

STANDARD TERMS AND CONDITIONS OF DISCRETIONARY GOVERNMENT GRANTS FOR ORGANISATIONS RECEIVING DEVELOPMENT COOPERATION FUNDS

1 GENERAL

1.1. Name of the standard terms and conditions

Standard terms and conditions of discretionary government grants for organisations receiving development cooperation funds.

1.2. Validity of the terms and conditions

The standard terms and conditions are valid from 1st November 2023.

1.3. Scope of the standard terms and conditions, and applicable statutes

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.

The government grant recipient and the cooperation partner, if any, also commit to observe other legislation in force in Finland in all activities related to the use of the discretionary government grant.

These standard terms and conditions apply to discretionary government grants awarded under the Budget item 24.30.66 in the Embassy of Finland in [country] (the Embassy) development cooperation and are part of the decision on awarding a government grant.

If the government grant decision and its appendices are in conflict, the order of interpretation is the following: 1) Government grant decision and the special terms and conditions provided in it, 2) the Agreement on the use of and conditions for the government grant (the Agreement) 3) additional instrument-specific terms and conditions, if any, 4) standard terms and conditions of discretionary government grants, appended to the Agreement and government grant decision, 5) approved cost estimate, 6) approved implementation plan, if any, 7) government grant application and its appendices.

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

1.4. Compliance with terms, conditions and restrictions

The purpose of use of the discretionary government grant is specified in the government grant decision and the Agreement on the use of and conditions for the government grant (the Agreement).

Pursuant to section 13, subsection 1 of the Finnish Act on Discretionary Government Grants (688/2001, https://www.finlex.fi/fi/laki/kaannokset/2001/en20010688_20221075.pdf, unofficial translation), discretionary government grants may be used only for the purpose stated in the government grant decision.

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 defined in the government grant decision.

Pursuant to section 13, subsection 2 of the Finnish 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.

1.5. Openness of the government grant decision and of the information on the discretionary government grant

Pursuant to section 1 of the Finnish Act on the Openness of Government Activities (621/1999, https://www.finlex.fi/fi/laki/kaannokset/1999/en19990621_20150907.pdf, unofficial translation), 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 Finnish 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 the non-disclosure of documents are laid down in section 24 of the Finnish Act on the Openness of Government Activities.

The Embassy 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 Finnish Act on the Openness of Government Activities.

The Embassy 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 Finnish Act on the Openness of Government Activities and other legislation.

In addition, the Embassy 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 Finnish 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 (the Exploregrants.fi service).

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, https://www.finlex.fi/fi/laki/kaannokset/2018/en20181050_20230239.pdf, unofficial translation).

1.6. Payment of discretionary government grants

Pursuant to section 12, subsection 1 of the Finnish Act on Discretionary Government Grants, discretionary government grants are paid to their recipients as a lump sum or in several instalments based on the timing of costs. The government grant authority may decide to pay a government grant on the basis of actual costs after it has been provided with acceptable evidence on the use of the grant.

Pursuant to section 12, subsection 2 of the Finnish 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 Finnish 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 Finnish Act on Discretionary Government Grants, a government grant recipient shall provide the government grant authority 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 and the Agreement.

The government grant recipient sends applications for the payment of the government grant, on which basis the Embassy will then pay the grant.

If the grant spans multiple years, the funds are payable without a separate decision after the first year of disbursements following approval of the Budget for the year in question by Parliament and its entry into force, provided that Parliament has allocated an appropriation for the purpose in question. The applications for the payment of the government grant must take into account the timing of the costs. At the beginning of each year, attention must be paid to the deadlines related to the approval of the Budget.

The terms and conditions, if any, concerning the periodisation of payments are included in the government grant decision and the Agreement.

Requirements for the one-off payment or the payment over multiple years may include, for example, reports or other documents required by the Embassy.

Exchange rate fluctuations

If the grant is converted into another currency, the exchange shall be made through a national or commercial bank unless otherwise approved by the Embassy. Exchange rates must be stated to four decimal places.

If exchange rate fluctuations decrease the value of the grant to such an extent that this will have consequences for the use of the grant to the purposes stated in the government grant decision and the Agreement, the government grant recipient shall inform the Embassy as soon as possible. The government grant recipient can apply for a revision of the government grant decision and Agreement in accordance with clause 2.6 below. Any deficit balance shall not be covered by the Embassy.

If exchange rate fluctuations increase the value of the grant, the surplus shall be treated as disbursed grant funds and used for purposes stated in the government grant decision and Agreement. Deviations from the budget, workplan or other terms and conditions of the government grant decision or Agreement may require an application for revision in accordance with clause 2.6 below.

1.7. Terms and conditions concerning 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 Finnish Act on Public Procurement and Concession Contracts (1397/2016, <https://www.finlex.fi/fi/laki/kaannokset/2016/en20161397.pdf>), 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 Finnish 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 Finnish Act on Public Procurement and Concession Contracts. Such contracting entity must comply with the procurement procedure laid down in the Finnish 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 the contracting entity referred to above, the recipient must comply with Finnish procurement legislation in procurements conducted with the government grant and take into account the competitive tendering obligations concerning procurement under the Finnish Act on Public Procurement and Concession Contracts. If the recipient is the 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 price is not an eligible cost.

