



General terms and instructions for research and development activities funded by the Ministry of Agriculture and Forestry, 2019

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General information on terms of funding

As a general rule, the Ministry of Agriculture and Forestry funds research and development activities that support the steering and development of its administrative branch strategy and the achievement of the goals of the Government Programme. These terms of funding apply to research and development activities funded by the Agrifood Research and Development Fund (Makera) and under item 30.01.22 (Research and development) of the state Budget. They are also applicable, as appropriate, to research and development activities funded under other items of the Ministry of Agriculture and Forestry's budget. Funds can be granted from the Agrifood Research and Development Fund for research and development activities that have broad-ranging benefits for the agrifood sector and for national-level research and development activities concerning rural areas.

The general terms of research and development at the Ministry of Agriculture and Forestry use the general term "**funding**". The term refers to **both** 1) co-funding granted for research and development activities at the Ministry (departments and agencies falling under the scope of on-budget entities and receiving funding from the Budget); **and** 2) funding granted from the Agrifood Research and Development Fund (Makera) under the relevant acts and decrees, the Act on Discretionary Government Transfers or another act within the administrative branch of the Ministry.

In the use, payment and invoicing of funding granted by the Ministry of Agriculture and Forestry, the recipient of the funding must comply with the funding decision and these general terms. These terms shall be valid until further notice.

1 Funding

Applying the total cost model and co-funding

As a general rule, Ministry of Agriculture and Forestry grants funding according to **the total cost model**, in which the costs of the project include all items incurred by the project in accordance with the principle of cost causation. The non-wage payroll costs and general overheads factors proposed by the recipient of funding are subject to approval by the Ministry of Agriculture and Forestry, provided that the factors are determined so as to satisfy the criteria for accurate accounting.

If the recipient of funding has no cost accounting system in place to show the total cost of the project, funding will be provided based on the **additional costs**. Additional costs are direct additional costs incurred as a result of the project. The criteria for the calculation of general overhead costs must be presented to the Ministry upon request.

The share of funding granted by the Ministry of Agriculture and Forestry for research and development projects is **discretionary**. The Ministry funds projects either fully or partially (co-funded projects). The funding decision indicates the amount of funding granted by the Ministry of Agriculture and Forestry as a percentage of the approved costs of the project. **As a general rule**, the funding shares are as follows:

- **Universities, universities of applied sciences and state-funded research institutes:** The share of funding granted by the Ministry of Agriculture and Forestry is a maximum of 70% of the approved total costs of the project, provided that the general costs are at least 80% of the wage costs.
- For **research and guidance organisations that are outside of state finances and may receive state funding**, the share of funding from the Ministry of Agriculture and Forestry can be a maximum of **70–90%** of the approved total costs, depending on the amount of the organisation's total costs.
- **For private consulting companies**, 100% of the total costs are approved, provided that the projects are procured in accordance with the Act on Public Procurement and Concession Contracts.
- **When granting funding (discretionary government transfers) to companies for research and development activities**, the EU framework for granting state funding for research, development and innovation work and the General Block Exemption Regulation shall be applied. The amount of funding is determined based on the nature of the research and development project and the size of the company. The amount of funding can be **25–80%**.

For justifiable reasons, exceptions can be made concerning the percentages, but in this case the applicant must already contact the Ministry at the application stage.

The self-financing contribution of the project can consist of both the research organisation's own funding and additional external funding (e.g. from companies). A large self-financing contribution is considered an asset for projects as it shows the commitment of both the research organisation and the external financiers.

1.1 Content of the funding decision

The projects funded by the Ministry of Agriculture and Forestry receive either lump sum funding or annual funding. In the case of **lump sum funding**, the Ministry of Agriculture and Forestry grants the funding share for the whole project with a single funding decision. In this case, the applicant does not have to apply for continued funding every year. The project applicant shall report on the progress of the project to the steering group and, if necessary, to the Ministry according to separate instructions (see chapter 6).

For projects receiving **annual funding**, the Ministry of Agriculture and Forestry commits to funding its share of project for the year in which the application was made. **In some cases, the funding decision can be made for 1.5–2 years at a time (Makera)**. In this case, the decision will indicate the maximum amount that the Ministry of Agriculture and Forestry is prepared to grant for the project in the coming years, provided that the necessary appropriations are included in the item in question or in the budget allocation scheme of the Agrifood Research and Development Fund.

For multi-year projects receiving annual funding, the applicant shall apply for the funding on an annual basis until the amount of funding to be provided by the Ministry of Agriculture and Forestry has been granted in its entirety.

The applicant must deliver their application for continued funding **by the end of October of the year in question. All attachments to the application must be submitted at the same time.** Missing attachments will delay the processing of the application.

