

Standard terms and conditions – contents

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STANDARD TERMS AND CONDITIONS OF DISCRETIONARY GOVERNMENT GRANTS FOR PROJECT SUPPORT

1 GENERAL

1.1. Name of the standard terms and conditions

Standard terms and conditions of discretionary government grants for project support in 2025-2028.

1.2. Validity of the terms and conditions

The standard terms and conditions for project support will be in force from 1.1.2025 onwards for discretionary government grants awarded by the Unit for Civil Society for 2025-2028.

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

The discretionary government grant (later 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 government grant, this document includes the key provisions that apply to the use of the 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 government grant.

The government grant recipient and the partner(s) also commit to observe other legislation in force in Finland in all activities related to the use of the government grant. In other countries, discretionary

government grants must be used in a manner that takes into account the local legislation and is in line with Finnish legislation.

These general terms and conditions apply to government grants awarded from the budget item 24.30.66 under allocation table heading 8 in the Ministry for Foreign Affairs 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) Additional instrument-specific terms and conditions, if any, 3) Standard terms and conditions of government grants, appended to the government grant decision, 4) Approved cost estimate, 5) Approved implementation plan, if any, 6) Government grant application and its appendices.

In addition, the government grant recipient and the recipient(s) of redistributed funds 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 government grant is specified in the government grant decision.

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

Property acquired with a government grant must be used for the purpose specified in the decision during the period of use of the property for which the government grant is intended specified in the decision. (see section 2.5.)

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

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

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

The term “official document” refers to a document defined in section 5 of the Act on the Openness of Government Activities, which can be, for example, a document delivered by the applicant to an authority for the consideration of a matter or otherwise in connection with a matter within the competence or duties of the authority, with its appendices.

Provisions on the grounds for the non-disclosure of documents are laid down in section 24 of the Act on the Openness of Government Activities.

The Ministry for Foreign Affairs decides, at its discretion, on the disclosure of the documents delivered to it. The applicant, the government grant recipient or another concerned party has the opportunity, if necessary, to indicate the sections requiring non-disclosure in their application or other official documents and justify the need for non-disclosure on the basis of section 24 of the Act on the Openness of Government Activities.

The Ministry for Foreign Affairs is not bound to the concerned party's proposal regarding non-disclosure; instead, the disclosure of the document delivered to the authority is assessed on a case-by-case basis pursuant to the Act on the Openness of Government Activities (621/1999) and other legislation.

In addition, the Ministry for Foreign Affairs submits the minimum information about 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 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 32 d § of the Act on Discretionary Government Grants, the State Treasury publishes certain information about government grants in the service for publishing and using government grant information (tutkiavustuksia.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).

1.6. Payment of discretionary government grants

An advance may be paid if this is justified by the use of the government grant and expedient with regard to the monitoring of its use.

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

Pursuant to section 12, subsection 4 of the Act on Discretionary Government Grants, 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 government grant are defined in the government grant decision.

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

As a rule, the Ministry pays two instalments each year on the basis of payment applications sent by the grant recipient. For a justified reason, the payment may also be made in more than two instalments. A separate application for the payment must be made for each instalment at least 30 days before the desired time of payment for the instalment.

If the grant spans multiple years, the payment application can be made without a separate decision after the first year of disbursements following the annual periodisation included in the government grant decision. 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 State Budget.

Payments require annual reporting in accordance with the instructions issued by the Unit for Civil Society at the Ministry for Foreign Affairs and any other interim reports or documents required by the Ministry for Foreign Affairs.

1.7. Terms and conditions concerning the procurement procedure

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

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

The government grant recipient must determine whether it is the contracting entity referred to above. If the government grant recipient is the contracting entity referred to above, the recipient must comply with procurement legislation in procurements conducted with the government grant and take into account the competitive tendering obligations concerning procurement under the Act on Public Procurement and Concession Contracts. In this case, the government grant recipient is also responsible for complying with procurement legislation. If the recipient is 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 government grant and consequently the cost of the procurement 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. The government grant recipient is responsible for examining the matter and for the correctness of the procurement. The declaration of the party submitting the tender or the supplier does not eliminate this responsibility; instead, the grant recipient must request additional information if necessary.