In all procurement, it must be ensured that the tenderer is not subject to sanctions imposed by the European Union, the United Nations (UN) or Finnish authorities, asset-freezing decisions, or other restrictions, such as the EU Procurement Directive, which prohibits, for example, in procurement exceeding the EU's threshold values, the conclusion of a procurement agreement with Russian citizens or natural or legal persons located in Russia. 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.

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 Finnish 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 Finnish 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 (including bribing a foreign public official).

1.8. Other terms and conditions related to general matters

ODA eligibility of the government grant recipient's operations

The use of the discretionary government grant is also guided by the norms agreed on by the providers of development cooperation financing in international cooperation. The OECD Development Assistance Committee (DAC) defines the criteria for Official Development Assistance (ODA) eligibility.

The grant-financed activity or project must be ODA eligible.

The government grant recipient must report to the Embassy on the planned and actual use of development cooperation support, as required by the government grant decision, the Agreement or the appended terms and conditions. This report will be forwarded to the OECD Development Assistance Committee (OECD-DAC).

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.

The government grant recipient must have appropriate risk management mechanisms in place.

The annual reporting of the government grant recipient must include an updated risk matrix.

Annual reporting must include a continuous description of how risk management has been realised. Risk management must also take into account the obligations listed in clause 4.6.

Compliance with sanctions systems

The United Nations Security Council can impose restrictive measures (sanctions) to maintain or restore international peace and security. The European Union can also impose sanctions to safeguard its values, fundamental interest and security. The government grant recipient and the recipient of redistributed funds must independently ensure that the funds awarded by the Embassy are not handed over to or otherwise used for giving financial aid or support to persons or organisations, 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 (as amended from time to time). EU sanctions are listed at sanctionsmap.eu. The government grant recipient must inform the Embassy 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, in an appended assurance, 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.

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 Embassy through the misuse whistleblowing channel of the Ministry for Foreign Affairs of Finland at <https://vaarinkayttoilmoitus.fi>. Suspected misuse can also be reported to the Embassy by partners and third parties.

Misconduct 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 basic principles of procurement rules, 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 misconduct.

The prohibition of misconduct applies to the government grant recipient's personnel, persons in leading positions in the government grant recipient's organisation, the organisation in its entirety and all partners, their personnel, persons in leading positions in the partners' organisations, the partners' organisations in their entirety and everyone who the government grant recipient has hired or from whom it purchases services or goods in relation to the grant-financed activities. Should the government grant recipient discover that a person exercising control or supervisory authority in the organisation or its employee or local representative has misused funds received in the form of a discretionary government grant, the recipient organisation must take immediate action to minimise the resulting damage and notify the Embassy of the matter. The recipient must act in the same manner if it notices that an organisation for whose activities the recipient has redistributed part of the grant, in accordance with their purpose of use, or a person exercising control or supervisory authority in this organisation or its employee or local representative has misused funds awarded in the form of government grant.

Pursuant to clause 2.3., the government grant recipient must include the prohibition of misconduct in agreements concluded with the recipient of redistributed funds and other third parties.

The government grant recipient has an obligation to cooperate with the Embassy in the investigation of potential cases of suspected misconduct.

However, a report made in an internal whistleblowing channel does not eliminate the obligation to report misuse to the Embassy through the misuse whistleblowing channel of the Ministry for Foreign Affairs of Finland at <https://vaarinkayttoilmoitus.fi> 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. Retaliatory measures include, among other things, suspension, lay-off, dismissal, demotion, withholding of promotion, transfer of duties, reduction in wages, negative performance assessment, harm to the person's reputation, blacklisting and early termination of a contract for goods or services. 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 and all partners and other stakeholders are aware of the misuse whistleblowing channel of the Ministry for Foreign Affairs of Finland at <https://vaarinkayttoilmoitus.fi>.

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 corresponding unlawful activity (including bribing a foreign public official) and will not commit such acts during the period of use of the discretionary 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 their 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 corresponding unlawful activity (including bribing a foreign public official) and will not commit such acts during the period of use of the discretionary government grant. The breach of this assurance may result in the recovery of the paid grant, in full or in part, pursuant to the Finnish Act on Discretionary Government Grants (688/2001).

Disqualification

The government grant recipient is aware of potential disqualification issues and does not make decisions when disqualified. The government grant recipient ensures that third parties referred to in section 7, subsection 3 of the Act on Discretionary Government Grants and partners associated with the recipient's use of the government grant do not make decisions when disqualified.

2. GENERAL PRINCIPLES OF THE USE OF THE DISCRETIONARY GOVERNMENT GRANT

2.1. Obligation to arrange the monitoring of the use of the discretionary government grant

The government grant recipient shall keep accurate accounts of the grant-financed activity's or project's income and expenditure using an appropriate accounting- and double-entry bookkeeping system. A double entry bookkeeping system is a system of bookkeeping where every entry to an account requires a corresponding and opposite entry to a different account.

The government grant decision and the Agreement must be submitted to the accountants of the government grant recipient and its partner for information.

The government grant recipient must establish in its accounting a cost centre that is separate from other activities to monitor the finances of the grant-financed activity or project. 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 all its partners must arrange and record working hours monitoring reliably. Working hours monitoring of all employees of the recipient organisation and its partners must be systematically organised in order to ensure good governance and efficient use of resources.