Applications for continued funding are submitted using the Ministry of Agriculture's online service portal. The applications of the projects requiring continued funding will be opened in the system for updates and additions at the beginning of October. The system can be accessed using the link on the Ministry's main research page (www.mmm.fi/tutkimus (in Finnish) or directly at: <https://www.hankerahoitus.fi/MMM/hakemus/kirjaudu.php?ki=1>.

The application for continued funding must include the following attachments as a pdf:

1. The interim report on the application year (see the instructions on reporting for research and development projects (in Finnish) at <http://mmm.fi/tutkimus-ja-kehittaminen/lomakkeet-ja-ohjeet>)
2. A statement from the project steering group on the progress of the project or a statement of support from the project supervisor, including the sum being applied for. The steering group's statement may also be included in a meeting memorandum.

The applicant should update sections 5, 6 and 7 of the application form in particular to correspond to the funding decision. Funding that has already been granted may not be applied for again.

If a project wishes to apply for continued funding that is greater than what the Ministry of Agriculture and Forestry had committed to grant for the project during its duration, the applicant must submit a new application to the Ministry and the project will be processed as a new project.

1.2 Transferring the funds to the department's account management

The Ministry may also grant funding allocated for a project directly to an organisation within the scope of on-budget entities by making a separate decision to release funds. The utilisation of the funding shall be reported to the Ministry of Agriculture and Forestry within the timeframe agreed on in the funding decision. The accounting office shall ensure that any funds that will not be used during the current year are transferred to the accounting office's books for the next year. If funding goes unused, the accounting office must return the unused funds as transferable appropriations to the Ministry of Agriculture and Forestry. **This option does not apply to funding from the Agrifood Research and Development Fund.**

1.3 Duration of the project and requesting an extension

The funding decision indicates the start and end dates of the approved costs of the project. For projects funded under the Research and development budgetary item, the decision also indicates the duration of the project.

The Ministry of Agriculture and Forestry may grant an extension for the project and the funding for a good reason. To apply for an extension, the applicant shall send a freely worded application (e.g. an email message) to the **Ministry of Agriculture and Forestry's Registry** at kirjaamo@mmm.fj. The application must include a statement of support from the steering group/responsible official. The application must be submitted to the Ministry during the project term. As a general rule, the deadline can be extended for a maximum of one year.

The recipient of funding is required to promptly notify the Ministry of Agriculture and Forestry in writing of any changes affecting the implementation of the project or the use of the research funding.

Changes to the project must receive support from the steering group/responsible official and written approval from the Ministry of Agriculture and Forestry.

2 Responsible project administrator and activities of the steering group

The responsible administrator of the research/development project must be duly authorised to act for and on behalf of the recipient(s) of the funding in all project-related matters as if such actions were carried out by the recipient(s) themselves.

The responsible administrator leads and supervises the implementation of the project mentioned in the funding decision and ensures that the project is led in an appropriate manner and that the project partners, other funding bodies and members of the steering group are notified of the funding decision and its terms and conditions, and of the progress of the project later on.

2.1 Duties of the responsible project administrator

The responsible project administrator shall:

Notify the other project partners, members of the steering group and party in charge of the project's financial transactions of the funding decision without delay.

Submit to the Ministry of Agriculture and Forestry (kirjaamo@mmm.fi), **within three (3) months of the date of the first** funding decision, a freely worded and duly signed **notice of receiving the funding decision** indicating acceptance of the terms of the decision. The notice of the receipt of the decision shall be sent only after the first funding decision; if the project is a multi-year project and the funding is granted in several instalments, it is not necessary to send a notice of receiving the decision after subsequent decisions are received. In connection with the notice of receiving the decision, the responsible project administrator shall also send information about the composition of the steering group.

If a steering group has been set up for the project, the **minutes from the steering group's first meeting** should be attached to the notice of receiving the decision. The minutes may also be submitted after sending the notice of receiving the decision if it is not possible or expedient to organise the first steering group meeting within three months of receiving the funding decision. The minutes and their attachments must include the following, approved by the steering group:

- detailed project plan
- cost estimate and financial plan
- division of funds between parties
- composition of the steering group (if the Ministry has not specified this in the funding decision)
- cooperation agreement, if one exists.

If the project does not have a steering group, the above-mentioned matters shall be agreed upon with the project supervisor designated in the funding decision.

The division of funds and the handling of payments/invoicing must be agreed on with the other project parties. The project coordinator and/or the party responsible for financial transactions will **gather the payment applications and/or invoices, compile the accounting reports** (see chapter 3) and remit the share of funding due to each party.