When purchasing goods or services, both invitations to tender and procurement agreements must include a clause stating that the tender can be rejected or the agreement can be terminated with

immediate effect if the service provider is encumbered by a mandatory or discretionary exclusion criterion referred to in national or EU legislation on public procurement or a sanction imposed by the European Union or the United Nations or other above-mentioned restrictions, such as Russian citizenship or location in Russia, even if the criterion had emerged only after the beginning of the contractual relationship.

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

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

1.8. Other terms and conditions related to general matters

ODA eligibility of the government grant recipient's operations

The use of the government grant is guided by the norms agreed on by the providers of development cooperation financing in international cooperation. The grant-financed activities must conform to Official Development Assistance (ODA) as defined by the OECD Development Assistance Committee (DAC).

The government grant recipient must report to the Ministry on the planned and actual use of the development cooperation support, as required by these standard 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. Risk management must also take into account the obligations listed in clause 4.6.

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

With regard to risk management, the annual reporting of the government grant recipient must comply with the project support reporting instructions. Annual reporting must include a continuous review and description of how risk management has been realised.

Sanctions, obligations against money laundering and terrorist financing

The government grant recipient and the recipient of redistributed funds must independently ensure that the funds awarded by the ministry to support the grant recipient are not handed over to or otherwise used for giving financial aid or support to persons or 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). The government grant recipient must also ensure that the recipient(s) of redistributed funds, cooperation partners, their beneficiaries and beneficiaries of the supported activities are not subject to sanctions. Due to company restructurings made by parties subject to sanctions, the grant recipient must ensure that the entities benefiting from the use of the grant do not have actual ownership or control of the entities subject to sanctions in an individual case. The government grant recipient must inform the ministry immediately if the recipient observes, within the duration of the activities for which the grant has been awarded, that these funds have been used for above-mentioned purposes.

The government grant recipient must therefore commit, 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.

If the activities are targeted at a country¹ that is a high-risk country as defined in the EU Directive (2015/849) or the Financial Action Task force (FATF), the government grant recipient must ensure that the funds granted by the Ministry to support the grant recipient are not subject to money laundering or that funds are not used to finance terrorism.

Obligation to report suspicions of misuse and whistleblower protection

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

In cases of misuse, the primary responsibility for communications rests with the government grant recipient and the partner implementing the work. The Ministry for Foreign Affairs publishes information on recovery decisions made, but, depending on the case, the Ministry for Foreign Affairs also considers communicating about suspected misuse.

Misuse of government grants includes, for example, the following situations: bribery, theft, acceptance of bribes, money laundering, any other economic misuse, sexual abuse, sexual molestation, sexual

¹ The EU's up-to-date list of high-risk countries for money laundering and terrorist financing https://finance.ec.europa.eu/financial-crime/high-risk-third-countries-and-international-context-content-anti-money-laundering-and-countermeasures_en, the FATF "black and grey" list of <https://www.fatf-gafi.org/en/countries/black-and-grey-lists.html>

harassment, harassment, nepotism in recruitment, bias, participation in decision-making as disqualified, gifts and hospitality that breach the terms and conditions, significant accounting errors or irregularities, serious errors in performing tasks, significant delays in performing tasks, unjustified daily allowances and fees, violation of the basic principles of procurement rules, procedures that violate these terms or terms of contracts relating to the use of government grants, unreasonable non-competition conditions and other illegal restrictions after the end of the employment relationship, shortcomings in reporting, failure to provide essential information, refusal to carry out a review or an audit, hampering these reviews or audits, abuse of power, pressure, discrimination or other inappropriate influencing, use of child labour or forced labour, otherwise violating human rights, investments in tax havens, other aggressive tax planning as defined by the OECD, or any other comparable unlawful activity or other abuse.

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

In accordance with Section 2.3, the government grant recipient must include a prohibition of misuse in the agreements concluded with the recipient(s) of redistributed funds and other third parties.

The government grant recipient is obliged to cooperate with the Ministry for Foreign Affairs in investigating possible suspicions of misuse of funds.

