

GENERAL TERMS AND CONDITION FOR SHOK RESEARCH PROGRAMME FUNDING

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Definitions

Work package	A thematic entity included in a research programme.
Associated company	An associated company is a company that is not part of the group, However, at least 20% of its entire share capital or comparable equity is directly or indirectly owned or controlled by the funding recipient or some other association exists between the recipient and the company. Tekes shall decide in individual cases where the companies have an insider connection to the decision-making and/or financial interests, according to which the companies can be interpreted as being associated.
Coordinator	The organisation responsible for overall implementation of the research programme (SHOK company).
Participant	An organisation participating in the research programme as a funding recipient or only with its own contribution.
Programme Manager	See Accountable Programme Leader (section 3.2)
Project	The work of an individual participant in the research programme.
Project Manager	The participant's contact person, the person responsible for the project.
SHOK company	A legal entity established for the Strategic Centre for Science, Technology and Innovation which serves as a coordinator in the research programmes.
Research programme	The research consortia being funded.
Research organisation	Research organisation means an entity, such as university or research institute, irrespective of its legal status (organised under public or private law) or way of financing, whose primary goal is to conduct fundamental research, industrial research or experimental development and to disseminate their results by means of teaching, publication or technology transfer; all profits are reinvested in these activities, the dissemination of their results or teaching; Undertakings that can exert influence on such an entity, in the quality of, for example, stakeholders or members, shall enjoy no preferential access to the research capacities of such an entity or to the research results generated by it.
Accountable Programme Leader	The Accountable Programme Leader of a research programme is the person appointed by the SHOK company serving as coordinator to handle operative tasks associated with the research programme as assigned by the coordinator.
Foreign company	A company that is not registered in Finland and does not have operations in Finland.
Indirect cost	An overhead or indirect cost; indirect costs (overheads) refer to project costs that are indirectly, rather than directly, allocated to the project on the agreed basis of division that complies with the principle of cost causation.
Direct cost	A cost which can be directly allocated to the project.

1 Scope of application and publicity of funding decision

These general terms and conditions shall apply to funding granted by Tekes – the Finnish Funding Agency for Technology and Innovation to Strategic Centre for Science, Technology and Innovation (SHOK) research programmes. The general terms and conditions apply to funding granted from the Budget item 32.20.40 (*Grants for Technological Research and Development*). The purpose of the funding is specified in the grounds for the item.

A participant in a SHOK research programme that has received a funding decision shall primarily comply with these terms and conditions, even if there is more detailed agreement regarding the project between the funding recipient and other funding and implementing parties. Without specific reference, all sections of the terms and conditions shall apply to companies and research organisations.

A research programme means a tool by means of which SHOKs carry out a strategic research plan (research agenda) and which is open and common to all participants.

The name of the SHOK company, research programme and the total value of funding granted shall be public information immediately after a funding decision has been made for a SHOK research programme. In accordance with its own practices, Tekes shall also be entitled to publish the value of funding granted and remitted to each recipient and, regardless of regulations concerning confidential information, publish the names of the participants in the research programme, a general description of the research programme, the schedule, and the name of the contact person serving as the Accountable Programme Leader for the research programme.

2 Duration of the research programme

The duration of the research programme shall be specified in the funding decision announcement. In the event of a delay, the Accountable Programme Leader may, on behalf of and based on a decision made by the participants in the research programme, apply for an extension. The required extension may be requested by submitting a freely formulated application at the end of the research programme prior to the final reporting deadline. An extension may be granted if continuation of the project is warranted and the Budget enables funding.

The research programme entity shall be funded by means of phase funding. If the funding recipient wants to change the ending and beginning dates between the phases, it shall submit a schedule change request to Tekes. A change in the date of a periodic report shall be requested prior to the end of the phase.

3 Implementation of the research programme

3.1 Project Steering Group – members, tasks and decision-making

The funding recipient shall implement its own project in accordance with the funding decision.

The Steering Group shall control and monitor implementation of the research programme. The research programme participants and the SHOK company shall select the Steering Group. The Steering Group shall monitor the progress of the project, support the realisation of the project objectives with their expertise and facilitate the transfer of knowledge created to those utilising and exploiting it.

In its first meeting, the Steering Group shall agree on its meeting practice and its decision-making procedure. The decisions made by the Steering Group's first meeting and any significant changes to the project shall be subjected to the approval of all the funders. More detailed instructions concerning the change process are presented later in this document.

Tekes shall be entitled to have a representative present at Steering Group meetings. A notice of meeting shall be sent to Tekes at the same time as they are delivered to the Steering Group members. The content of this notice shall be identical to that sent to Steering Group members.