During and at the end of the project, the responsible administrator shall ensure that:

1. The project steering group meets regularly.
2. A statement from the steering group and/or permission from the Ministry of the Environment is obtained for any changes concerning the funding, duration and content of the project.
3. There are sufficient communications concerning the project during the project term and that the results of the project are published appropriately, also taking into account Swedish-speaking operators.
4. The project reporting is arranged in the manner required by the Ministry of Agriculture and Forestry (reporting instructions are available (in Finnish) at <http://mmm.fi/tutkimus-ja-kehittaminen/lomakkeet-ja-ohjeet>) and that the project costs are monitored and invoiced appropriately.
5. In the case of multi-year projects, that the application for continued funding for the next year has been submitted by the end of October of the current year.

2.2 Project steering group (supervisor)

If necessary, a steering group is established for the project. As a general rule, a steering group does not need to be established for projects receiving **EUR 50,000** or less in total funding. In this case, the project is monitored by the supervisor designated by the Ministry in the funding decision. The Ministry usually designates a chair for the project steering group or a project supervisor in the funding decision. In this case, the recipient of the funding is responsible for putting together the steering group, so that the responsible administrator of the project and the chair of the steering group will decide together on a suitable composition for the steering group. In some cases, all members of the steering group will be appointed in the funding decision. This is especially the case when the Ministry wishes for the same steering group to deal with several projects in order to create added value. The composition of the steering group and the members' contact information shall be communicated to the Ministry of Agriculture and Forestry in connection with the freely worded notice of receipt of the funding decision.

The project steering group shall consist of the project funding bodies and the necessary number of experts or parties benefiting from the results. The task of the steering group is to assist the Ministry in monitoring and administering the project. The steering group monitors the progress of the project, ensures that the results are scientifically valid and practically applicable, and facilitate the application of the outcome. **The statements of the steering group concerning the project are not binding on the Ministry.**

Membership in the steering group does not give members the rights to those results of the research or development project for which the copyrights and any intellectual property rights belong to the recipient of the funding. **Communications concerning the project are always the responsibility of the project administrator, not the steering group.**

The **responsible administrator** shall convene the meetings of the steering group. A meeting of the steering group has reached quorum when **at least half** of its members are present. If the meeting does not have a quorum, the steering group can be asked to provide a statement of support for decisions via email after the meeting. If necessary, the steering group can elect a vice-chair. The secretary of the steering group is usually a project representative. Some of the steering group meetings can be handled as telephone conferences or via email, for instance, but it is recommended to hold at least the start-up meeting and one meeting per year in person. Minutes must be kept for each meeting, and these shall be authorised with the chair's signature.

The responsible administrator of the project ensures that the funding decision and its attachments and the project plan are sent to the members of the steering group in due time before the start-up meeting.

The agenda for the **project start-up meeting** should include:

1. Composition of the steering group
2. Detailed project plan
3. Total cost estimate and funding plan, including the division of funding among different parties
4. Results communication, publication and utilisation plan
5. Any cooperation agreements and trips abroad

The following should be discussed at the **subsequent steering group meetings**:

1. The progress of the project and the use of funds (**please note that payment/Invoicing always requires approval from the steering group and that this must be indicated in the minutes of the steering group meeting**). **NOTE: the steering group monitors the costs of the project and supports payments, but the costs are approved by the Ministry.**
2. The action plan, cost estimate and list of trips abroad for the next funding period
3. Any deviations from the project plan or funding plan and a statement of support for these from the steering group

The following should be discussed at the **last meeting**:

1. The final reporting on the project and any recommendations concerning activities (“policy brief”)
2. Cost report and final invoices
3. Utilisation and dissemination of results

All changes to the project plan and all non-itemised trips abroad, invoices and continued funding applications in an approved project plan require a statement of support from the steering group or the official in charge of supervising the project. Any decisions by the steering group must be indicated in the minutes of the meeting. NOTE: A statement from the steering group is not sufficient when it comes to equipment procurements (section 4.1.4. Other acceptable costs).

The steering group’s meeting attendance fees and travel expenditure eligible for aid are considered acceptable expenses for the project. The responsible project administrator approves the steering group members’ attendance fees and travel expense forms. The steering group may also forego its attendance fees for the benefit of the project.

3 Payment/Invoicing

Funding for **Makera** projects is paid against a **payment application (see section 3.2.)**. Funding for projects **paid for out of budgetary items**, however, is paid against an **invoice (see section 3.3.)**.

3.1 General instruction (for both payment applications and invoicing)

The percentage of the project's acceptable costs to be funded by the Ministry of Agriculture and Forestry is indicated on the first page of the funding decision. The acceptable costs of the project shall be reported in their entirety (not only the proportion funded by the Ministry). The funding granted shall be paid according to the incurred costs in one or several instalments against a payment application/invoice. The payment application/invoice will not be processed until all attachments have been sent to the Ministry. Missing attachments will delay the processing of the application.

All attachments must be submitted at the same time. No part of the funding may be transferred for use by another party than that indicated in the funding decision.

