

## General Terms and Conditions for Tekes Research Funding for Government Agencies and Institutes 1.1.2008

1. Scope of application.....	1
2. Project implementation and project accounting .....	1
3. Principles and payment of research funding.....	2
4. Eligible project costs .....	3
5. International researcher exchange .....	5
6. Project reporting to Tekes .....	6
7. Deviations from the project plan, cost estimate, financing plan or schedule.....	7
8. Publicity of project results and rights to project results.....	7
9. Project supervision.....	8
10. Discontinuation of funding and claw-back of funding.....	8
11. Special terms and conditions for research funding.....	9

### 1. Scope of application

These General Terms and Conditions shall apply to funding granted from Item 32.20.27 (Technological research and development) of the Budget. The accepted uses of funding are specified in the item-specific justifications.

The use made of the funding must comply with the laws, decrees, regulations and guidelines pertaining to central government finances as well as the principles of good governance and sound financial management.

A government agency or institute receiving funding (hereinafter “recipient”) must comply primarily with these Terms and Conditions, including where a more detailed agreement on the project has been entered into between the recipient and other parties funding and implementing the project (hereinafter “parties”).

### 2. Project implementation and project accounting

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

#### 2.1 Project Steering Group – members, tasks and decision-making

The implementation of the project shall be steered and supervised by a Steering Group. The Steering Group shall monitor the progress made, support the realisation of the project objectives with its expertise and facilitate the transfer of knowledge created to those utilising and exploiting it. Finnish Funding Agency for Technology and Innovation (hereinafter “Tekes”) shall approve the members of the Steering Group, taking the size of the project and the funding contribution of the different financiers into consideration. The Steering Group shall also include a representative of Tekes.

In its first meeting the Steering Group shall agree on its meeting schedule and procedure as well as its decision-making procedure. The decisions made by the Steering Group’s first meeting and any significant changes to the project must be subjected to the approval of all of the financiers. See also Section 7.

During the project the Steering Group shall provide Tekes with confirmation of any proposals for changes to the project made by the Accountable Project Leader.

#### 2.2 Accountable Project Leader – status and tasks

The recipient must assign an Accountable Project Leader to the project. The Accountable Project Leader serves as the person responsible for matters pertaining to science and research. The

Accountable Project Leader is not entitled to act on behalf of the recipient and sign any commitments binding to the recipient without a separate authorisation provided by the recipient. The Accountable Project Leader must not have a conflict of interest. The Accountable Project Leader must not have a material personal interest in an enterprise funding the project or exploiting its outcomes or in an enterprise selling services to the project. An example of a prohibited shared interest is a situation where the Accountable Project Leader or a member of his/her family owns more than 10% of the company, is a member of any administrative body of the company or serves as the company's managing director.

The task of the Accountable Project Leader shall be to supervise the implementation of the project specified in the Tekes research funding decision. They shall ensure that the project is appropriately managed and that the various parties, financiers and Steering Group Members will be informed of the research funding decision, including the applicable terms and conditions, and of the progress of the project in the manner agreed.

The Accountable Project Leader shall be responsible for ensuring that project reporting takes place in accordance with the specifications given by Tekes.

### **2.3 Notification of receipt and acceptance of the research funding decision**

The recipient shall provide Tekes with a notification of receipt of the funding decision and acceptance of the terms and conditions related thereto within three (3) months of the date of the funding decision letter. The notification of receipt and acceptance shall be signed by a person who, based on the charter of the recipient or otherwise, is authorised to sign the receipt and acceptance notification on behalf of the recipient.

The receipt and acceptance notification shall include the recipient's bank account details and indicate the Accountable Project Leader, the contact person for the project and the person(s) designated to sign the project cost statement.

The minutes of the first meeting of the Steering Group must be enclosed to the notification. The minutes and any appendices thereto must specify:

- the project plan;
- the cost estimate;
- the financing plan;
- the members of the Steering Group;
- in case of joint projects (group and parallel projects), the respective cooperation agreement shall be submitted. If the cooperation agreement cannot yet be submitted in this connection, it must, in any event, be submitted prior to the first interim report.

## **3. Principles and payment of research funding**

Project accounts must be maintained of the project costs.

Payments shall be made in arrears in accordance with progress made in the project. Payment shall be subject to the condition that an acceptable interim/final report and a cost statement have been submitted.

The recipient must account for the costs allocated to the ending budget year in mid-January of the following year as specified in the funding decision or separate accounting instructions sent by Tekes.