2.2. Using the discretionary government grant for an approved purpose

The purpose of use of the discretionary government grant is specified in the government grant decision, the Agreement and its appendices. 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 and conditions concerning the redistribution of the discretionary government grant

After receiving a positive government grant decision, the government grant recipient must conclude a cooperation agreement on the grant's use, the monitoring of its use and the terms and conditions with the recipient of redistributed funds if the government grant decision specifies that the discretionary 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 must include in the cooperation agreement an obligation for the recipient of redistributed funds to conclude corresponding cooperation agreements with any parties to which it further redistributes funds.

With regard to the Embassy, the government grant recipient is in a legal relationship with the Embassy and the redistribution of the discretionary government grant to a third party does not release the government grant recipient from its obligations any respect.

Consequently, the government grant recipient is fully liable to the Embassy for the appropriate use of the discretionary government grant also to the extent that the grant has been redistributed to support a project or activity of a party other than the grant recipient.

For example, this means that the Embassy may 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 and the Agreement. 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 another user of the grant (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 cooperation agreements in a manner that is appropriate for its activities.

Upon request, cooperation agreements must be submitted to the Embassy.

The cooperation 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 it is a project financed by the Embassy and the use of funds is subject to the government grant decision and the Agreement (and the related terms and conditions, ethical rules, restrictions, instructions, legislation). For this reason, the Embassy or its appointed representative also has the right, specified in section 16, subsection 1 of the Finnish 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 the project. The Embassy 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 materials will be returned without delay after they are 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 misconduct whistleblowing channel of the Ministry for Foreign Affairs of Finland at <https://vaarinkayttoilmoitus.fi>
- the prohibition of misconduct and the obligation to cooperate with the Embassy in the investigation of potential cases of suspected misconduct 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, the United Nations (UN) or Finnish authorities or asset-freezing decisions
- 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, the United Nations (UN) or Finnish authorities or an asset-freezing decision

In addition, the agreement must obligate all partners at least:

1. to use the government grant funds in accordance with the government grant decision, the Agreement, these standard terms and conditions (including ethical rules), Finnish legislation and other local laws and international commitments that bind the partner
2. to let representatives of the government grant recipient to audit the local partner's finances and activities.
3. to arrange competitive tendering of their procurement, if necessary, pursuant to the Finnish Act on Public Procurement and Concession Contracts (1397/2016) if it is a contracting entity referred to in the Finnish 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.
4. to implement appropriate risk management mechanisms.
5. to report to the Embassy through the misuse whistleblowing channel of the Ministry for Foreign Affairs of Finland at <https://vaarinkayttoilmoitus.fi/> 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 misconduct or deviation from the purpose of use, referred to in clause 1.8., such as misconduct of funds received as a discretionary government grant. The report to the Embassy 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 as well as other misconduct referred to in clause 1.8..
6. to take immediate action to minimise damage resulting from suspected misconduct referred to in clause 1.8..
7. to commit to ensure effective whistleblower protection in accordance with clause 1.8. of these standard terms and conditions.
8. to ensure a zero tolerance policy regarding the grey economy measures referred to in clause 3.6. and sexual harassment, sexual abuse, other harassment and abuse of authority referred to in clause 4.6.

If the government grant recipient receives a report referred to in item 5 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 Embassy as described in clause 4.1.

Reporting the issue to the Embassy is without prejudice to the right or obligation of the Embassy to recover the paid government grant in full or in part from the government grant recipient under the Finnish Act on Discretionary Government Grants.

2.4. Restrictions concerning the period of use of the discretionary government grant

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

During the period of use of the government grant, the Embassy may issue a decision to extend the period of use on reasonable grounds and on the basis of the government grant recipient's justified application in accordance with clause 2.6. In that case the Agreement will be altered accordingly.

2.5. Restrictions and obligations related to the use of property purchased with the discretionary government grant

Pursuant to section 13, subsection 3 of the Finnish Act on Discretionary Government Grants, 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 used specified in the government grant decision.

Pursuant to section 13, subsection 4 of the Act on Discretionary Government Grants, however, the period of use of a property for which a discretionary government grant has been awarded is 30 years from the awarding of the grant if the grant was awarded to purchase or modernise immovable property, a building or an apartment in a building for a purpose other than promoting business activity.

2.6. Changing the special terms and conditions specified 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 Embassy 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 Embassy regarding the special terms and conditions specified in the government grant decision and the Agreement. The revision may not be executed before the government grant recipient has received a positive decision on the request for a revision of the government grant. The Embassy may use case-specific consideration when deciding whether it accepts the requested revision and whether it issues a decision on the revision of the government grant. In the case a decision on the revision of the government grant is issued, the Agreement will be altered accordingly.