If funding or support is granted to more than one party, the party mentioned first in the funding decision (the coordinator) shall handle all financial transactions and administration of the project, i.e., collect payment applications and accounting reports from the other parties and remit to them their share of the funding. Each organisation must prepare its own payment application; the project coordinator will prepare a compiled application based on these. The payment application shall be signed by the responsible project administrator and the recipient of the funding, or, if there are several recipients, by the party or parties responsible for the recipients' financial administration together. The project coordinator and/or the responsible administrator must ensure that the recipients of the funding agree on the division of the funding together and that each recipient receives the agreed portion.

The last instalment of the project funding, which is at least 15 per cent of the amount of funding granted for the entire project, shall be paid once the final report or similar output is complete.

The payment application/invoice for the last instalment may be sent three months from the end date of the acceptable costs at the latest. In connection with the payment application/invoice for the last instalment, the recipient must submit a final report to the Ministry, including the reports on the content of the project. **In addition, the recipient must submit a statement from the steering group or the supervisor indicating the steering group's/supervisor's approval of the progress of the last stage of the project and the use of funds as well as their approval of the final report.**

Separate instructions are available for the interim and final project reports (in Finnish) (<http://mmm.fi/tutkimus-ja-kehittaminen/lomakkeet-ja-ohjeet>).

3.2 Payment (projects funded by the Agrifood Research and Development Fund (Makera))

Funding for **Makera** projects is paid only against a **payment application. Payment applications for Makera projects shall not include an invoice.**

The following attachments shall be sent with the payment application:

- Each funding recipient's own payment application, as well as the compiled application prepared by the coordinator and detailing all of the costs for which the recipients have applied for reimbursement. The application is available (in Finnish) at: <http://mmm.fi/tutkimus-ja-kehittaminen/lomakkeet-ja-ohjeet>

- For each recipient of the funding, a cost report **based on accounting entries and signed by the individual responsible for financial administration and a summary report** that unambiguously identifying each cost item to be reimbursed.
- The minutes from the meeting of the steering group, including a statement of support for the incurred costs to be reimbursed. If the project does not have a steering group, a statement (e.g. an email message) from the Ministry of Agriculture and Forestry official supervising the project indicating approval of the incurred costs in the payment application.

Payment applications shall be sent primarily in electronic format to the Ministry of Agriculture and Forestry at kirjaamo@mmm.fi, or by post to PO Box 30, 00023 GOVERNMENT.

In the situations referred to in section 12, paragraph 2 of the Act on Discretionary Government Transfers (688/2001), funding (support) from Makera can be paid in advance this is justified by the use of the transfer and expedient with regard to the supervision of its use.

3.3 Invoicing (projects funded from budget items)

The **recipient of the funding** must present an **invoice** and a **report of the expenses for the accounting year that is coming to a close** by the **start of the next year at the latest**, unless the decision indicates otherwise. The funding granted shall be paid annually based on the incurred costs in a maximum of two instalments or according to a separately agreed schedule. **The acceptable costs of the project must be reported in their entirety**, not only the proportion to be funded by the Ministry of Agriculture and Forestry.

The following attachments shall be included with the invoice:

- An application for payment from each of the recipients of the funding, indicating which costs are included in the amount invoiced from the Ministry of Agriculture and Forestry or in the application for payment. The application is available at: <http://mmm.fi/tutkimus-ja-kehittaminen/lomakkeet-ja-ohjeet>
- For each recipient of the funding, a cost report **based on accounting entries and signed by the individual responsible for financial administration and a summary report** that unambiguously identifies each cost item to be reimbursed.
- The minutes from the meeting of the steering group, including a statement of support for the payment. If the project does not have a steering group, a statement (e.g. an email message) from the Ministry of Agriculture and Forestry official supervising the project indicating approval of the incurred costs in the payment application.

The Ministry of Agriculture and Forestry accepts **only e-invoices**:

Research projects **Invoicing address/Electronic Data Interchange (EDI) identification number: 003702459587100**
Operator code (OpusCapita Solutions Oy): E204503
Ministry of Agriculture and Forestry Business ID code: 0245958-7
Ministry of Agriculture and Forestry VAT number: FI02459587

Please address the invoice to Ministry of Agriculture and Forestry, PO Box 5467, 01051 Invoices

Other **Invoicing address/Electronic Data Interchange (EDI) identification number: 003702459587**
Operator code (OpusCapita Solutions Oy): E204503
Ministry of Agriculture and Forestry Business ID code: 0245958-7
Ministry of Agriculture and Forestry VAT number: FI02459587

Please address the invoice to Ministry of Agriculture and Forestry, PO Box 5462, 01051 Invoices

The invoice reference text must mention Päivi Ahvonen along with the project title, project code and register number (these are listed in the funding decision), and it must indicate which instalment of the payment the invoice concerns.