On-budget agencies and Institutes must record the VAT proportions corresponding to the Tekes funding contribution and related to direct project costs in VAT Item 32.10.19 of the administrative branch of the Ministry of Employment and the Economy.

### **3.1 Costs in accordance with the Full-Cost (FC) model (cost price estimate)**

In the Full-Cost (FC) model all cost items, which in accordance with the principle of cost causation are incurred by the project (=cost price estimate), are regarded as project costs.

The rates for indirect personnel costs and overheads to be used when accounting for indirect project costs shall be agreed beforehand with the recipient based on the calculations presented to Tekes by the recipient. The indirect costs calculated and accepted on the basis of the rates are presented in the cost estimate appended to the funding decision. The breakdown to direct and indirect costs shall be in compliance with the principles generally applied in the organisation.

### **3.2 Costs in accordance with the Additional Cost (AC) model (marginal costs)**

If the recipient does not have a cost monitoring system enabling the computation of the project's cost price, funding shall be granted on the basis of additional costs. Additional costs shall mean direct additional costs arising from the project.

If the project is funded in accordance with additional costs, the project's indirect costs shall be accepted as calculated according to flat rates. In both the application and cost statement stage, the share of indirect personnel costs shall be a flat rate of 29 per cent of taxable wages and salaries. Correspondingly, the flat rate for overheads shall be 36 per cent of the total of taxable wages and salaries and indirect personnel costs. When accounting for additional costs, the recipient will not be required to substantiate indirect personnel costs or overheads in connection with the cost estimate or statement.

## **4. Eligible project costs**

Tekes can accept as project costs wages, salaries and indirect personnel costs, overheads and other direct costs arising from project implementation.

Tekes shall have the right not to accept costs presented in a statement if the relevance of the costs to the project is not clearly substantiated.

Procurement of goods and services for the project must comply with the provisions issued on public procurement and the relevant instructions provided by the recipient's administration. On request, itemised invoices and the basis for invoicing (such as an agreement) as well as a report on the selection method (competitive tendering or other method) must be provided.

### **4.1 Wages and salaries**

Wages and salaries in accordance with the collective agreements and other provisions regarding pay pertaining to the recipient shall be eligible as project wages and salaries. However, pay components paid for (extra) work carried out only when funding is received for the purpose from an external source shall never be eligible as project costs.

Those using the **FC model** must maintain a comprehensive allocation of costs. The proportion of a person's wage or salary corresponding to the person's effective working hours contributing to the project shall be eligible as the project's direct pay costs. The wages and salaries stated must be based on hourly monitoring of working hours. The effective work under the project shall be allocated afterwards, with a minimum accuracy of one hour, to the days when the work was performed. The hours worked for the project must be systematically recorded and verified at least once a month. The remaining hours worked by the person must be so allocated that, at the minimum, reliable data can be obtained for the project's each reporting period concerning the total hours worked by the person during the respective reporting period so that the project's proportion of the pay costs can be calculated. Effective working hours shall not include pay offered for periods such as annual holidays, sick leave, maternity, parental and paternal leave or other indirect working hours.

If the recipient does not have a system enabling it to recognise effective working hours as project hours (**those using the AC model**), eligible monetary wages and salaries shall be the taxable monetary wages and salaries paid to employees hired for the project, including costs such as the project's proportion of annual holiday, sick and training period pay. However, holiday bonuses shall be regarded as indirect personnel costs. When the AC model is applied, only additional

costs arising from the project are eligible as project costs. Thus, as a rule, wages and salaries of permanent employees are not eligible as project costs. However, the project-related proportion of the wages or salaries of permanent employees participating directly in research work under the project that is expressly intended to be covered by “supplementary” funding can be regarded as project pay costs.

#### **4.2 Indirect personnel costs**

For organisations applying the **FC model**, indirect personnel costs shall consist of the project’s proportion of indirect pay, holiday bonuses, social security contributions, pension contributions, accident and unemployment insurance premiums and other similar employer’s contributions, as well as the project’s proportion of the refund of these contributions. Indirect personnel costs shall be accepted as calculated according to the previously agreed cost rate.

For organisations applying the **AC model**, 29 per cent of the taxable monetary wages and salaries shall be eligible as the project’s indirect personnel costs.

#### **4.3 Overheads**

Costs eligible as project overheads shall only consist of a justified proportion of administration costs (such as telephone, postage, secretarial and other corresponding office and technical services) and costs resulting from depreciation of machinery and equipment and use of facilities that have arisen from the project and can be substantiated as such in the recipient’s accounting.