3.2 Accountable Programme Leader

The SHOK company shall assign an Accountable Programme Leader to the research programme. This person shall be responsible for leading and monitoring operative implementation of the research programme specified in the research funding decision. They shall ensure that the research programme is appropriately managed and that the various parties, funders and Steering Group members are informed without delay and in the manner agreed of the research funding decision, including the applicable terms and conditions, and of the progress of the project. The Accountable Programme Leader controls that research programme reporting and change management is organised in the manner required by Tekes

The parties involved in the research programme shall always communicate with Tekes through the Accountable Programme Leader with regard to issues within the scope of their responsibility. The Accountable Research Programme Leader is not entitled to act on behalf of the recipients or sign any commitments binding to the recipients without a separate authorisation provided by the recipients. Delegation of operative tasks to a Programme Manager or similar person shall not affect the responsibility of the person appointed as Accountable Programme Leader towards Tekes.

Each recipient shall appoint its own contact person for the project ("Project Manager") and inform Tekes of this appointment. The contact person shall be a person employed by the recipient who works on behalf of the recipient as authorised but shall not represent the research programme.

3.3 Acceptance notification of the research funding decision

The recipient shall provide the Accountable Programme Leader with an acceptance notification of the funding decision. The acceptance notification and related appendices outlined in the funding decision announcement for the research programme shall be provided only after reception of the funding decision concerning the first funding phase. The acceptance notification shall be signed by a person who is entitled to sign the acceptance notification on behalf of the recipient or otherwise authorised to do so. The template compiled by Tekes shall be used when submitting the acceptance notification. Companies shall use the relevant template that is intended for companies, and research organisations a template intended for research organisations. Signature of the acceptance notification constitutes a commitment by the participant to obey the funding decision and the terms and conditions related thereto.

The Accountable Programme Leader shall collect the acceptance notifications from all participants and deliver them to Tekes within two months of announcement of the decision. The minutes of the first Steering Group meeting shall be enclosed with the notification. The minutes shall specify the following as confirmed by the Steering Group:

- the programme plan;
- the cost estimate;
- the financing plan;
- the members of the Steering Group.

The documents shall be appended to the minutes when they include changes in comparison to the information presented to Tekes in the application. The changes shall be clearly indicated.

When the research programme includes participants other than Tekes funding recipients or new participants join the research programme while it is in progress, such participants shall provide the Accountable Programme Leader with confirmation of their participation in the research programme using the acceptance notification.

4 Payment of research funding

Payments shall be made in accordance with progress made in the research programme on the basis of acceptable reports and costs statements. Tekes shall deposit the funding into the bank account indicated by the recipient in the acceptance notification provided to Tekes. Tekes can pay a portion of its funding to a university in advance if the university has informed Tekes of its interest in receiving advance payments. A prepayment shall be paid if the Accountable Programme Leader has returned the acceptance notifications, with the appropriate appendices, in accordance with Tekes' funding terms and conditions.

The sum paid shall be a percentage of the eligible costs for the accounting period in accordance with the funding decision. Tekes shall be entitled to, without hearing the recipient, provide the research programme coordinator and the Accountable Programme Leader with information about the funding paid to participants. Payment of funding shall be subject to the condition that an acceptable interim, periodic or final report and cost statement have been submitted.

Tekes shall be entitled to inform the Accountable Programme Leader if one or more of the research programme participants neglects to comply with the terms and conditions in the funding decision or the appendices thereto. The Accountable Programme Leader shall be responsible for informing other programme participants of such matters.

The final funding instalment shall be applied from Tekes in conjunction with final reporting and accounting. Funding applied for after this shall not be paid.

5 Monitoring of costs

Each participant shall arrange for project accounting with regard to costs. The participant shall make arrangements for monitoring of costs and working time for the research programme. The participant shall arrange project accounting in a manner that makes it possible to itemise the costs that have arisen from the project and verify their connection to accounting and the cost statement template.

In addition to accounting legislation regulations, the documents, accounting, working time and monitoring documents related to the research programme as well as any other material necessary for control and audits shall be stored for at least five (5) years after completion of the research programme.

On-budget agencies and institutes shall record the VAT proportions corresponding to the Tekes funding contribution and related to direct costs in VAT item 32.01.29 of the administrative branch of the Ministry of Employment and the Economy.

6 Eligible costs

6.1 General principles

Eligible costs shall be connected to and caused by the research, development and innovation activities of the research programme. Tekes shall have the right not to accept costs presented in a statement if their relevance to the project is not clearly substantiated or they are disproportionate to the project results obtained.

Costs regarded as eligible include all expenditure caused by the research programme during its duration that is included in the accounting records, based on a net amount and not liable for value-added tax (VAT). However costs shall be deemed as VAT-eligible in the event that the recipient is not subject to VAT or the costs arise through VAT-exempt activities and where any VAT is eventually paid by the recipient. This exceptional provision shall not apply to government institutes.