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

- 1. if the key objectives or functions of the grant-financed programme, project or other activity change*
- 2. if there is a non-minor change in the budget approved in the government grant decision. For example, changes between budget lines totalling at the minimum 15 per cent of the total budget costs would constitute a non-minor change.*
- 3. if the government grant is allocated to a new expense type or project phase deviating from the application on which the grant was based, regardless of the monetary amount.*
- 4. if personnel costs that are essential for the government grant change or non-essential personnel costs change significantly.*
- 5. if the period of use of the grant is extended, unless special terms define otherwise*
- 6. if the government grant recipient's form of association changes during the grant's period of use*

In addition, if the government grant recipient needs to reassign the government grant decision and the Agreement to a third party during the grant's period of use, a prior written consent must be obtained from the Embassy. Prior to the reassignment, the original government grant recipient must report and declare its share of the project. The auditor must submit an auditor's report on the declared costs.

2.7. Other terms and conditions related to the general principles of use

More detailed instructions issued by the Embassy

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

3. TERMS AND CONDITIONS RELATED TO GRANT-FINANCED COSTS, REVENUE AND FINANCING

3.1. Eligible costs

The discretionary government grant and the associated self-financing share can only be used to cover reasonable expenses that are caused by the grant-financed activity and essential for realising the activity, as required by the Embassy in its government grant decision and the Agreement.

3.2. Examples of non-eligible costs

Non-eligible costs of grant-financed activities include, for example:

- 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, 18 August 2014, available in Finnish or Swedish).
- depreciations
- fundraising costs (excluding fundraising carried out to cover the self-financing share required by the Embassy)
- procurement in which a contracting entity, defined in the Finnish Act on Public Procurement and Concession Contracts, has not complied with procurement legislation or another government grant recipient has not complied with procurement-related terms and conditions of the government grant decision, the Agreement or the standard terms and conditions
- costs of business and investment activities, loan repayment and interest
- provisions referred to in the Finnish Accounting Act (1336/1997) (with the exception of holiday pay provision) https://www.finlex.fi/fi/laki/kaannokset/1997/en19971336_20161376.pdf, unofficial translation
- 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
- recovery decision and the subsequent payment obligations, such as penalty interest and interest expenses, reminder fees or other statutory financial consequences
- currency exchange fees, exchange rate losses or other financing-related costs
- costs or deficits of other grant-financed projects or activities
- advocacy expenses

- expenses for which the government grant recipient has not obtained approval from the Embassy, for example as part of the budget or a decision on the revision of the government grant.

3.3. Terms and conditions related to the revenue accrued in the activity or the 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 report revenue accrued in the activity or the project to the Embassy (see 4.3).

Without the express written approval of the Embassy, 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 and conditions related to the financing of the activity or project

A discretionary government grant may not cover the full amount of the total costs incurred by the grant-financed activity or project, unless there are essential and justified reasons to do so to meet the objectives set for awarding the grant. For example, an essential and justified reason would be that the Finnish Parliament decides in the Budget to use a discretionary government grant to finance an activity or a project in its entirety.

The amount of own contribution varies by government grant type and it is stated in the notice for a call for government grant applications and in the government grant decision and the Agreement with its appendices.

Pursuant to section 6, subsection 3 of the Finnish 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.

Reporting must specify all other public financing awarded for the government grant recipient's project, programme or activities by a state, municipalities and other public entities, or bodies or foundations governed by public law. Financing awarded by the European Union must also be reported. (see also 4.3)

The government grant recipient also has an obligation to report any private financial support it has received or will receive for the grant-financed activity.

3.5. Terms and conditions concerning 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.

If the resources made available without payment for the activity or project were taken into account in the government grant decision and the Agreement, their use must be reported when reporting on the use of the discretionary government grant (see 4.3 Obligation to report on the use of the discretionary government grant).

If the resources made available without payment were taken into account in the government grant decision and the Agreement and it seems that the resources made available without payment for the

activity or project may not be used in accordance with the decision and the Agreement, the Embassy must be notified of this change. (See 4.1 Obligation to provide information and notification obligation)

3.6. Terms and conditions related to the government grant recipient's financial standing, revenue and assets

If the government grant applicant is a business referred to in section 3 of the Finnish Business Information Act (244/2001) (https://www.finlex.fi/fi/laki/kaannokset/2001/en20010244_20011491.pdf, unofficial translation), an organisation or foundation other than a legal person governed by public law, a university operating as a foundation or a university of applied sciences operating as a limited liability company and the discretionary government grant that is applied for is at the minimum EUR 100,000, the government grant cannot be awarded or paid if

- 1) the applicant has, during the year in which the application became pending or during the three calendar years preceding that year, failed to fulfil, repeatedly or to a considerable extent, its registration, reporting or payment obligations related to taxes, statutory pension, accident or unemployment insurance contributions, or fees charged by Finnish Customs and these obligations remain unfulfilled when applying for the government grant;
- 2) the applicant has non-minor debts to be recovered by enforcement or debts that have been returned from enforcement with certificate of impediment for lack of means;
- 3) the applicant has been declared bankrupt or a matter concerning declaring the applicant bankrupt is pending before a court of law;
- 4) the applicant has failed to comply with a government grant recovery decision;
- 5) the applicant has failed to comply with a recovery decision referred to in section 1 of the Finnish Act on the Application of Certain State Aid Rules of the European Union (300/2001); or
- 6) the applicant organisation's managing director or their deputy, member or deputy member of the Board of Directors, member or deputy member of the Executive Board or a comparable body, general partner, another member of the top management, or a person who has, directly or indirectly, at least 25 per cent of the shares or the voting rights given by the shares of the limited liability company that has applied for the government grant or a corresponding ownership or control in an organisation other than a limited liability company,
 - a) has failed to fulfil, repeatedly or to a considerable extent, its obligations described in item 1 above;
 - b) is incapable of managing their debts as described in item 2 above;
 - c) has filed for bankruptcy or been declared bankrupt as described in item 3 above; or
 - d) is subject to a permanent or temporary disqualification from the practice of commercial activities.