The invoice **ATTACHMENTS** shall be sent either electronically to kirjaamo@mmm.fi or by post to Ministry of Agriculture and Forestry / Information and Research Division, PO Box 30, 00023 Government

4 Use of funding

Funding granted by the Ministry of Agriculture and Forestry may be used only for the purpose indicated in the funding decision.

4.1 Acceptable costs

Costs that are necessary and reasonable in view of the project work and which can be allocated to the project in accounting are considered **acceptable costs**. The costs must be incurred during the period of time indicated in the funding decision in order to be approved. Costs incurred before the application was submitted may not be approved as project costs. The Ministry of Agriculture and Forestry has the right to refuse to approve costs presented in the statement of account if cannot be clearly discerned how the costs are related to the project.

4.1.1 Payroll costs

Acceptable direct project payroll costs consist of the effective working hours devoted by the individual to the project as a percentage of his or her salary subject to withholding tax. In order to have salary costs approved in a total cost model project, the applicant must provide a record of the personnel's effective working hours, unless the person works exclusively on the project in question. Cost items recognised as non-wage payroll costs are not included in actual working hours. The payroll costs will be allocated to the appropriate cost objects retroactively based on the actual costs. Under the incremental cost model, payroll costs are generally approved for persons hired specifically for the project in question. In this case, a record of the person's work hours is required if the person works on several projects or has other duties at the department. **Salaries may not be paid in the form of a grant.**

Salaries paid for equivalent work at the place of performance are considered reasonable wage costs. If the position in question is a full-time employment position, approval of the payroll costs requires that the position has been openly advertised in an appropriate manner in relation to the scope of the project.

4.1.2 Non-wage payroll costs

Non-wage payroll costs include statutory employers' contributions, holiday bonuses, payment in lieu of holiday and payment during periods of absence. Other personnel costs can also be considered non-wage payroll costs (such as personnel training costs and occupational health and safety costs) to the extent that these are not considered general costs. In the payment application, the non-wage payroll costs must be included in the payroll costs.

Non-wage payroll costs can be allocated to the project using the non-wage payroll costs factor. The non-wage payroll costs factor is the share of the direct pay allocated to the project that consists of non-wage payroll costs. The non-wage payroll costs factor proposed by the recipient of funding is subject to approval by the Ministry of Agriculture and Forestry, provided that the factor is determined so as to satisfy the criteria for accurate accounting.

4.1.3 General costs

General costs refer to costs that are not allocated directly to the project but are instead indirectly allocated in accordance with the principle of cost causation. General costs can include, among others, the costs of using premises, the costs of equipment and devices and the costs of administrative and support services to the extent that these costs are not considered direct project costs.

General costs are allocated to the project using the general overheads factor. The general overheads factor is defined as the share of the sum of direct pay and non-wage payroll costs that consists of general costs.

The general overheads factor proposed by the recipient of funding is subject to approval by the Ministry of Agriculture and Forestry, provided that the factor is determined so as to satisfy the criteria for accurate accounting.

4.1.4 Other acceptable costs

- Travel costs (in accordance with the State Travel Regulations, support from the steering group or project supervisor is required for travel abroad)
- Outsourced services that are necessary for implementing the project
- Fees (e.g. meeting attendance fees)
- Supplies and materials (materials, supplies and devices must be procured in accordance with the Act on Public Procurement and Concession Contracts (1397/2016). Upon request, the applicant must provide an account of the method of selection, itemisation and the basis for itemisation.)
- Costs resulting from the publication and communication of the results
- Other costs, if any, for reasons with particular grounds approved in advance (does not include items processed as general costs),
- **Device and equipment purchases are generally not considered acceptable costs.** In certain well-justified situations, these can be approved. In this case, only the portion used by the project shall be reimbursed (this is calculated based on the depreciation and usage period of the device). Such procurements must be approved in advanced by the Ministry of Agriculture and Forestry (a statement from the steering group/supervisor is NOT sufficient).

4.2 Value-added tax

The Agrifood Research and Development Fund (Makera) is an extra-budgetary fund, which means that value-added tax is included in the funding (support) granted and decreases the amount of funding available for the project. Value-added tax is an acceptable cost only for those recipients of Makera funding that cannot deduct value-added tax in their own taxation. If the recipient of the funding is not a government institution, the recipient must present a certificate from the tax authority or another adequate account stating that is not possible to receive a value-added tax deduction for the costs related to the activities that are the target of the funding.