Expenditure allocated to the research programme relating to an order placed before commencement of the programme is an eligible cost only when the order can be cancelled if the programme does not begin.

All expenditure by a *company* taking part in the research programme shall be paid prior to being declared to Tekes. Company costs shall be based on the corresponding expenditure payment records. This does not apply to calculatory costs allocated to the project.

Tekes may at its discretion allow certain cost statement items to be based on unit costs calculated using the recipient's own expenditure records. *For companies*, such costs shall only be eligible in exceptional cases.

A *research organisation* participating in the programme may declare costs arising from the programme during its duration according to the accrual concept.

6.2 Eligible cost items

Tekes shall approve as research programme costs personnel costs and other direct and indirect costs arising from the project. The cost item-specific amounts in the cost estimate appended to the funding decision announcement determine the maximum amount of individual eligible cost items.

Tekes or a body authorised by Tekes shall be entitled to audit the reliability of the accounting system or Tekes may require a statement concerning the reliability of the accounting system from an authorised external auditor.

6.2.1 Wages and salaries

a) Working time monitoring and verification

The recipient may declare the proportion of a person's wage or salary corresponding to the effective working hours contributing to the project. The wages and salaries stated shall be based on hourly monitoring of working hours in which the hours are systematically recorded each week and broken down to each working day and verified at least once a month, unless an alternative monitoring arrangement has been approved by Tekes.

A breakdown of the employee's total working hours shall be presented upon request. The remaining hours worked by the person shall be recorded so that, at a minimum, reliable data can be obtained for each research programme reporting period concerning the total hours worked by the person during the respective reporting period. Effective (eligible) working hours shall not include periods such as annual holidays, sick leave, maternity, parental or paternal leave or other indirect working hours.

b) Amount of eligible wages and salaries

Salaries which are subject to withholding tax and are paid in cash for effective working hours to persons who have contributed to the research programme shall be deemed eligible costs. The maximum effective working time is generally 11 months/year/person. Wages and salaries stated to Tekes may not significantly differ from the levels paid to employees for equivalent work carried out prior to commencement of the work package. The wages and salaries shall also be equivalent in value to those paid for other equivalent work carried out for the recipient during the project phase.

The company shall inform Tekes if its normal pay practice contains performance-related and/or other exceptional salary-related components and whether such components are included in the stated wages and salaries.

Managerial and administrative personnel's salary costs are classified as indirect costs. If the work carried out by the management and administration is allocated directly to the research programme, such salaries can exceptionally be admitted as direct costs. If the remuneration paid is classified as income from independent services as defined by the Tax Administration and not as a wage or salary, it must be stated under the Purchased services from SMEs cost item.

6.2.2 Indirect personnel costs

Indirect personnel costs include at least wages and salaries of paid leave, holiday pay and holiday bonus as well as social security payments, pension contributions, accident and unemployment insurance premiums and other similar employer's contributions, and refunds of these contributions. Indirect personnel costs may also include other cost items caused by the personnel, such as the costs of occupational health care and workplace meals. Similarly, indirect personnel costs may also include employment costs to the employer resulting from workplace training, fringe benefits and work and protective clothing.

A percentage of actually paid, project-approved salaries based on effective working hours set out in the cost estimate shall be accepted as eligible indirect personnel costs. Tekes shall be entitled to verify all indirect personnel costs and pay funding on the basis of actual indirect personnel costs when these remain under the level approved in the cost estimate. Indirect personnel costs shall be calculated using the indirect personnel cost template available on the Tekes website.

In certain cases, Tekes may accept indirect personnel costs specified in some other manner, for example, by separate agreement for research organizations. Furthermore, Tekes can separately agree on the amount of indirect personnel costs in conjunction with so-called atypical employment relationships. Examples of such cases are owner-managed companies and employees seconded or based outside of Finland.

6.2.3 Indirect costs (Overheads)

The breakdown of costs to direct costs and overheads shall be in compliance with the principles generally applied to the recipient. Costs allocated to overheads are not eligible in other accounting cost items.

Eligible costs include a percentage of the total salary and indirect personnel costs for the project in accordance with the cost estimate for the research programme. Overheads shall be allocated to the research programme using the overhead cost rate. Tekes shall be entitled to verify the overhead cost percentage and funding shall be paid on the basis of actual overheads if they remain below the level set out in the cost estimate.

For example, overheads include the acquisition costs of personal computers, mobile phones or other comparable general working tools, IT, office and facilities costs and the related depreciation as well as annual patent payments made by companies. Tekes shall accept overheads from research organisations upon separate agreement with the research organisation in question.