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

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

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

Prohibition of bribery and any activity resembling bribery

The government grant recipient assures that the recipient, the persons exercising control or supervisory authority in its organisation or its employees or local representatives have not committed bribery or similar unlawful activity (including bribing a foreign public official) and will not commit such acts during the period of use of the government grant. The government grant recipient also assures that the parties for whose activities the recipient has redistributed part of the grant, in accordance with 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 similar unlawful activity (including bribing a foreign public official) and will not commit such acts during the period of use of the government grant. The breach of this assurance may result in the recovery of the paid grant, in full or in part, pursuant to the Act on Discretionary Government Grants (688/2001).

Supporting good governance in all operations is essential and the government grant recipient takes into account, in all of its operations, the Government Resolution on the National Anti-Corruption Strategy and Action Plan 2021–2023.

Disqualification

The government grant recipient is aware of potential disqualification issues and does not make decisions when disqualified. The government grant recipient ensures that the recipient(s) of redistributed funds 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 must submit the government grant decision for information to the accountants of the government grant recipient and of the partner/recipients of redistributed funds.

The government grant recipient must arrange the accounts in the manner laid down in the Accounting Act. The grant recipient must keep the finances of the activities to be supported separate from other activities so that the use of the grant can be easily verified. Finances refer to the costs, revenue and financing arising from the activities or the project.

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

The government grant recipient and all its partners must arrange and record working hours monitoring reliably. Working hours monitoring of all employees of the government grant recipient and its partners must be systematically organised in order to ensure good governance and efficient use of resources. If the project involves voluntary work reported at the application stage and accepted in the grant decision, it must be possible to report and inspect the working hours monitoring in accordance with the instructions given.

2.2. Using the discretionary government grant for an approved purpose

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

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(s) of redistributed funds if the government grant decision specifies that the government grant is also awarded to finance an activity or a project that fulfils the purpose defined in the decision but is carried out by a party other than the government grant recipient. The government grant recipient

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 Ministry for Foreign Affairs, the government grant recipient is in a legal relationship governed by public law and the redistribution of the government grant to a third party does not release the government grant recipient from its obligations under public law in any respect.

Consequently, the government grant recipient is fully liable to the Ministry for Foreign Affairs for the appropriate use of the 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.

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

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

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

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

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 Ministry for Foreign Affairs and the use of funds is subject to the government grant decision (and the related terms and conditions, ethical rules, restrictions, instructions, legislation). For this reason, the Ministry for Foreign Affairs or its appointed representative also has the right, specified in section 16, subsection 1 of the Act on Discretionary Government Grants, to audit, if necessary, the finances and activities of the local recipient of redistributed funds that carries out the activity or the project. The Ministry for Foreign Affairs may issue a decision authorising another authority or an external auditor to carry out the above-mentioned audits. This party is entitled to take possession of the material subject to audit if auditing so requires. The 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 government grant and the monitoring of its use.

- information about the misuse whistleblowing channel of the Ministry for Foreign Affairs at <https://vaarinkayttoilmoitus.fi>
- the prohibition of misuse and the obligation to cooperate with the Ministry for Foreign Affairs in the investigation of potential cases of suspected misuse during the validity of the agreement, both applicable to the recipient of redistributed funds pursuant to clause 1.8.
- rights that the government grant recipient has secured for itself to a sufficient extent, such as recovery or the right to the suspension of payment.
- the assurance of the recipient of redistributed funds that it or its circle of beneficiaries is not subject to sanctions imposed by the European Union, 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:

- to use the government grant funds in accordance with the government grant decision, these general terms and conditions (including ethical rules), Finnish legislation and other local laws and international commitments that bind the partner
- to let representatives of the Finnish government grant recipient to audit the local partner's finances and activities.
- to arrange competitive tendering of their procurement, if necessary, pursuant to the Act on Public Procurement and Concession Contracts (1397/2016) if it is a contracting entity referred to in the Act on Public Procurement and Concession Contracts, and always in compliance with the obligations referred to in clause 1.8. of the general terms and conditions.
- to implement appropriate risk management mechanisms.
- to report to the misuse whistleblowing channel of the Ministry for Foreign Affairs 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 misuse or deviation from the purpose of use, referred to in clause 1.8., such as misuse of funds received as a government grant. The report to the Ministry for Foreign Affairs must be submitted for even the slightest suspicion regarding the use of the government grant in deviation of its purpose of use or in breach of the terms and conditions and other misuse referred to in clause 1.8.
- to take immediate action to minimise damage resulting from suspected misuse referred to in clause 1.8.
- to commit to ensure effective whistleblower protection in accordance with clause 1.8. of these general terms and conditions.
- 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 Ministry for Foreign Affairs as described in clause 4.1.