However, notwithstanding the above, a discretionary government grant may be awarded if that is justified on very serious grounds.

In the assurance to be appended to the government grant decision and the Agreement, the government grant recipient must assure that it has not been involved in the grey economy practices described above.

4. GOVERNMENT GRANT RECIPIENT'S SPECIAL OBLIGATIONS

4.1. Government grant recipient's obligation to provide information and notification obligation

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

The government grant recipient shall provide the Embassy 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 Finnish Act on Discretionary Government Grants).

The government grant recipient shall notify the Embassy 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 Finnish 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 Embassy, and in addition at least the following cases:

1. If there is any change in the budget approved in the government grant decision and the Agreement;
2. If misconduct or suspected misconduct referred to in clause 1.8. of these terms and conditions takes place in the grant-financed activity. For clarity's sake: even if misconduct is merely suspected, it must be reported immediately to the Embassy. The provision of reporting to the Embassy is without prejudice to the right or obligation of the Embassy to recover the paid government grant in full or in part from the government grant recipient under the Finnish Act on Discretionary Government Grants (688/2001);
Failure to report misconduct may potentially be a criminal offence according to the Finnish Criminal Code (39/1889).
3. If the contact persons of the government grant recipient change. The government grant recipient must keep the Embassy informed of changes concerning the recipient's contact persons;
4. If there is any change in the personnel costs of the grant-financed activity;
5. If the amount of other private or public financing received by the government grant recipient for the project increases;
8. If the grant-financed activity is suspended;
9. If there is an essential change in the financial standing of the government grant recipient or the recipient of redistributed funds.

4.2. Obligation to repay a discretionary government grant

Provisions on repayment of a discretionary government grant are laid down in section 20 of the Finnish Act on Discretionary Government Grants. Pursuant to section 20, subsection 1 of the Finnish 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 Finnish Interest Act (633/1982) (https://www.finlex.fi/fi/laki/kaannokset/1982/en19820633_20130032.pdf, unofficial translation) plus 3 percentage points must be paid on the amount to be paid back. Pursuant to section 25 of the Finnish Act on Discretionary Government Grants, if the sum to be paid back is not paid by the due date set by the Embassy, an annual penalty interest is payable on the sum in accordance with the interest rate referred to in section 4, subsection 1 of the Finnish Interest Act.

The Embassy 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 (adjustment). The Embassy 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, the following issues are considered: i) the financial standing and circumstances of the government grant recipient, ii) the type of the property purchased using the discretionary government grant, iii) the procedure on which repayment is based or iv) the change in circumstances that caused the obligation for repayment.

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 Finnish Act on Discretionary Government Grants, permitted by the Embassy at its discretion, the threshold for eliminating the payment obligation in full is extremely high.

The government grant recipient submits a request, which is free-form but must be in writing, for adjusting the repayment.

The recovery of discretionary government grants is specified in clause 5.

4.3.Obligation to report on the use of the discretionary government grant

The government grant recipient must report on the use of the government grant. The government grant recipient also has an obligation to report on the use of the government grant in accordance with more detailed instructions provided in the government grant decision, the Agreement and by the Embassy.

The government grant recipient must report on the use also to the extent the grant has been used by the recipient of redistributed funds or another party. For example, this means that the Embassy may request evidence, conduct audits and recover a misused grant from the government grant recipient even in the event that the recipient has, the government grant decision and the Agreement permitting, redistributed part of the grant funds to the activities or projects of another party fulfilling the purpose specified in the government grant decision.

Annual/mid-term reporting

In practice, the obligation to report means reporting on the content of the activity or the project, the progress of the project, results achieved and costs incurred.

Reporting on the use of the government grant means that the government grant recipient must provide a report on the use of the grant (annual reporting). Annual (or mid-term, as defined in the government grant decision) reporting includes financial and progress reporting.

Progress reporting

Any progress reports to be submitted in accordance with the government grant decision and the Agreement shall describe the results achieved by the grant-financed activity or project during the

reporting period. The report shall be set up in a way that allows direct comparison with the latest approved Application, work plan and budget, and shall be signed by an authorised representative of the government grant recipient.

The progress reports for government grants for projects shall, as a minimum, include:

a) an account of the results achieved so far by the grant-financed activity or project, using the format, indicators and targets of the approved results framework. The overview must:

- show delivered main outputs compared to planned outputs;
- show the grant-financed activity's or project's progress towards achieving the outcome;
- if possible, describe the likelihood of the impact being achieved.

b) an account and assessment of deviations from the latest approved application and/or work plan;

c) a brief update on the risk management of the grant-financed activity or project, including:

- any new risk factors;
- how materialized risks have been handled in the reporting period;
- the effectiveness of mitigating measures;
- how risks will be handled going forward.

