry. If the results are transferred for utilisation outside the project while the project is still in progress, the results must, contrary to the principal rule, be published during the project.

The recipient must agree on project-time confidentiality and secrecy with any businesses and other organisations (parties) participating in the project. The results can be continued to be kept secret after the completion of the project or, if the results are transferred during the project, for a reasonable period to allow for the preparation of utilisation measures and any protection measures. Other results are treated in accordance with the principal rule. In exceptional cases and when required by law and other official regulations, the results of public research may be kept secret. This requires a joint decision of Tekes and the recipient, for which both parties must provide justification.

The recipient is obliged to safeguard the material produced as part of the research so that the project goals can be achieved. Accordingly, the recipient must handle the background material associated with the project, the research material and information produced in the project and the administration of the results in a proper manner to ensure that the knowledge and the results obtained in the project can be exploited as effectively as possible in the future.

### 15.2 Ownership rights

Ownership of the results will vest in the party that has generated them. If the results are achieved in co-operation, the parties must agree on ownership and access rights relating to the results and on utilisation of the results in accordance with these funding terms and conditions. The owner has the right to decide upon protection and transfer of the results.

The recipient must ensure that the ownership, title and intellectual property rights to the results generated by the recipient's employees are transferred or assigned to the recipient in accordance with the law or under separate agreements on transfer or assignment. Of the results that give rise to copyrights, databases and computer software are transferrable.

In individual cases related to international researcher mobility, the recipient may, prior to the implementation of researcher mobility and after having heard the other parties to the project, accept an agreement related to researcher mobility according to which the ownership and title to the results generated abroad will not be transferred to the recipient. The minimum requirements regarding agreements on researcher mobility are specified in section 7 above.

### **15.3 Exploitation**

The objective is the efficient and extensive exploitation of the results by Finnish industry and society.

The recipient must negotiate with other parties to the project concerning exploitation of the results. Exploitation opportunities relating to the results must primarily be offered to companies operating in Finland. When deciding on the exploitation of the results, the company in which the researcher has a personal interest must be treated objectively and in a manner similar to that concerning other companies, taking into consideration the restrictions applicable to the accountable project leader outlined in section 2.2.

The results generated in the project may be transferred for exploitation during the project. With consideration to what has been specified regarding the publicity of results in these terms and conditions for funding, this transfer of results may present a barrier to achieving the original project goals and lead to discontinuation of the research project.

### **15.4 Transfer of industrial and intellectual property rights**

When transferring the ownership, title and access rights to the results, the recipient must receive compensation from the companies for the industrial and intellectual property rights equivalent to the market price. The compensation paid must be set in a transparent and objective manner and the contribution of the companies to the project may be taken into consideration.

The recipient can agree on placement of the research results in start-up companies or new business when it considers that it will in this manner achieve sufficient and full benefit from the transfer of the rights.

The recipient must ensure that the transfer agreements are not in conflict with provisions on recipients or the European Union's state aid legislation, particularly the Communication from the Commission — Framework for State aid for research and development and innovation (2014/C 198/01).

### **15.5 Right of first refusal concerning exploitation of the results**

Unless otherwise agreed in the project, the recipient in a project networked with industry must, within four months of completion of the project, offer the right of first refusal to companies that have co-funded the project or provided other contribution essential in terms of project implementation, such as work, equipment or software. The offer must be made to all the companies concerned on an equal basis. As a rule, the above mentioned other contribution may not be the target of research in the project being implemented.

The recipient must allow the parties entitled to right of first refusal a reasonable period of time for providing their response to the offer. This rule will also be applied to situations in which the results are transferred for exploitation during the project. In the New Knowledge and Business from Research Ideas and Strategic Research Openings project types, the companies will not have first right of refusal to negotiate on exploitation of the results.

## **16 Recipient's duty to provide information**

The recipient must submit to Tebes all correct and sufficient information for the purpose of supervising project implementation and compliance with the terms and conditions of the funding decision as well as any changes affecting project implementation.