For projects funded under budgetary item 30.01.22, value-added tax for research institutes falling under the scope of on-budget entities is paid for under the value-added tax item of the administrative branch of the Ministry of Agriculture and Forestry. **This means that the share of value-added tax is not included in the amount of funding granted to projects carried out by government offices or institutions and does not decrease the amount of funding available for the project.** The share of value-added tax of agencies in the administrative branch of the Ministry of Agriculture and Forestry must be entered directly under the value-added tax item in the agency, in which case the agency does not include value-added tax in its invoicing. Agencies outside of the administrative branch of the Ministry of Agriculture and Forestry must include value-added tax in their invoicing. The payment application accompanying the invoice must clearly indicate which part of the amount being invoiced consists of value-added tax, and this must also be indicated on the invoice under additional information.

Value-added tax resulting from the research and development activities of **extra-budgetary research etc. organisations and those that receive state aid** (e.g. the Finnish Forest Centre, the Finnish Wildlife Agency, PTT, ProAgria, TTS) is paid from the government funding item used. The payment application accompanying the invoice must clearly indicate which part of the amount being invoiced consists of value-added tax, broken down by tax rate. The additional information on the invoice must clearly indicate the value-added tax and how much of the amount being invoiced consist of value-added tax. **Value-added tax is included in the amount of funding granted for the project (and decreases the amount of funding available for the research). This must be taken into account in the project financing plan.**

Research and development funding granted to **universities and higher education institutions** outside of the state budgetary finances (these are listed in section 1 of the Universities Act (558/2009)) is paid in the form of a grant. The value-added tax portion of the project costs is eligible for support, provided that it is not reimbursed out of the value-added tax compensation fund available to universities under section 49, paragraph 4 of the Universities Act (558/2009).

When filing in the request for payment, the recipient of funding is required to submit a report showing whether value-added tax will ultimately be included in the final project cost. If an application for reimbursement of value-added tax is filed, it must be broken down in the payment application as indicated in the previous paragraph. In this case, the value-added tax shall be paid from the funding item used, and the **share of value-added tax shall be included in the amount of funding granted for the project (and will decrease the amount of funding available for the research).**

Value-added tax on **contracts for outsourced services** (e.g. procurement of consulting services, in-house entity procurement, premises rental, business carried out by universities) shall be paid from a specific value-added tax item. **The share of value-added tax is not included in the amount of funding granted for the project.**

4.3 Costs that are not accepted

Eligible costs do not include costs associated with the recipient's routine operations, basic investments and acquisition of standard machinery or equipment, profit, loss or other provision of the beneficiary, entertainment, scholarships, advertising and marketing, gifts or financial calculations. See also section 4.1.4. on equipment procurements.

4.4 Competitive tendering of subcontracts

Legal persons falling under the scope of public administration:

Materials, supplies and devices must be procured in accordance with the Act on Public Procurement and Concession Contracts (1397/2016). Upon request, the applicant must provide an account of the method of selection, itemisation and the basis for itemisation.

Other recipients of funding:

If the amount of funding is more than 50% of the value of the subcontract, the materials, supplies and devices used for the project must be procured in accordance with the Act on Public Procurement and Concession Contracts (1397/2016). Upon request, the applicant must provide an account of the method of selection, itemisation and the basis for itemisation.

If the amount of funding is less than 50% of the value of the subcontract, the recipient of the funding must request tenders in an expedient manner so that an acceptable cost level in the municipality or area can be reliably demonstrated.

5 Supervision of the use of funding, recovery of funds and follow-up monitoring of the project

5.1 Accounting requirements and the storage of accounting records

Records must be kept of all project costs so that it is possible to clearly distinguish them from the cost of the funding recipient's other activities. Accounting must be organised in accordance with the Accounting Act (1336/1997) and based on receipts and vouchers. The funding recipient must keep all the receipts and vouchers related to the research project in order to permit easy auditing. The accounting records must be stored as provided in chapter 2, sections 9 and 10 of the Accounting Act (1336/1997). **All of the parties** taking part in the project are required to assist with accounting and auditing.

5.2 Recipient's obligation to notify

The recipient of funding is required to disclose all the accounting and other documents necessary for auditing the use of funding. The recipient of funding is required, in response to a request by the Ministry of Agriculture and Forestry, to disclose all information related to the project and the utilisation of its findings.

The recipient of funding must immediately inform the Ministry of Agriculture and Forestry of any change in circumstances that may lead to the recovery or termination of the funding. Upon request, the recipient of the funding can be given binding advance information on whether a planned measure would be cause for recovering or terminating the funding. The request presented to the Ministry of Agriculture and Forestry must be sufficiently detailed.

5.3 Supervision, interruption and recovery of funding

The Ministry of Agriculture and Forestry has the right to arrange for an authorised person to conduct an audit related to the granting, payment and use of the funding. The audit may be carried out in the funding recipient's premises, however not if these premises are subject to domestic privacy provisions. In the case of an audit, the recipient of funding is required to disclose all the accounting and other documents necessary for the auditing and to otherwise assist in carrying out the auditing.