The update shall include both risks affecting achievements and the risks for negative consequences from the grant-financed activity or project on its surroundings.

d) a brief account of work undertaken to prevent instances of financial irregularities and sexual exploitation, sexual abuse and sexual harassment (SEAH).

The progress reports for general grants shall, as a minimum, include information on the following:

- a) Fulfilment of objectives (possible deviations and corrective measures taken)
- b) Summary of key results
- c) Implementation of activities (possible deviations; possible external factors affecting the implementation)
- d) Sustainability
- e) Impact achieved
- f) Direct and indirect beneficiaries
- g) Other parties involved (local/international organisations etc.), including a description of harmonisation efforts with the other parties
- h) Roles and actions taken by the beneficiaries/rights-holders/duty-bearers and/or other parties involved
- i) Monitoring of the activities by the Organisation and/or co-operation partners: procedures and findings

Financial reporting

Any financial report to be submitted shall comprise of financial statements with a comparison to the latest approved budget for the reporting period, as well as an identification of any deviations from the budget. The financial report shall be certified by the financial controller (or equivalent) as well as an authorised representative of the government grant recipient.

The financial statements shall be set up in a way that allows for direct comparison with the latest approved budget, using the same currency and budget line items.

Financial reports for government grants for projects shall, as a minimum, include:

- a) income from all sources, including bank interest. The Embassy's contribution shall be specified;
- b) expenses charged/capitalised in the relevant reporting period;
- c) expenses charged/capitalised from start-up of the grant-financed activity or project to the end of the reporting period;
- d) unused funds as per the reporting date. The Embassy's share shall be specified;
- e) overhead/indirect costs to be covered by the government grant in accordance with the government grant decision and Agreement;
- f) balance sheet, when required in accordance with the accounting principles applied;
- g) explanatory notes including a description of the accounting principles used and any other explanatory material necessary for transparent financial reporting of the grant-finances activity or project.

Deviations from the approved budget shall be highlighted with information about both nominal amounts and percentage of each deviation. Clause 2.6. states when a revision of the government grant decision and Agreement must be applied for.

Financial reports for general grants shall, as a minimum, include:

- a) a balance sheet, income statement, notes to the financial statements, and cash flow statement, as applicable, for the latest financial year
- b) an auditor's report for the latest financial year
- c) a budget of the organisation for the next financial year
- d) personnel costs (detailed lists of salaries and fringe benefits received by the staff during the latest financial year)
- e) information regarding other contributions to the organisation: source, amount and duration of contract.
- f) any other information necessary to give true and fair view of the organisation's financial status (e.g. if the contribution or part of it has been transferred to another organisation the report should specify the amounts transferred and the dates of the transfer).

Final report

When reporting on the last year of the awarded financing, the government grant recipient describes in its annual report not only the past year but also the results of the entire financing period. This annual report will serve as the final report on the entire period. The final report shall describe the results achieved by the grant financed activity or project during the period of use of the government grant. The report shall be set up in a way that allows for a direct comparison with the Application and shall be signed by an authorised representative of the government grant recipient.

The final report for both government grants for projects and general grants shall, as a minimum, include:

- a) the items listed for the progress reports, covering the entire period of use of the government grant;
- b) an assessment of the grant-financed activity's or project's effect on society (impact);
- c) a description of the main lessons learned from the grant-financed activity or project;
- d) an assessment of how efficiently resources from the grant-financed activity or project have been turned into outputs
- e) an assessment of the sustainability of the achieved results by the grant-financed activity or project.

In addition to the annual report, the government grant recipient must annually provide the Embassy with a basic information notification and an annual plan if they are not included in the decision.

Audit

The government grant recipient shall submit an audit report at the end of the period of use of the government grant. The audit shall be carried out by an independent chartered/certified or state authorised public accountant (auditor) in accordance with the legislation of the government grant recipient's home country. The auditors selected by the government grant recipient are to audit both the accounts and the financial reports.

An annual audit of the grant-financed activity's or project's financial statements can be required in the government grant decision and Agreement. In this case the annual audits shall be carried out in accordance with the conditions stated in the government grant decision and Agreement.

Other matters to report

Other matters to report regarding the general activity or project content and costs incurred include, for example:

- redistribution (see 2.3.)
- revenue (see 3.3.)
- self-financing (see 3.4.)
- financing (other public and private financial support) (see 3.4.)
- resources made available without payment (see 3.5.)

The Embassy may also request other evidence it deems necessary from the government grant recipient.

Reporting delays and failure to report

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

4.4. Impact assessment of the grant-financed activity or project

The government grant recipient is required to include a monitoring, evaluation and learning plan in its activities, also in annual reporting, according to more detailed instructions issued by the Embassy.

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 Embassy in accordance with more detailed instructions issued by the Embassy.

4.5. Utilisation of results

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.

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 Embassy.

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 take care that up-to-date information on the development cooperation project implemented by it is provided on its own website and other possible communication channels. Communications about the government grant recipient itself cannot be covered with the government grant.

4.6. Other terms and conditions related to the government grant recipient's special obligations

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 government grant recipient and the recipient of redistributed funds commit to comply with at least the following special obligations of the government grant recipient when using the grant:

Compliance with legislation and standards

In its projects and/or 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. The government grant recipient and the recipient of redistributed funds must ensure that human rights are respected in the project and take international human rights recommendations (such as the United Nations Guiding Principles on Business and Human Rights) into account.