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

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

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

During the period of use of the government grant, the Ministry for Foreign Affairs may issue a decision to extend the period of use on the basis of the government grant recipient's justified application in accordance with clause 2.6.

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

If the government grant was awarded to purchase or modernise a building or an apartment in a building, the period of use of the grant-financed property for its specified purpose when the activities are financed by a project grant will be at least 15 years.

The government grant recipient must ensure that its local partner maintains an up-to-date list of any fixed assets purchased using the development cooperation support and own contribution and of changes in the value of these assets. The Ministry for Foreign Affairs may request the list for inspection. When the project is completed and property is being handed over to the cooperation partner or another party, the matter must be agreed upon in writing to ensure that the property will continue to serve the intended purpose. A copy of the agreement of conveyance, signed by both parties, must be sent to the Ministry at the end of the period of the use.

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 Ministry for Foreign Affairs without delay of any changes affecting the use of the government grant in accordance with its purpose and any other change affecting its use.

The government grant recipient may submit in writing an advance, justified application to request a revision from the Ministry for Foreign Affairs regarding the special terms and conditions specified in the government grant decision. 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 Ministry for Foreign Affairs 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.

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 or in the latest approved cost level. A non-minor change may be, for example, changes between cost categories if the change exceeds 10% of the level of cost categories approved by the Ministry for Foreign Affairs.
3. if the government grant is allocated to a new expense type deviating from the application on which the grant was based, regardless of the monetary amount.
4. if persons or personnel costs that are essential for the government grant change or non-essential personnel costs change significantly.
5. if the share of costs in the budget of the grant recipient and the recipient(s) of redistributed funds approved in the government grant decision or in the most recent approved level of costs, changes in a manner other than minor in relation to the budget approved in the government grant decision. A non-minor change may be, for example, changes between cost categories if the change exceeds 10% of the level of cost categories approved by the Ministry for Foreign Affairs.
6. if the period of use of the grant is extended, unless special terms define otherwise
7. if the government grant recipient's form of association changes during the grant's period of use

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

More detailed instructions issued by the Ministry for Foreign Affairs

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

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

3.1. Eligible costs

The government grant and the associated own contribution can only be used to cover reasonable expenses that are caused by the grant-financed activity and that are essential for realising the activity, as required by the Ministry for Foreign Affairs in its government grant decision.

Overheads

A maximum of 10% of the project's actual total costs (including overheads) per year can be accepted as project overheads (formerly administrative costs). Overheads arising from the project in Finland can be accepted as general costs of the project. Overheads need not be itemised. Auditing costs related to the use of government grants should not be included in overheads.

3.2. Non-eligible costs (an exemplary list)

Non-eligible costs for the government grant activities (including the own contribution) include:

- 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 own contribution required by the Ministry for Foreign Affairs)
- procurement in which a contracting entity, defined in the Act on Public Procurement and Concession Contracts, has not complied with procurement legislation or another government grant recipient has not complied with procurement-related terms and conditions of the government grant decision or the general terms and conditions
- costs of business and investment activities, loan repayment and interest
- provisions referred to in the Accounting Act (1336/1997) (with the exception of holiday pay provision)
- imputed items not based on actual costs
- severance pay or salary costs payable for the period of notice without an obligation to work

- non-statutory additional pensions, performance bonuses and other bonuses
- legal costs, compensation payments imposed by a court and other penal charges, such as fines, penalty payments and parking tickets
- 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 Ministry for Foreign Affairs, 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 Ministry for Foreign Affairs (see 4.3.).

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

3.4. Terms and conditions related to the financing of the activity or project

The maximum annual amount of grants awarded by the Ministry for Foreign Affairs may not exceed 85 per cent of a project's total expenses approved by the Ministry. In order for the grant to be used, the Finnish recipient of the grant must cover at least 15 per cent of the project costs by providing evidence in its accounts on a financial own contribution covering at least 7.5 per cent of the project's total expenses. For the remainder, up to 7.5 per cent, the government grant recipient must present verifiable amount voluntary work and/or donations of goods and services equalling the amount in Euros both when applying for a government grant and in annual reporting (see 3.5.).