6.2.4 Travel expenses

Travel expenses are eligible in accordance with the instructions of the National Board of Taxes on the compensation of tax-exempt allowances for travel expenses for the year in question. The maximum amount of travel expenses accepted shall correspond to the Decision of the National Board of Taxes for the year in question. Tekes shall accept travel expenses for a research organisation in accordance with other provisions and administrative regulations pertaining to the recipient when the above-mentioned decisions and instructions of the National Board of Taxes are not followed regarding the allowances of travel expenses.

6.2.5 Material and supplies costs

Material and supplies costs based on procurement from outside the project shall be eligible as direct project costs as specified in the invoice. The recipient's internal material and supplies costs shall be eligible at cost price.

6.2.6 Machinery and equipment costs

Where the technical or financial use life of machinery and equipment and computer programs and other licences mainly pertaining to the project is less than three (3) years, the project-related part of the purchase price may be accepted as machinery and equipment costs. Other acquisitions may be accepted as depreciations.

Fixed assets acquired through a part payment agreement may be eligible when the value of instalments paid towards the purchase price is equivalent to the Tekes funding share of the fixed asset. In such instances the fixed asset shall be in the possession of the recipient. Any financing, administration, insurance, repair, maintenance or equivalent costs arising from acquisitions financed through a part payment agreement shall not be eligible costs.

For research organisations, Tekes may, under exceptional circumstances, accept as direct equipment costs the purchase cost of new needed research equipment required for the project provided that the

purchase cost has been identified in the funding application and Tekes has accepted it in the cost estimate appended to the funding decision announcement. In terms of government institutes and agencies, part payment trade shall comply with the applicable regulations.

6.2.7 Machinery and equipment depreciation/rental costs

Depreciations of machinery and equipment shall be eligible when they are based on planned depreciations in the bookkeeping, provided that no national or European Union subsidies have been received for purchasing the relevant assets.

Depreciation and rental costs of machinery and equipment shall be eligible in so far as they are used for the purposes of the project.

The costs of rental equivalent to the cost of fixed assets that have arisen during the duration of the project shall be eligible up to the value of equivalent purchase costs. Other rental costs, such as administration, financing, insurance, repair and other equivalent expenditure shall not be eligible. If the above costs cannot be itemised, a maximum of 50% of the total rental cost to the over the entire rental period shall be eligible as research programme costs.

The terms and conditions concerning machinery and equipment depreciation and rental costs shall also apply to R&D facilities costs, where acquisition of these is essential to the research programme.

Depreciation/rental costs in the research organisation costs shall not be presented as a separate cost item but shall be included in overheads.

6.2.8 Purchased services

6.2.8.1 General principles for purchased services

Planning and research work and reports purchased from outside the research programme shall be eligible as invoiced. Subcontracting costs shall be considered the costs of the party commissioning the subcontracting.

In SHOK research programmes, the terms and conditions concerning publicity of results and wide access rights may not be prevented or limited through subcontracting. When subcontracting is purchased from a party outside the research programme, the programme participants shall ensure that all ownership right to the results of the subcontracting are transferred to the commissioning party.

A company in the research programme may not commission R&D&I work that, according to the research plan, lies within the scope of responsibility of another participant from a company taking part in the research programme. The research organisation may not commission research subcontracting from another research organisation participating in the programme. Despite the above conditions, purchased services and other work acquired for the participant's own R&D&I project shall be eligible, but only in cases involving work that is otherwise part of the seller's normal business. This is also permitted when both the seller and the purchaser are participants in the research programme. The seller's own R&D&I activities may never be included in purchased services of the purchaser.

Participants in a research programme may purchase services from a foreign company or research organisation. Subcontracting purchased from the European Common Market area shall be considered equivalent to domestic subcontracting. Subcontracting from outside European Common Market Area may be justified when the results of the subcontract are transferred to the purchaser and when the required expertise or infrastructure needed in the research programme is insufficient or non-existent in Finland or in the European Common Market area.

Project-related information acquisition, patent application, licence acquisition, training, project auditing and other equivalent costs may be included under materials and supplies costs or in purchased services. Large enterprises¹ shall not be entitled to claim patent costs.

6.2.8.2 Itemisation of purchased services in companies' cost statements

a) Services purchased from SMEs

For these purposes, a small and medium-sized company (SME) is defined as a Finnish company with less than 250 employees.

b) Services purchased from research organisations

In a research programme, a company may order research work from a research organisation.