## **17 Project audits for recipients other than government agencies**

Tebes has the right to conduct audits on the recipient's finances and operations that are necessary as part of the payment of the funding and supervision of its use. Tebes may grant permission for another authority or authorised chartered auditor to carry out these audits. An outside expert may assist in the audits if Tebes so requests.

The right to audit will remain in force for five years from the payment of the last project instalment. All project documentation and other material subject to supervision and audit must be kept for the same minimum period. The recipient must provide to the auditing officials all information and reports, documents, records and other material needed for the purposes of the audit and any assistance free of charge.

The auditing officials and the auditors performing the audit are entitled to seize the material that is subject to audit if so required by the auditing process. The auditing official and the auditor are entitled to

have access, to the extent warranted by the audit, to premises in the possession or use of the recipient that may have a bearing on the granting of funding and supervising its use.

The National Audit Office of Finland is entitled to audit all recipients.

## **18 Payment and discontinuation of funding and claw-back**

### **18.1 Scope of application**

The Act on Discretionary Government Transfers (688/2001) applies to recipients other than government agencies and institutes. Government agencies must in their use of funding observe the laws, decrees, provisions and instruction concerning government finances as well as good administrative practices and financial management. However, Tekes' funding for public research must be in accordance with the applicable principles governing all research applications as laid out in sections 19-22 and 26 of the Act on Discretionary Government Transfers when it is the question of measures relating to all research organisations that are considered necessary for implementation of the projects according to the funding decision.

### **18.2 Interruption of payments**

Tekes may decide to interrupt payment of funding if:

- there are grounds for suspecting that the recipient is neglecting its duty to provide information or uses the funding in a manner that is in violation of the funding decision
- the grounds on which the funding was granted have essentially changed. Such changes include a deviation from the project plan without written approval by Tekes.
- The interruption of payments is required under European Union legislation.

If the grounds for the interruption are not corrected within the time specified in the decision to interrupt funding, Tekes has the right to discontinue the funding and to claw back the funding already paid in whole or in part.

### **18.3 Discontinuing funding for a research project**

Tekes has the right to discontinue project funding if there have been such changes in the objective, progress or circumstances of the project that the funding of the project can no longer be considered appropriate.

When discontinuing the funding, Tekes will accept the planned research project costs that have arisen by the time the project is discontinued as eligible costs.

### **18.4 Repayment of funding**

The recipient must, without delay, repay any funding or part thereof received through error, in excess or manifestly without cause. Amounts of less than EUR 10 need not be returned. The recipient must contact Tekes before the repayment of funding.

Should Tekes cancel the funding decision, the recipient must, at the request of Tekes, return the funding it has received on the basis of the funding decision in whole or in part.

### **18.5 Claw-back of funding**

Tekes will issue a decision ordering the discontinuation of the payment of funding and the claw-back of funding already paid, and the interest on it, in situations that are in accordance with section 21 of the Act on Discretionary Government Transfers. The duty to pay interest does not apply to government agencies. Tekes is entitled to issue a decision ordering the discontinuation of payment of funding and the claw-back of funding already paid, and the interest on it, in situations in accordance with section 22 of the Act on Discretionary Government Transfers.

Tekes is entitled to order the claw-back of funding if the recipient has neglected to obtain the required permit from Tekes in accordance with these terms and conditions or if the recipient substantially deviates from the project plan. Tekes may deduct the funding being repaid or clawed back from other funding granted to the recipient.

## **19 Order of application**

In the event of a conflict between the funding decision and the appendices to it, the following order of application will apply:

- |  |   |
|--|---|
| <ol style="list-style-type: none"> <li>1) the funding decision and any special terms and conditions thereof</li> <li>2) these general terms and conditions</li> <li>3) the cost estimate</li> <li>4) the project plan</li> </ol> | <ol style="list-style-type: none"> <li>5) the funding application and the appendices to it</li> <li>6) any other documents relevant to the funding decision.</li> </ol> |
|--|---|

### **Disclaimer**

This English translation of these general terms and conditions is provided for guidance only. Tekes shall not guarantee the accuracy of the translated text. For interpretation purposes, the Finnish-language version shall apply.