For organisations applying the **FC model**, project overheads shall be accepted as calculated according to the cost rate. The use of an overhead cost rate requires that the rate(s) have been calculated in a manner that meets the requirements of sufficient and reliable accounting and that a prior agreement with Tekes has been made to that effect.

For organisations applying the **AC model**, 36 per cent of the total of taxable monetary wages and salaries and indirect personnel costs paid shall be eligible as project overheads.

#### **4.4 Travel costs**

Travel costs related to the project shall be eligible as specified in the State Travel Regulation and the instructions provided by the recipient’s administration.

#### **4.5 Material and supplies costs**

Material and supplies costs related to project implementation shall be eligible as direct project costs.

#### **4.6 Machinery and equipment**

Only the purchase costs concerning new machinery and equipment procured during the duration of the project shall be indicated under “Machinery and equipment” as specified below in this section. Costs arising from the use of existing research and other equipment shall be accepted by Tekes as specified under “Overheads” or “Other costs”.

Tekes may, at its discretion, accept as equipment cost the purchase costs for new research equipment required for the project, provided that the purchase cost has been identified in the funding application and Tekes has included it in the cost estimate appended to the funding decision.

The purchase costs for personal computers, mobile phones and other similar equipment shall not be eligible as the project’s direct equipment costs or any other direct cost items. Costs of this type are overheads that are included in the costs accounted by the overhead cost rate.

Procurement of computer software and other user licences shall be comparable to the procurement of equipment.

#### **4.7 Purchased services**

Genuine purchases of services needed for the implementation of the project can be accepted as direct project costs. Genuine purchase of service involves the recipient commissioning part of the

work required for the project from an external supplier, thus receiving the results of the work. Examples of such service purchases include planning and assessment work purchased from an external contractor to facilitate the implementation of the recipient's own project.

A joint project can never be set up so that the proportion of one project party is presented as a purchased service in the cost estimate of the other party. The cost estimate may only include costs attributable to the applicant.

#### **4.8 Other costs**

Direct costs arising from the project that cannot be included in any other cost item can be included under "Other costs". A breakdown of other costs must always be provided in the cost statement. Costs arising from the use of previously existing, expensive special equipment or facilities are often allocated directly to each user of the equipment or facility. The allocation shall be based on hourly charge or other similar usage criteria. Such costs arising from the use of equipment and facilities can be accepted as direct project costs under "Other costs" or under some other cost line item that better corresponds to the recipient's accounting instructions.

Other costs may also include cost items such as the following in so far as they are not presented under other cost items:

- costs arising from information acquisition and gratuitous publication of project results;
- costs arising from procurement of intellectual property rights (such as patents);
- costs arising from researcher exchange (see Section 5 below).

#### **4.9 Ineligible costs**

Costs not regarded as eligible include entertainment costs, stipends, grants, advertising and marketing costs, donations and calculated financing costs.

### **5. International researcher exchange**

#### **5.1 Concept of researcher exchange**

Researcher exchange refers to research work performed abroad for a period of more than three months or work performed by a foreign researcher in the employ of a Finnish research organisation. Researcher exchange involves the recipient performing part of the research work for the project in Finland and part of it abroad. Alternatively, a researcher can be hired from abroad to work in a research project carried out in Finland.

The purpose of researcher exchange funding is to increase the competence of Finnish research and to create added value for the project. Tekes does not provide funding for researcher exchange if its primary purpose is to increase the personal competence of a single researcher, including, as a rule, the preparation of a doctoral or other thesis in a foreign university.

Researcher exchange funded by Tekes shall involve research that genuinely contributes to the project.

#### **5.2 Funding of researcher exchange**

Tekes can only cover costs incurred by the recipient from researcher exchange to the extent where they are in compliance with the criteria for compensation of costs stipulated in the Act on Collective Agreements for State Civil Servants (664/1970) and any other provisions pertaining to the recipient.

The Ministry of Finance (MoF) has issued an order/recommendation to government agencies and institutes on the terms and conditions of employment abroad under which the MoF has decided the maximum amounts of compensation for costs and benefits payable for employment abroad (MoF 4/2007, 7 May 2007, in Finnish and Swedish only). The order applies to the sending organisation's researchers working under a permanent or fixed-term contract when they are sent abroad. Correspondingly, the same criteria for compensation may be applied to a person arriving

in Finland. Any deviations from this order require a permit granted to the sending organisation by the MoF.