¹ Large enterprises are defined as enterprises that remain outside the scope of the definition of an micro, small and medium-sized companies contained in European Commission recommendation 2003/361/EC, Official Journal L 124, 20.5.2003.

c) Purchases from other companies in the same group and associated companies***General principles***

Purchases from other companies in the same group and associated companies shall be eligible without profit. The buyer shall require the seller to declare the sales price using the cost statement template. Eligible costs include the costs to the seller resulting from production of the service and paid by the recipient in accordance with these general terms and conditions. However, a fixed rate based on the seller's staff numbers shall be used to calculate the overhead cost rate. The fixed rates are specified on the Tekes website.

The recipient shall ensure that the seller arranges project accounting and working time monitoring and uses the cost statement template to declare its costs in a manner that complies with the provision laid out in these terms and conditions. The seller's cost statement shall include a declaration from the Accountable Programme Leader signed by an authorised signatory. The recipient's final report shall include an auditing statement regarding the seller's costs drawn up by an authorised auditor (APA, CA, CPFA).

Purchases from foreign companies in the same group, associated companies and costs arising in an overseas office

Tekes may also accept as project costs purchases from foreign companies in the same group and associated companies and costs to the recipient arising in an overseas office. This shall be specified in the special terms and conditions to the funding decision. Eligible costs shall only include direct project costs, with the exception of indirect personnel costs. Exchange rates on the date of payment shall be applied to invoices submitted in a foreign currency.

A statement from an authorised external auditor appointed by the foreign company regarding the project costs shall be provided in conjunction with every other periodic report and the final cost statement. The cost statement and the auditor's statement shall, where required, be written in the Finnish or Swedish language or a Finnish or Swedish translation provided.

d) Purchased services from other companies/organisations

This cost category shall include purchased services from organisations other than those specified above.

6.3 Other costs stated by research organisations

Research organisations shall record direct costs arising from the project that cannot be included in any other cost item under "*Other costs*". A breakdown of other costs shall always be provided in the cost statement.

Costs arising from the use of previously existing, expensive equipment or facilities are often allocated directly to each user of the equipment or facility. The allocation shall be based on an hourly charge or similar usage criteria. Such costs arising from the use of equipment or facilities can be accepted as direct research programme 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 to the extent that they are not presented in other cost categories, such as information acquisition and intangible publication of research programme results or the acquisition of intangible rights.

6.4 Inkind contributions

An Inkind contribution (payment in kind) is a contribution required for programme implementation that is provided by another participant at no cost, and which can, for example, be work, facilities, systems, machinery or equipment. Inkind contributions can be accepted when they are important in terms of achieving the research programme targets and their value can be reliably determined.

Inkind contributions are not eligible costs for which Tekes allocates funding. However, Inkind contributions from companies can be taken into consideration in the total costs of research programme implementation and when determining the maximum amount of public funding. The total amount of Inkind contributions eligible for the research programme can be a maximum of 20% of total programme costs.

The calculation principles and purpose of Inkind contributions shall be included in the research plan. The Accountable Programme Leader shall report on the realisation of Inkind contributions in accordance with the plan in the content report.

The value of Inkind contributions shall be based on information obtained from the company's accounting system and derived from bookkeeping, such as unit cost prices. With regard to machinery and equipment,

the principle shall be the proportion of the acquisition expenditure that has not been included as depreciation on the balance sheet. Records of working time shall be kept for working hours (see 6.2.1.a).

6.5 Ineligible costs

Ineligible costs are, for example,

- a) entertainment expenses, donations, stipends or grants;
- b) costs related to production, advertising, marketing or sales, such as travel, brochures, advertising expenses, exhibitions or trademarks;
- c) the funding share paid to the research programme by the participating company;
- d) financing costs, calculated financing costs for government agencies and institutes;
- e) wages and salaries for which the recipient receives a pay subsidy from the employment authority.

Research programmes shall not have Inkind contributions from research organisations.

6.6 Coordination services purchased from SHOK companies

Coordination work by SHOK companies is an essential part of research programme implementation and subsequently the costs of research work. Tekes shall accept coordination services purchased from a SHOK company as a service purchase for research programme participants.

Subcontracting shall be eligible in accordance with invoicing, which shall be based on verifiable total costs resulting from coordination work. Total costs shall include

- a) direct costs resulting from research programme coordination, such as wages and salaries, travel and purchased services;
- b) the share of the SHOK company's indirect costs included in coordination;
- c) a reasonable margin, the specification of which Tekes shall accept on the basis of negotiations with the SHOK company and its financial calculations.

6.7 Consideration of income

Project income shall not as a rule be taken into consideration as a cost-reducing factor. However, if during the course of the research programme the recipient receives income from the sale of a prototype produced in the programme, demonstration project or the results of experimental production, it shall immediately inform Tekes through the Accountable Programme Leader. If the income is deemed to be significant, it shall be considered a cost-reducing factor. Any overpayment shall be calculated on the basis of funding already remitted and the amended cost statement and it shall be returned immediately.