Prohibition of agitation against a population group and defamation

It is prohibited in the grant-financed activity or project to make available to the public, otherwise disseminate among the public or keep available to the public information, an opinion or another

message where a certain group is threatened, defamed or insulted on the bases of its race, colour, birth, national or ethnic origin, religion or belief, sexual orientation or disability or on another comparable basis. It is also prohibited to present false information on or a false insinuation of another person so that the act is conducive to causing damage or suffering to that person or subjecting that person to contempt or to disparage another person on another comparable basis. The acts described above are criminalized according to the criminal code of Finland and as unlawful acts they constitute an impediment to awarding the government grant pursuant to section 7 subsection 1 of the Finnish Act on Discretionary Government Grants.

Accessibility of digital services

When using the grant, the government grant recipient must ascertain if it falls within the scope of application of the Finnish Act on the Provision of Digital Services (306/2019, Digital Services Act).

Pursuant to section 1 of the 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 Finnish 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 Digital Services Act when providing a digital service financed with this government grant.

Environmental and climate protection

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.

The government grant recipient and the recipient of redistributed funds ensure that they do not contribute, directly or indirectly, to adverse climate and environmental impacts. The government grant recipient and the recipient of redistributed funds require this also from their other partners, if any. 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 emerging in their supply chain.

If the government grant recipient or the recipient of redistributed funds produces goods or services, it ensures that the goods and services sold by it are produced in an environmentally sustainable manner. In this case, the government grant recipient or the recipient of redistributed funds monitors the environmental and climate impacts of its activities and its supply chain and strives to continuously improve the environmental friendliness of its activities and reduce the use of materials and the generation of waste. The government grant recipient or the recipient of redistributed funds seeks to conduct an environmental impact assessment that covers the entire lifecycle of the goods and services it produces and to set requirements related to environmental friendliness and carbon footprint reduction also for its supply chain.

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 abuse, sexual harassment, other harassment, discrimination and abuse of authority. This means that in their activities, the government grant recipient and the recipient of redistributed funds do not approve of any forms of sexual abuse, sexual harassment, other harassment, discrimination or abuse of authority by their employees or 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 Embassy as specified in clause 1.8. The government grant recipient must also respond to suspected misconduct with appropriate measures.

Suspected misconduct can be reported to the Embassy also by partners and third parties through the online whistleblowing channel created for this purpose: the online whistleblowing system for suspected misuse and misconduct in development cooperation (<https://vaarinkayttoilmoitus.fi/>).

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

Furthermore, the government grant recipient and the recipient of redistributed funds must apply a victim-oriented and survivor-oriented approach.

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 accordance with the HRBA guidelines of the Ministry for Foreign Affairs of Finland. The government grant recipient and the recipient of redistributed funds ensure that they do not contribute, directly or indirectly, to adverse human rights impacts. Adverse human rights impacts eliminates or impairs individuals' and communities' opportunity to exercise their human rights. The government grant recipient and the recipient of redistributed funds require respect for human rights also from their other 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 HRBA guidelines of the Ministry for Foreign Affairs of Finland. 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.

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 among 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) (https://www.finlex.fi/fi/laki/kaannokset/1986/en19860609_20160915.pdf, unofficial translation) and the Non-discrimination Act (1325/2014) (<https://www.finlex.fi/fi/laki/kaannokset/2014/en20141325.pdf>, unofficial translation).

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 of Finland.

Obligations related to employment and working conditions

The applicant must commit to comply with international standards concerning employees' rights and occupational safety (ILO) and take international human rights recommendations (United Nations Guiding Principles on Business and Human Rights) into account.

The company carrying out the project is also required to comply with principles related to good governance, tax liability, transparency and anti-corruption. The company must be committed to the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, related to working conditions, payment of taxes, consumers, anti-corruption measures and the environment, among other things. In addition, with respect to tax liability, the company must comply with the tax liability principles set for Finland's development cooperation financing.

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
- is 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.

Pay and working hours

Wages and salaries must be paid directly to employees at the agreed time and in their entirety. No deductions may be made from wages, salaries and other benefits as a disciplinary measure, and the only deductions that can be made are those specified in national legislation.

In connection with pay, the employee must be provided with a written pay slip or a corresponding itemisation, which they can use to verify the correctness of pay.

Wages and salaries paid to employees may under no circumstances be lower than the minimum wage applicable to the sector in the country where they work or the minimum wage according to the applicable collective agreement, whichever is higher.

Working overtime must be voluntary. Employees are entitled to overtime pay according to legislation, the established practice in the sector or the applicable collective agreement, whichever of these is highest. Overtime pay must be itemised clearly in the pay slip.

Employees must have at the minimum one day of rest per each seven-day period. The number of working hours may not exceed 60 hours per week or the maximum number of working hours laid down in the legislation applicable in the work location, including overtime. The maximum number of hours may only be exceeded due to an accident, a threat of an accident, force majeure or urgent repair or maintenance; however, only to the extent that is absolutely necessary to avoid significant disruption to the regular work carried out for the employer.

Compensation for absences, such as vacation, sick leave and parental leave, must comply with national legislation.