For projects whose main objective is to promote the rights of persons with disabilities, the maximum amount of the Ministry's grant is at most 92.5 per cent of the project's annual total expenses, and the government grant recipient's financial own contribution per year must be at least 7.5 per cent in the accounts.

The rate at which the government grant recipient accumulates funds for the project must be monitored and any potential problems must be reported to the Ministry without delay. In cases where the reported own contribution remains below the required 15 per cent (or below 7.5 per cent in projects promoting

the rights of persons with disabilities), it is recorded as the level of own contribution for the project and the project's eligible costs must be reduced proportionately until the required own contribution is met.

The government grant recipient's financial contribution must come from Finnish sources or from non-ODA eligible countries. If the own contribution includes foreign public or private financing, the government grant recipient must present reasons for its approval. Reports on the project's finances must include the financing providers and the countries of origin. Other grants received by the government grant recipient or its partner from the central government, a municipality or other public body in Finland, or other grants under public law, must not be used to cover the own contribution for development cooperation projects. Own contribution cannot include financing raised by a local partner or the government grant recipient in the country of operation. However, the government grant recipient may include local financing in the local activities of its projects.

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

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

3.5. Terms and conditions 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.

In reporting, work carried out by the government grant recipient's representative posted from Finland and/or project work carried out in Finland and/or donations of goods or services received from a non-ODA eligible country may be approved as voluntary work for the project.

The value of voluntary work is determined on the basis of the amount of a reasonable gross salary paid for similar work in the country where the voluntary work is done. The value of donations of goods and services is calculated on the basis of their fair value. The fair value is the price received for the goods or services if they were sold at their normal market price. The criteria for estimating the value must be documented and presented in the financial report for the project. In the case of very large donations or special items, the value estimation must be based on an expert opinion. If necessary, the estimation provided by the expert must be made available.

If the resources made available without payment for the activity or project were taken into account in the government grant decision, their use must be reported when reporting on the use of the government grant (see 4.3. Obligation to report on the use of the government grant) for example, if the project involves voluntary work specified in the application and approved in the decision in addition to the project's financial own contribution, it must be possible to report and inspect the monitoring of working hours also with regard to voluntary work (see section 2.1 on monitoring of working hours).

If the resources made available without payment were taken into account in the government grant decision and it seems that the resources made available without payment for the activity or project may not be used in accordance with the decision, the government grant authority must be notified of this change without delay. (See 4.1. Obligation to provide information and notification obligation)

In cases where a resource made available without payment remains below the level presented in the application and approved in the decision the recipient must compensate for the shortfall by increasing the financial share of the own contribution so that the required 15% own contribution is met annually in accordance with the use of the government grant.

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 Act on Discretionary Government Grants. The obligations are important for monitoring the use of the government grant, for example.

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

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

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

In addition the government grant recipient must immediately notify the Ministry at least the following cases:

1. If misuse or suspected misuse referred to in clause 2.2. of these terms and conditions takes place in the grant-financed activity. Failure to report misuse may potentially be a criminal offence according to the Criminal Code (39/1889). For clarity: even if misuse is merely suspected, it must be reported immediately to the Ministry for Foreign Affairs. The provision of information to the Ministry for Foreign Affairs is without prejudice to the right or obligation of the Ministry to recover the paid government grant in full or in part from the government grant recipient under the Act on Discretionary Government Grants (688/2001);
2. If the contact persons of the government grant recipient change. The government grant recipient must keep the party awarding the government grant informed of changes concerning the recipient's contact persons;
3. If the amount of other private or public financing received by the government grant recipient for the project financed by the grant increases;
4. If the grant-financed activity is suspended;
5. If there is an essential change in the financial standing of the government grant recipient or the recipient of redistributed funds.

In addition to the aforementioned notifications to be submitted without delay, the grant recipient must report other possible changes, such as changes of less than 10% in the approved budget in the annual report.

4.2. Obligation to repay a discretionary government grant

Provisions on repayment of a government grant are laid down in section 20 of the Act on Discretionary Government Grants. Pursuant to section 20, subsection 1 of the Act on Discretionary Government Grants, a government grant recipient shall without delay pay back, in full or in part, any government grant it has received through error, in excess or clearly without justification.