The percentage of funding applied to all eligible researcher exchange costs shall equal the rate applied to the project as a whole. Costs arising from researcher exchange can be eligible as costs under the project provided that the total duration of such exchange activity does not exceed three years.

The recipient must provide Tekes with an itemisation of the planned costs of the researcher exchange. The recipient must also submit to Tekes, no later than two weeks prior to the first meeting of the Steering Group, internal instructions concerning eligible researcher exchange costs, as well as details on the grounds on which the instructions are based, if these instructions have not already been previously submitted to Tekes.

### **5.3 Researcher exchange as added value to the project**

When implementing the researcher exchange, the recipient shall be obliged to prevent any uncontrolled leak of information from the project funded by Tekes to the receiving community of the researcher and to ensure that the competence generated through researcher exchange can be utilised in the recipient's research activities. Tekes will only provide funding for researcher exchange to the results of which the recipient will receive at least a right of use and utilisation for research and education purposes free of charge and globally pertaining to its research activities related to the project.

If the researcher's receiving community requires that the researcher sign an agreement related to intellectual property rights for the purpose of transfer or assignment of the rights, the recipient must, prior to signing such agreement, determine the content of the required commitment and, in particular, oversee that the ownership and title to the background material released to a national project funded by Tekes, as well as the ownership and title in the results that have already been generated or will be generated, including intellectual property rights, are not transferred or assigned to the receiving community. The researcher must not sign any researcher exchange/transfer agreements before recipient has granted the researcher a permission to sign the agreements and/or commitments with the receiving community.

## **6. Project reporting to Tekes**

Tekes shall monitor progress made in the project and evaluate the results reached as well as potential for their utilisation and exploitation. For the purposes of monitoring, the recipient must report to Tekes on the project in accordance with the research funding decision and these General Terms and Conditions. The recipient must provide Tekes with correct and sufficient information for the purpose of payment of research funding.

### **6.1 Interim reporting**

The recipient must provide Tekes with an interim report in accordance with the schedule specified in the research funding decision. Interim reporting shall comprise the forms "Public Research Report" and "Cost Statement". If the recipient so wishes, a separate invoice may also be appended to the cost statement.

#### **6.1.1 Public Research Report**

In connection with interim reporting, the recipient shall provide Tekes with a report on progress made in the project, using the form "Public Research Report" signed by the Accountable Project Leader.

#### **6.1.2 Cost Statement**

In connection with interim reporting, the recipient shall provide Tekes with the fully completed Cost Statement form. The Cost Statement must provide a breakdown of actual total costs by category in accordance with the cost estimate. The Cost Statement must account for both the actual costs for the accounting period as well as the cumulative total costs for the entire funding period, providing a breakdown by category.

A breakdown of the realisation of funding must be provided in accordance with the financing plan. The signatory/signatories of the Cost Statement must be authorised by the recipient's organisation to officially sign on behalf of the company.

#### **6.1.3 Invoice**

The recipient may, in connection with submitting the report and Cost Statement, send an invoice amounting to the Tekes contribution to the actual eligible total project costs. The invoice is not mandatory.

#### **6.2 Final reporting**

The final report must be provided in accordance with the schedule specified in the Tekes research funding decision. The purpose of the final report is to review how project objectives have been reached and how the results have been utilised and exploited. The report shall be signed by the Accountable Project Leader.

In connection with final reporting, the recipient shall provide Tekes with the "Public Research Report" form and the Cost Statement (and possible invoice), all completed and signed as specified above for interim reporting. Unless otherwise decided for justified reasons by the Steering Group and with permission of Tekes, Tekes must also be presented, as part of the final reporting, with a separate, freely formulated content report providing an extensive description of the project's key results and conclusions.

The final report being public, any business secrets must not be included in it. Any essential information that is relevant for reporting the results but also contains business secrets must be presented in a separate annex that will not be published.

#### **6.3 Reporting on group projects, phase-funded projects and projects co-funded by the ERDF**

Detailed further instructions on reporting on group projects, phase-funded projects and projects co-funded by the ERDF can be found in the separate Special Terms and Conditions applicable to such projects.

#### **6.4 Follow-up report**

Tekes will also assess the effectiveness of the funding provided after project completion. Tekes will send the Accountable Project Leader a follow-up report form approximately three years after the completion of the project. The follow-up report is part of the project reporting that the recipient shall undertake to complete.