Safe and healthy working environment

The working environment must be safe and healthy for employees. This means that at the workplace, employees are not exposed to conditions that may be hazardous to their physical or psychological health or that the employer ensures that employees are appropriately protected against such exposure agents. It is the employer's responsibility to also protect employees against occupational health risks caused by hazards that are not dependent on physical factors. These include, for example, risks associated with burnout or work-induced stress.

The employer prevents, monitors and reports on occupational accidents, near misses, adverse health impacts and diseases. Employees are encouraged to report on such accidents and diseases, near misses, adverse health impacts and potential hazards.

Exposure agents and hazards are itemised and monitored and their impacts are prevented. The employer analyses potential emergencies and prepares the necessary plans and instructions for them, the aim of which must be the minimisation of adverse impacts on employees and production. The employer takes corrective action without delay after being informed of potential exposure agents and hazards. Machinery and tools used at work must have appropriate safety equipment and protection. Premises must be equipped with smoke alarms or an equivalent fire alarm system.

Emergency exits must be marked clearly and may not be locked or blocked. Evacuation drills must be arranged regularly. Fire alarm systems must be tested regularly.

Employees must be provided with training and information about work-related practices as well as risks and their prevention, including fire safety, hazardous tasks and first aid. Employees must be provided with appropriate personal protective equipment.

The employer arranges appropriate occupational healthcare services for employees.

5. MONITORING OF THE USE OF THE GOVERNMENT GRANT, SUSPENSION OF PAYMENT AND RECOVERY

5.1. Monitoring and supervision 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 practices as instructed by the Embassy; however, in addition, the Embassy 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 Embassy are not complied with, the Embassy 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 Embassy in carrying out the monitoring and supervision of the recipient of redistributed funds, such as destination country monitoring or other verification measures.

The Embassy may participate in the steering group, if any, of the grant-financed activity to support monitoring and supervision but the Embassy cannot have a role with decision-making or steering power in the steering group.

5.2. Right to audit

Provisions on the right of the government grant authority to audit are laid down in section 16 of the Finnish Act on Discretionary Government Grants. The Embassy 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 Finnish Act on Discretionary Government Grants 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 Embassy 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 Embassy also to carry out other audit measures concerning the recipient of redistributed funds.

The Embassy 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 Finnish Act on Discretionary Government Grants (see also 5.3.).

5.3. Government grant recipient's obligation to assist in the audit

Pursuant to section 17, subsection 1 of the Finnish Act on Discretionary Government Grants, the government grant recipient and the recipient of redistributed funds shall 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 materials will be returned without delay after they are 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 discretionary government grant and the monitoring of its use.

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

The representatives of the Embassy or the authority or external auditor authorised by the Embassy shall also have access to the government grant recipient's auditor and the auditor's assessments of all information pertaining to the government grant recipient and the supported project or activity. The government grant recipient shall release the auditor from any confidentiality obligations in order to facilitate such access.

5.4. Suspension of payment of the discretionary government grant

If the government grant recipient fails to fulfil its obligations under this Agreement and its Annexes and/or if there are suspicions of misconduct, the Embassy may suspend payment of all or part of the government grant. Provisions on the suspension of payment are laid down in section 19 of the Finnish Act on Discretionary Government Grants. The Embassy 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 Finnish 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 Finnish 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. Recovery of the discretionary government grant, and interest

Provisions on the recovery of the government grant are laid down in sections 21 and 22 of the Finnish Act on Discretionary Government Grants. Provisions on the recovery of investment grants, if any, are laid down in section 23 of the Finnish Act on Discretionary Government Grants.

The repayment of a government grant on the government grant recipient's initiative is described in clause 4.2.

Obligation to recover discretionary government grants

Pursuant to section 21 of the Finnish Act on Discretionary Government Grants, the Embassy has an obligation to 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 the government grant recipient has:

- 1) failed to pay back a government grant which under section 20 of the Finnish 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 Embassy 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 Finnish Act on Discretionary Government Grants, the Embassy 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 Finnish Act on Discretionary Government Grants;
- 2) the government grant recipient has refused to provide the data referred to in section 17, subsection 1 of the Finnish Act on Discretionary Government Grants, 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 Finnish 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 Finnish 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 Finnish Restructuring of Enterprises Act (47/1993) or debt adjustment referred to in the Finnish 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 mentioned under 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 referred to in the Finnish Criminal Code (39/1889) has been sentenced by final judgment for the use of unauthorised foreign labour or for the employer's violation of the Finnish Aliens Act (301/2004) or a financial sanction referred to in the Finnish Employment Contracts Act (55/2001) 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 discretionary 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 Embassy 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 Embassy may also issue a decision to discontinue the payment of a discretionary government grant and to recover a grant already paid if required by European Union law.

Adjustment of recovery

The Embassy 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 Embassy 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 Finnish Act on Discretionary Government Grants, permitted by the Embassy at its discretion, the threshold for eliminating the payment obligation in full is extremely high.

The government grant recipient submits a request, which is free-form but must be in writing, for adjusting the recovery.

Interest to be paid on the amount to be recovered

Pursuant to section 24 of the Finnish Act on Discretionary Government Grants, a government grant recipient shall pay an annual interest in accordance with section 3, subsection 2 of the Finnish 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 Finnish 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 Finnish Interest Act.