The recipient of the funding must repay without delay any funding or part thereof they have received through error, in excess or manifestly without cause. The recipient must also repay any funding or part of funding if it cannot be used in the manner stipulated in the decision.

The Ministry of Agriculture and Forestry may **discontinue** the payment of funding **and claw back** all or part of funding already paid if the recipient of the funding has:

1. neglected to repay funding or part thereof that must be repaid by virtue of what is stated above;
2. used the funding for a purpose essentially different from that for which it was granted;
3. has provided false or misleading information that was critical to the granting or payment of the funding; or
4. otherwise acted under false pretences.

The Ministry of Agriculture and Forestry may **interrupt** the funding of the project **and claw back** of all or part of the funding if:

1. the funding has been granted or paid on false grounds or if the grounds on which the funding was granted have changed significantly;
2. the recipient has not adhered to the conditions set in the funding decision or other documents on which the funding decision was based;
3. the recipient of the funding refuses to provide the auditor with information concerning the use or monitoring of the funding or with accounting or other documentation, or refuses to assist the auditor in carrying out the audit as necessary; or
4. there is another similar, justified reason to interrupt or recover the funding.

If funding has been granted collectively to several parties, all the recipients of funding will be jointly and severally liable for the repayment of the appropriation to the State. The responsibility is divided among the recipients of the funding based on to how the recipients have participated in the activities that have resulted in the clawing back of the funding.

Interest as referred to in section 3, paragraph 3 of the Interest Act (633/1982) must be paid on the funding to be clawed back plus three percentage points. Interest shall be paid from the date of payment of the funds to be recovered until the date of repayment. If the amount to be repaid is not paid by the due date, an annual interest on overdue payments shall be paid on it in accordance with the interest rate referred to in section 4, paragraph 1 of the Interest Act. In special cases, the Ministry of Agriculture and Forestry may decide to forego collection of all or part of the above-mentioned interest.

5.4 Follow-up reporting

The Ministry of Agriculture and Forestry may follow up on the impact of the funding even after the project is completed. In the case of particularly large projects, the Ministry may send the responsible project administrators follow-up reporting forms between two and three years after the end of the project.

Follow-up reporting, which the recipient of funding is required to commit to, is an integral part of project reporting.

6 Reporting, publications and communications

At the Ministry of Agriculture and Forestry, the core task of research and development activities is to proactively produce knowledge, expertise and innovations to support decision-making, promote the competitiveness of economic activities and ensure the sustainable use of renewable natural resources. The Ministry monitors the use of funding and assesses the applicability and impact of the results of research and development activities.

The Ministry of Agriculture and Forestry requires the recipients of funding to report on project costs regularly. As a general rule, the final and interim project reports are public information. **The Ministry of Agriculture and Forestry's instructions for reporting on research and development projects** are available on the Ministry's website (in Finnish) at <http://mmm.fi/tutkimus-ja-kehittaminen/lomakkeet-ja-ohjeet>.

The basic information about the project becomes public once the funding decision has been issued. The Ministry of Agriculture and Forestry publishes information on the projects that receive funding on its website.

6.1 Transparency and openness of funding and activities

Especially in the case of research projects, **the Ministry of Agriculture and Forestry requires funding recipients to commit to making their publications openly available** and encourages projects to publish their research data and methods according to the principles of open access.

The goal is for the results of projects to be utilised widely and effectively. All the findings not involving any intellectual property rights must be published in an expedient manner and made available to all on equal terms. The recipient of the funding must ensure that communications about the project are sufficiently broad and visible, e.g. in Finnish industry publications. Communications must also take into account Swedish-speaking operators.

The Ministry of Agriculture and Forestry also requires funding recipients to mention the funding party and the source of the funding (e.g. Makera, or #makera on social media) in communications concerning the project.

6.2 Secrecy, data protection and processing of personal data

The party carrying out the research or report shall ensure that the legislation on secrecy, confidentiality, data protection and disclosure of secret information applicable at the time is followed when carrying out the project. Material and information that are considered confidential and must be kept secret by law may not be used for purposes other than the above-mentioned project.

The party carrying out the research or report is responsible for ensuring that an appropriate agreement has been made with the party delivering the material, which clearly indicates, among others, the roles of the parties in processing of personal data, the obligations of the parties processing personal data and other relevant terms of agreement concerning data protection and the processing of personal data.

When the party carrying out the research or report is producing statutory or corresponding tasks for the Ministry, legislation concerning confidentiality applicable to public administration, such as the Act on the Openness of Government Activities (621/1999), shall be followed in the service production to which the procurement contract applies.