A government grant recipient shall also pay back, in full or in part, a grant that cannot be used as specified in the government grant decision.

If the repayable sum does not exceed EUR 100, it is not necessary to pay it back.

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

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

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

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

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

The recovery of 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 and by the party awarding the government grant.

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 Ministry for Foreign Affairs 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 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 reporting

The obligation to provide evidence and report means providing evidence and 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). The annual report shall be submitted at the latest by the end of April of the following year for each calendar year for which the aid has been granted and/or used. Annual report includes financial and effectiveness reporting in accordance with instructions issued by the Ministry for Foreign Affairs. In the annual report, the government grant recipient examines its activities from the perspective of effectiveness and the sustainability of the results, also assessing their relevance to achieving the intended results. The achievement of objectives and results must be described using the selected indicators. The annual report must also address the risks associated with the project and its implementation. In addition, annual reporting describes the implementation of risk management. An updated risk matrix is added to the annual report.

In addition to the annual report, the government grant recipient must annually provide the party awarding the government grant the latest approved annual report concerning the government grant recipient's entire organisation, the financial statements signed by the board of directors (profit and loss account, balance sheet and cash flow statement, if any, with appended notes), the auditor's report or a performance audit report, and the action plan and budget for the current year. If changes have been made in the rules of the grant-financed organisation, the updated rules must be submitted to the Ministry in annual reporting. In addition, the government grant recipient must ensure that the statistical data (incl. that required by OECD DAC) on the grant-financed activity is up-to-date by 31 January of each year during which the grant has been used.

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

When the entire audit of a project is performed in Finland, all receipts will be kept there, and if they are in languages other than Finnish, Swedish or English, clarifications must be added in one of the aforementioned languages.

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

Reporting delays 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 must include a monitoring, evaluation and learning plan in its activities, including annual reporting, in accordance with more detailed instructions issued by the Ministry for Foreign Affairs.

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

4.5. 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 party using the government grant by virtue of law or separate agreement.

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

The government grant recipient must provide information about the grant-financed activity to local and domestic audiences. The provision of information about the activity refers to all different communication methods that the government grant recipient uses to inform local and domestic audiences of the development cooperation project. The government grant recipient must 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 wage and voluntary relationships included in the activities must comply with local legislation and ensure decent working conditions and requirements.

The dissemination of ideological, religious or political positions is not allowed with development cooperation funds.

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

Accessibility of digital services

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

Pursuant to section 1 of the Act on the Provision of Digital Services (306/2019, Digital Services Act), the purpose of the Act is to promote the availability, quality and data security of digital services and the accessibility of their content and in so doing improve everyone's opportunities to use digital services equally.

The Digital Services Act is applied, inter alia, to the institutions governed by public law defined in section 2 of the Act. Furthermore, pursuant to section 3, subsection 3 of the Digital Services Act, the Act applies to the digital services of a company, a foundation, an association and another organisation when the authority referred to in the Act participates in financing the development and use of these services and covers at least half of their development or annual maintenance costs. In the Act, an authority refers, for example, to state authorities and other parties to the extent that they are taking care of public administration duties. The Digital Services Act lays down provisions on the accessibility requirements of digital services, among other things. The Act not only applies to the government grant recipient's actual website, but also to any themed or campaign sites that may be located at different addresses.

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

Environmental and 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 concerning climate change and biodiversity](#).

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

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

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

The government grant recipient and the recipient of redistributed funds must apply a zero tolerance policy regarding sexual 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 Ministry for Foreign Affairs as specified in clause 1.8. The government grant recipient must also respond to suspected misuse and misconduct with appropriate measures.

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

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

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

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

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

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

Regarding the prevention of sexual abuse and sexual harassment, discrimination and abuse of power, as well as related measures, the grant recipient and the recipient (s) of the redistributed funds are required to:

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

Respect for human rights

The government grant recipient and the recipient of redistributed funds have an obligation to respect human rights in their activities and procurement in line with the Ministry for Foreign Affairs guidance on a human rights-based approach. The government grant recipient and the recipient of the redistributed funds must also take into account international commitments concerning human rights. The

government grant recipient and the recipient of redistributed funds ensure that they do not contribute, directly or indirectly, to adverse human rights impacts. 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 Ministry for Foreign Affairs guidance on a human rights-based approach. In addition, all government grant recipients and recipients of redistributed funds must ensure that there are whistleblower protection channels, as required in clause 1.8., and sufficient anti-corruption measures.