Tekes may also deduct any income that has arisen immediately upon completion of the research programme from the project costs when it is apparent that the income is generated through the project costs.

7 Other public funding to the research programme

The research programme participant shall in the cost statement declare any other source of public funding, including funding from the government, municipality or other public organisation or foundation. Funding from the European Union shall also be reported. If a foreign company or research organisation participates in a research programme, it shall upon request present its own share of the funding plan and declare the amount of public funding included in the plan.

The funding total received by the research programme from Tekes, internal contribution from research organizations and other public funding may not exceed the maximum amount of public funding permitted for the research programme. Public funding shall be a maximum of 60% in the limited publicity model and a maximum of 75% in the wide publicity model for the entire research programme. If necessary, Tekes shall reduce its own contribution to ensure that the maximum amount of public funding is not exceeded.

Project purchases in which funding from Tekes and other public funding contributes to more than half of the total cost shall comply with all provisions concerning public procurement, which in practice requires a competitive tendering process. Funding for purchases that do not comply with the Act on Public Procurement may not exceed 50%.

8 Research programme reporting to Tekes

8.1 Reporting obligation

Tekes shall monitor progress made in the research programme and evaluate the results achieved as well as potential for exploitation and utilisation. For the purposes of monitoring, each recipient shall report to Tekes in accordance with the funding decision and these terms and conditions. All participants in the research programmes shall comply with the same reporting times agreed upon for the programme in question. Each programme participant shall arrange monitoring of project costs and reporting for its part.

Payment of funding is subject to the research programme participant providing correct and sufficient information in accordance with the funding decision and these terms and conditions. Participants in the research programme shall provide Tekes with all requested project-related information and also ensure that, if requested, Tekes has access to the latest financial statement and auditing reports.

The Accountable Programme Leader shall report on overall financial and technical progress in the research programme. The Accountable Programme Leader shall also write a summary of the costs of all participants in the research programme itemised for companies and research organisations. Each recipient shall deliver its cost statements to the Accountable Programme Leader for the research programme, who will subsequently deliver all of the statements to Tekes without delay. The Accountable Programme Leader shall be responsible for delivering reports associated with interim, periodic and final reporting as well as the cost statements and Inkind contribution calculations collected from participants, with appendices, to Tekes in accordance with the reporting schedule set out in the funding decision.

8.2 Interim report

The interim report shall include a research programme-specific content report, cost statements for each participant and the accounting for any Inkind contributions. The Accountable Programme Leader shall be responsible for compiling the content report and cost statements.

The cost statement shall indicate the costs for the current accounting period and the cumulative costs from the beginning of the project itemised by cost categories. Actual costs are reported at full value. Costs that receive preliminary acceptance on the basis of the interim report shall be processed again in conjunction with final reporting and accounting.

8.3 Periodic report

The periodic report shall include a research programme-specific content report, cost statements for each participant and the accounting for any Inkind contributions. The periodic report and appendices shall simultaneously constitute the funding application for the next phase.

Each recipient shall use the cost statement template to report the actual costs for the current accounting period and cumulative total costs for the duration of the project.

If the funding share granted by Tekes to the project changes at the end of a phase, the recipient shall compile separate cost statements for each phase when simultaneously declaring two different phases. Accounting allocated to the earlier phase and the first accounting for the latter phase shall be presented on different templates. The Tekes funding share for each phase shall be calculated in accordance with the funding percentage specified for the phase in question.

If the amount of public funding exceeds the maximum permitted amount of public funding (see section 7), in the accounting conducted in conjunction with the periodic report, the Accountable Programme Leader shall present measures to correct the situation in an appendix to the periodic report. A new phase decision is subject to a credible plan for correction. The measures in accordance with the correction plan shall be implemented by the next interim report. If the measures in accordance with the plan are not implemented, Tekes shall take the necessary measures, such as temporary interruption of payment, clawback of funding or cancellation of the funding decision.

8.4 Final report

The final report shall include a research programme-specific content report, cost statements for each participant and the accounting for any Inkind contributions.

A participant leaving the research programme shall provide a cost statement (final statement) and accounting for any Inkind contributions within four (4) months of the termination of its share of the project. The Accountable Programme Leader shall ensure that parties leaving the programme deliver the required documents by the deadline. No additional costs are to be presented following approval of the final statement.

8.5 Auditing

The auditor's statement for recipients other than government agencies and institutes shall be appended to the cost statement in every other periodic report and always in the final report.

An authorised external auditor (APA, CA, CPFA) shall perform the audit. Companies shall utilise the Auditing report template. With regard to Inkind contributions, the auditor's statement shall be submitted using a template provided by Tekes.