### **7. Deviations from the project plan, cost estimate, financing plan or schedule**

The recipient shall, without delay, inform Tekes in writing of any change with a greater than negligible impact on the implementation of the project or other amendment affecting the use of the research funding. Any changes to the project must be authorised by Tekes in writing. Authorisation for any change to the project must be applied for in advance using the form available on the Tekes website.

### **8. Publicity of project results and rights to project results**

The results of the project shall be public upon completion of the project, unless otherwise provided by law or unless otherwise decided by the Steering Group and Tekes in an individual case and for a reason deemed compelling in objective terms, relating to, for example, national defence or public safety.

The recipient shall ensure that the ownership, title and intellectual property rights in the results generated by the recipient's employees are transferred or assigned to the recipient in accordance with law or under separate agreements on transfer or assignment. In individual cases relating to

international researcher exchange, the recipient may, after having heard the other parties to the project, accept an agreement related to researcher exchange according to which the ownership and title in the results, including immaterial rights, will not be transferred to the recipient. The hearing may take place in, e.g., the Steering Group of the project, and it must be carried out prior to implementing the researcher exchange.

Ownership and title in the results shall vest in the party that has generated them. The owner shall have the primary right to decide on the protection, transfer or assignment of the results. The owner shall cover any costs arising from acquiring protection, unless otherwise agreed between the parties.

The recipient shall agree separately with the other parties on ownership, title and user rights in the project results. The recipient shall ensure that such agreements are not inconsistent with European Community anti-subsidy legislation, including Articles 87 to 89 of the Treaty Establishing the European Community, the Community framework for state aid for research and development and innovation (2006/C 323/01), or the Act on Criteria for Charges Payable to the State (150/1992).

When transferring the ownership, title and user rights in the results, the recipient must receive compensation from the enterprises for the industrial and intellectual property rights equivalent to fair market price, the definition of which shall take into consideration the commercial principles pursuant to the above-mentioned provisions as well as the market price determined in accordance with the current demand and market conditions. Compensation paid for intellectual property rights must be set in a transparent and objective manner, taking into consideration the enterprises' contributions to the project and whether ownership, title or user rights are transferred or assigned. Project results which do not give rise to intellectual property rights shall be widely disseminated to interested third parties.

The objective is the efficient and extensive exploitation of the results by Finnish industry. User rights to the results must primarily be offered to enterprises operating in Finland. When deciding on the utilisation and exploitation of the results, the enterprise in which the researcher has a personal interest shall be treated objectively and in a manner similar to that concerning other enterprises, taking into consideration the provisions on conflict of interest concerning the Accountable Project Leader specified in Section 2.2 above. Unless otherwise agreed between the parties to the project, the recipient must offer, within four months of the completion of the project, the right of first refusal in the project results to enterprises that have co-funded the project or participated in the work of the project's Steering Group and allow them a reasonable period of time for providing their response to the offer.

## **9. Project supervision**

On request, the recipient shall provide Tekes with all information pertaining to the project and its utilisation and exploitation.

## **10. Discontinuation of funding and claw-back of funding**

Tekes shall have the right to discontinue project funding if there have been such changes in the project objective, progress, circumstances or the recipient's personnel that the funding of the project can no longer be regarded as relevant.

If project funding is discontinued for a reason specified above, Tekes shall pay for the actual project costs in accordance with the research funding decision until the date of suspension.

Tekes shall have the right to immediately claw-back the research funding if the recipient is in material breach of the terms and conditions for the funding decision (e.g. fails to provide the reports required) or if, to obtain the funding, such false information is found to have been given or such details are found to have been concealed that might have influenced the decision to grant funding or the terms and conditions related thereto.

Where a decision is made by Tekes to claw back the funding, the recipient shall, on request by Tekes, return the funding received on the basis of the decision in question either in full or in part.

#### **11. Special terms and conditions for research funding**

Where the section “Other terms” of the research funding decision specifies that the project shall be implemented as a group project, phase-funded project or project co-funded by the ERDF, the terms and conditions for the type of funding in question appended to the funding decision as well as Sections 1 to 10 of these General Terms and Conditions shall apply.

Should the terms and conditions referred to under “Other terms” of the funding decision be inconsistent with Sections 1 to 10 of these General Terms and Conditions, the below conditions shall apply.

**This English translation of the General Terms and Conditions for Tekes Research Funding for Government Agencies and Institutes is provided for guidance only. Tekes shall not guarantee the accuracy of the translated text and for interpretation purposes, the Finnish-language version shall apply.**