## SPECIAL CONDITIONS FOR PRIVATE SECTOR PROJECTS

Support to local private companies’ for-profit operations and private sector business partnerships with Finnish companies and other commercial entities are subject to a number of special provisions. Generally speaking the FLC funding can be used as seed money in the early phases of a business-oriented project. ‘Seed money’ means a grant for a business partnership or project-type activity with a share of funding coming from the company itself. A ‘Business Partnership’ refers to long-term for-profit cooperation between companies or other commercial entities in developing countries and Finland.

FLC funding may be granted also to a company with a not-for-profit project. An example of such an activity would be a corporate social responsibility project not directly linked to the core business of the company, such as vocational training for a broader community.

Regardless of the profit orientation of the project, support to local private companies will always require application with the Private Company Application Form where these special provisions apply.

### Criteria for Eligible Projects

* Support is given only to activities which lead to verifiable development and Human Rights impacts and fulfil the ODA criteria.
* All private sector applicants that receive FLC funding must align themselves with the UN Global Compact principles in their operations as well as plan, implement and monitor their FLC projects and business partnerships as instructed in the MFA Guidance Note (2015) on Human Rights Based Approach in Finland’s Development Cooperation.
* The project should not excessively influence the local competition circumstances.
* The project cannot be procurement from the company supported.
* Support cannot be used for equity or liability of a company.

### Supported Project Activities

The FLC funding can be allocated for many kinds of activities, including but not limited to:

* identification of (a) business partner(s) in Finland;
* feasibility study, business plan, market research or equivalent of a business partnership or for-profit project (for restrictions, see the instructions below);
* participation in a trade fair, Embassy or other business-related event in the partner country, Finland or third country necessary for identification of a partner(s) or establishment of a business partnership;
* participation in a global or regional development-related conference;
* environmental, social and/or Human Rights impact assessment;
* planning, training and technical assistance related to development, piloting and demonstration activities of innovations that help improve the welfare of the people in developing countries;
* training of the company employees, subcontractors, service providers and other partners and support to local training activities;
* establishment of platforms and networks of private sector and other actors for cooperation (e.g. business associations, sectoral/thematic clusters of companies, UN Global Compact Local Network);
* corporate social responsibility activity or not-for-profit project;
* use of external experts and consultants in the above described and other capacity development activities.

The FLC funding can be used for various phases of the project to cover the expenses. The different phases of the project and their respective costs must be specified in the application.

Only the eligible expenses are taken into account when calculating the amount of the FLC grant.

FLC funding **cannot be used** for the following activities and/or expenses:

* Feasibility studies for concessional credit (or equivalent) schemes and export promotion schemes originating from Finland;
* General marketing activities and marketing materials expenses;
* General product development or innovation costs which play no part in a supported business partnership or project;
* General market research costs which play no part in a supported business partnership or project;
* General seminar or travel costs which play no part in a business partnership or project (e.g. general partner mapping in Finland);
* Purchase costs of machinery and equipment if that is the only or almost only purpose of the project.

### Maximum Financial Support

The guiding principle for supporting private companies is that the applicant itself provides a reasonable share of the financing of the project. Moreover, the financial risks of the project should be one central criterion when the volume of the financial support is considered.

The FLC grant can cover maximum 70 % of the entire project costs.