8.6 Follow-up reporting

Tekes will evaluate the impact of the funding provided even after completion of the research programme. Tekes will send the Accountable Programme Leader a follow-up report template approximately three (3) years after completion of the project. Follow-up reporting is a part of the research programme reporting that the recipients shall undertake to complete. When requested, the Accountable Programme Leader shall submit realisation information regarding all plans and forecasts presented in the research plan concerning the utilisation and exploitation methods for research programme results.

9 Participation of foreign companies and research organisations

A foreign company may take part in a wide publicity or limited publicity model research programme and it may participate in programme steering group activities, but it may not receive funding from Tekes. Upon request, the company shall present its own part of the funding plan and provide an explanation of the amount of public funding included in the plan. A foreign company may also participate in the programme by funding the research programme. Private funding of its share shall be included in the total amount of private funding for the entire programme.

A foreign research organisation may take part in a wide publicity or limited publicity model research programme and it may participate in programme steering group activities, but it may not receive funding from Tekes. Upon request, a foreign research organisation shall present its share in the funding plan and provide an explanation of the amount of public funding. A foreign research organisation shall receive access rights for research purposes to the programme results. All Finnish participants in the research programme shall receive access rights for research purposes to the results achieved by a foreign research organisation in the programme.

10 International researcher mobility

Tekes shall only provide funding for researcher mobility to the results for which the recipient will receive at least access and utilisation rights for research and education purposes free of charge and globally pertaining to its research activities related to the research programme. When implementing researcher mobility, the recipient is obliged to prevent any uncontrolled leak of information and ensure that the competence generated through researcher mobility can be utilised in the research programme.

Tekes does not provide funding for researcher mobility when the primary purpose is to increase the competence of a single researcher, including, as a rule, the preparation of a doctoral or other thesis in a foreign university.

11 Results material and ownership in the results

Ownership and title in the results material lie with the participant that generated the result, or with several participants if the result was generated together. The parties involved in generating the results may agree that one of the project participants will become the owner of a single, complete research result. The research organisation shall have ownership and title in the results in a situation where the results were generated as subcontracting work for companies in a research programme in accordance with the wide publicity model when both parties are research programme participants.

If parties other than SHOK company shareholders participate in the research programme, these participants shall also have ownership and title in the results when they have been involved in generating the results. The owner shall have the right to decide upon protection and transfer of the results. The owner shall cover any costs arising from acquiring protection, unless otherwise agreed between the parties.

A participant in a research programme shall ensure that ownership, title and access rights in the results generated by its researchers and employees in the projects are transferred to the participant under a separate agreement on transfer or in accordance with the law. In individual cases relating to international researcher exchange, the recipient may, after having heard the steering group, accept an agreement related to researcher exchange according to which the ownership and title in the results, including intellectual property rights, will not be transferred to the recipient. The hearing shall be carried out prior to implementing the researcher exchange.

In conjunction with transferring ownership of results generated in a research programme, all of the obligations concerning ownership and access rights and publicity in accordance with these terms and conditions shall also be transferred.

12 Transfer of ownership and transfers to parties not participating in the research programme

The same regulations shall apply when transferring ownership to research programme participants and to third parties. Furthermore, these terms and conditions shall be applied when transferring access rights to parties not participating in the research programme. Various transfers and measures requiring consent from Tekes are listed in section 18.

The recipient shall ensure that the agreements concerning transfer of ownership are not in conflict with the European Union's State aid legislation, including articles 107-109 of the Treaty on the Functioning of the

European Union (2008/C 115/01) and the Community framework for state aid for research and development and innovation (2006/C 323/01).

Unless otherwise stated in section 13, the research organisation shall, when transferring ownership and access rights in the results, receive compensation equivalent to market price from the companies for the industrial rights and copyrights.

13 Access rights to results

All of the research programme participants shall, without separate compensation, be granted non-exclusive, global and perpetual access rights to the results and results material generated in the research programme.

The access rights granted to companies by the research programme under this condition shall be available to all companies in the same group under the same terms as to companies in a group that participated in the research programme.

A foreign company participating in a limited publicity model research programme shall not be entitled to non-exclusive, global and perpetual access rights to results or results material owned by the research organisations and protected by intellectual property rights without separate compensation.

14 Sublicensing of access rights

A research programme participant shall not be entitled to grant a sublicense to results or results material which are in its possession under section 13 but were generated and are owned by another participant in the same research programme. The access rights in question are not the assignable property of another research programme participant and may not be sublicensed to the purchaser in a corporate acquisition or corporate arrangement situation except in legal proceedings between companies belonging to the same group or in the merger of research organisations.