The party carrying out the research/report is responsible for ensuring that any private or family secret that has come to light in carrying out the project or other activities within the scope of the agreement is not disclosed without permission and that any information that may constitute confidential personal data in a personal data file format is not disclosed to outside parties.

The party carrying out the research/report is responsible for ensuring that any subcontractors it employs comply with these provisions on confidentiality and communicate the content of the duty of confidentiality to their employees who are carrying out the project.

The party carrying out the research/report shall, at the Ministry's request, prepare a list of the implementing party's or its subcontractor's personnel participating in producing the research or report who have access to Ministry materials or sensitive materials concerning the Ministry or a third party. This list shall be updated constantly. Disclosure of information to the authorities or other parties as a result of a binding order of an authority shall not be considered a breach of confidentiality.

The implementing party shall not use the procurement contract or the Ministry's name in marketing without the Ministry's consent. Unless otherwise agreed, the implementing party shall, however, have the right to use the contract as a reference when preparing tenders for procuring entities referred to in the legislation on public procurements. The obligations referred to in this chapter also continue after the procurement contract period.

6.3 Recommendations concerning activities ("Policy Brief")

The final report must include recommendations concerning activities (a "Policy Brief") in accordance with the instructions of the Ministry of Agriculture and Forestry. An exemption from this can be made if the Ministry of Agriculture and Forestry does not deem such a report to be expedient. It is a good idea to review the report with the steering group/project supervisor before publication, but the report should represent the researchers' view of the project. The Policy Brief is intended primarily for political decision-makers, but depending on the nature of the project, it may also be of interest to business and industry and to the public. The Policy Brief presents the most important perspectives, conclusions and recommendations for measures gained from the project. The objective is to make the research results more widely known and to encourage their application in decision-making and industry. For more information, please consult the Ministry of Agriculture and Forestry's reporting instructions (in Finnish) (<http://mmm.fi/tutkimus-ja-kehittaminen/lomakkeet-ja-ohjeet>.)

6.4 Intellectual property rights

All copyrights and intellectual property rights resulting from the project belong to the recipient of the funding or, if there are several recipients, the rights are proportional to the participation of the recipients in producing them. The recipient of the funding must ensure that the right of ownership of the results produced by the recipient's employees in the project are transferred to the recipient in accordance with the relevant legislation or a separate transfer agreement. The recipient of the funding must agree separately on the right of ownership and use of the results with any third parties. The recipient of the funding must also ensure that the agreements are not in conflict with the state aid legislation of the European Community, including Articles 107–109 of the Treaty on the Functioning of the European Union and the European Commission framework for granting state funding for research, development and innovation work (2014/C 198/01).

The recipient of the funding must receive compensation, in accordance with the above-mentioned statutes, for the intellectual property rights to the results of the project for which the rights of ownership or use are transferred to third parties. The compensation to be paid for the intellectual property rights must be defined transparently and objectively, in a way that takes into account the company's contributions to the project and whether the rights to be transferred are rights of ownership or rights of use. Pre-emptive purchasing rights must be given to companies that have funded the project.

7 Select legislation applicable to funding

For research and development projects funded by Makera, the purpose for which the funding is to be used is defined in the relevant acts and decrees. For projects receiving other funding, the purpose is defined in the grounds for the budgetary item in question. The following legal rules, among others, are applied to the use, payment and monitoring of funding for research and development activities:

- Act on Funding for Agriculture and Food Economy and Rural Research and Development Projects (1413/2011) and the Act Amending the Act on Funding for Agriculture and Food Economy and Rural Research and Development Projects (1507/2015) (projects receiving funding from Makera)
- Government Decree on Funding for Agriculture and Food Economy and Rural Research and Development Projects (38/2012) and Government Decree Amending the Government Decree on Funding for Agriculture and Food Economy and Rural Research and Development Projects (1013/2016) (projects receiving funding from Makera)
- Act on Discretionary Government Transfers (688/2001)
- Administrative Procedure Act (434/2003)
- Administrative Judicial Procedure Act (586/1996), section 7
- Framework for granting state funding for research, development and innovation work (2014/C 198/01) and the general obligations of the Block Exemption Regulation (Commission Regulation (EU) 651/2014) declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty).
- Government Act (135/2003), section 12, subsection 3
- Section 9 of the Government Rules of Procedure (262/2003)
- Act on Public Procurement and Concession Contracts (1397/2016)
- Act on the Openness of Government Activities (621/1999)
- Regulation (EU) 2016/679 on the processing of personal data, on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation).

Inquiries

Ministry of Agriculture and Forestry: <https://mmm.fi/en/research-and-development>

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Payments: Merja Keski-Saari, tel. +358 295 204 416 (merja.keski-saari (at) ruokavirasto.fi).

Item 30.01.22 (Research and development):

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Item 30.40.22 (Advancing the natural resources economy and bioeconomy):

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