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) and the Non-discrimination Act (1325/2014).

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

Prohibition of child labour

Work performed by children (child labour) is prohibited, apart from the exceptions justified in the ILO Convention number 138. It is prohibited to have children do work that has an adverse impact on their studies or is harmful to their health or development.

Here, “child” refers to a person who

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

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 party awarding the government grant; however, in addition, the party awarding the government grant has the right to receive and obtain grant use and monitoring information and other information as well as to carry out audits, as necessary.

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

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

The party awarding the government grant may participate in the steering group, if any, of the grant-financed activity to support monitoring and supervision but the party 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 Act on Discretionary Government Grants. The Ministry for Foreign Affairs has the right to audit the government grant recipient's finances and activities as required by the payment of the government grant and the monitoring of its use.

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

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

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

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

Pursuant to section 17, subsection 1 of the Act on Discretionary Government Grants, the government grant recipient and the recipient of redistributed funds 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 government grant and the monitoring of its use.

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

5.4. Suspension of payment of the discretionary government grant

Provisions on the suspension of payment are laid down in section 19 of the Act on Discretionary Government Grants. The party awarding a government grant may decide to suspend the payment of the government grant for the duration of inspecting the matter if: 1) there are reasonable grounds to suspect that the government grant recipient is not complying with the provisions laid down in section 12, subsection 4 or sections 13 or 14 of the Act on Discretionary Government Grants; 2) the grounds on which the government grant was awarded have essentially changed; or 3) suspension of payment is required by European Community law. The suspension of payment is targeted at the part of payment that is being inspected.

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

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

5.5. 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 Act on Discretionary Government Grants. Provisions on the recovery of investment grants, if any, are laid down in section 23 of the Act on Discretionary Government Grants.

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

Obligation to recover discretionary government grants

Pursuant to section 21 of the Act on Discretionary Government Grants, the Ministry for Foreign Affairs has an obligation to issue a decision to discontinue the payment of a 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 Act on Discretionary Government Grants must be paid back in full or in part;
- 2) used the government grant for a purpose essentially different from that for which it was awarded;
- 3) provided the Ministry for Foreign Affairs with false or misleading information on a matter that was conducive to influencing the awarding, amount or terms of the government grant, or concealed such matter; or
- 4) in a manner comparable to paragraphs 1–3, otherwise essentially violated the provisions concerning the use of government grants or the conditions of the government grant decision.

Discretionary recovery of discretionary government grants

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

- 1) the government grant recipient has violated section 12, subsection 4, or sections 13 or 14 of the Act on Discretionary Government Grants;
- 2) the government grant recipient has refused to provide the data referred to in section 17, subsection 1 of the 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 Act on Discretionary Government Grants assigned to another party the ownership or possession of the property purchased with the government grant;
- 5) the government grant recipient has in violation of section 13 of the Act on Discretionary Government Grants permanently altered the purpose of the grant-financed property;
- 6) the government grant recipient has been subject to debt enforcement proceedings, or placed into liquidation or bankruptcy, or made subject to restructuring proceedings referred to in the Restructuring of Enterprises Act (47/1993) or debt adjustment referred to in the Act on Adjustment of the Debts of a Private Individual (57/1993), unless the purpose of the government grant requires otherwise; or
- 7) the government grant recipient in practical terms takes action that is comparable to what is 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 Criminal Code has been sentenced by final judgment for the use of unauthorised foreign labour or for the employer's violation of the Aliens Act or a financial sanction referred to in the Employment Contracts Act has been imposed on the government grant recipient with a final decision, the government grant authority may continue the payment of the grant and leave the grant already paid unrecovered in full or in part only on very serious grounds.

If the property for which the government grant was awarded has been destroyed or damaged during the period of use specified in the government grant decision and new, corresponding property will not be purchased to replace the destroyed or damaged property, the Ministry for Foreign Affairs may issue a decision to discontinue the payment of the grant and order that a sum that corresponds to the share of the grant in relation to the original acquisition cost of the property be recovered from any insurance indemnity or other compensation.

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

Adjustment of recovery

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

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

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

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

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