As an exception to the above, research organisations participating in the research programme shall be entitled to transfer results and results material generated and owned by another participant in the same programme and which are in its possession under section 13. The right to such transfer granted to research organisations shall only apply to wide publicity model programmes and only when the transfer of results takes place for the research purposes of the research organisation.

15 Background

Research programme cooperation shall not affect the ownership and title to background.

Research programme participants shall, at no cost, grant access rights to background brought to the research programme to all participants in the same programme that require the background during the research programme and for the purposes of performing their work in the programme.

Research programme participants shall, at no cost or subject to separately agreed fair, reasonable and non-discriminatory terms (FRAND), grant participants in the same research programme access rights to background that is essential for utilisation or exploitation of the results of the research programme concerned.

When a research programme participant requires background owned by another participant for purposes other than utilisation or exploitation of research programme results and when transfer of the background is being negotiated with non-participants in the research programme, the owner of the background and the party requiring the background shall have freedom of negotiation concerning transfer of the background,

16 Publicity of results and rights to programme results

16.1 General principles

The results of the research programme shall be public upon completion of the programme. The results shall be published immediately upon completion of the research programme; however, so that publication does not violate the direct, legitimate interests of the owner of the results. Publication may be delayed for a reasonable period of time to allow for protection of the results by means of industrial rights. The research results shall be available for the widest possible dissemination and publication activities shall be extensive and active.

The results generated in the research programme shall be public to the extent described in sections 16.2 and 16.3 below, unless otherwise provided by law or otherwise decided for extremely pressing reasons by the research programme Steering Group, the highest decision-making body of the SHOK and Tekes on a case-by-case basis and after objective examination. Unless separately agreed on a case-by-case basis, publication of the results shall not apply to results material generation in research. Results material can be considered to be, for example, source codes for computer programmes, individual measurement results, laboratory logs and confidential personal data.

In accordance with the funding decision, the research programme shall, with regard to publicity, comply with either the wide publicity or the limited publicity model. When a research programme changes from the limited publicity model to the wide publicity model while in progress, publication rules in accordance with the wide publicity model shall be applied throughout the duration of the research programme.

16.2 Special clause for the wide publicity model

When observing the wide publicity model, both research organisations and companies shall comply with the same wide publicity model concerning the results. This means that, regardless of their nature or content, all results shall be published immediately upon completion of the research programme.

16.3 Special clause for the limited publicity model

When observing the limited publicity model, the research organisations shall comply with the provisions set out in section 16.2 with regard to results generated and owned by them. Public information for results generated by companies shall include at least the project name, amount of public funding, funding intensity and the general description of the research substance and results generated compiled by the company itself.

17 Changes to research programme implementation

Unless there is justified reason to do otherwise, changes to the research programme shall be addressed in conjunction with phase decisions so that the Accountable Programme Leader for the programme collects the changes that require processing during the phase into a single change request. Tekes approval shall be requested in advance for changes that apply to participants, research programme content, schedules, cost estimates or the amount of funding. At the earliest, a new participant may declare costs to Tekes when its application has arrived at Tekes, and only subject to the condition that the funding application has been approved and the acceptance notification delivered to Tekes.

Tekes shall decide upon approval of a new research programme participant. Tekes shall also decide upon changes in research programme content by approving the amended programme plan. With regard to changes in schedule, a change in the phase schedule shall be processed as a change in the reporting schedule and for overall programme duration the matter shall be processed during the final phase. Tekes approval is not required when the schedules for individual work packages is changed inside a funding phase. Tekes shall approve changes in cost distribution between the parties and cost category changes made by the participants. A funding change means a situation involving a proposal to increase or decrease the amount of funding that Tekes has granted to a research programme. Tekes approval is also required when the funding change concerns an individual funding phase.

Other changes that are important for research programme implementation shall always be reported to the Accountable Programme Leader. Changes shall be applied for in writing by e-mail: kirjaamo(at)tekkes.fi or by regular mail to Tekes, Kirjaamo, P.O. Box 69, 00101 Helsinki.

18 Measures requiring consent from Tekes

If a research programme participant wants to transfer the funding decision to a third party, consent is required from Tekes. The prerequisite for consent is a report indicating the approval of the research programme participants provided by the Accountable Programme Leader. Prior to the transfer, the original recipient shall report and declare its share of the research programme.

A company requires written consent from Tekes in advance in the event that, within five (5) years of payment of the final funding instalment, it

- a) sells, gives as security or otherwise assigns intellectual property rights or other rights generated in the research programme outside the European Common Market area;
- b) sells, gives as security or otherwise assigns business or any part thereof generated in the research programme outside the European Common Market area;
- c) undertakes other business changes or reorganisation activities (including merger, division and significant changes in ownership), which may undermine realisation of the desired programme impact.

19 Resignation from the research programme

If a research programme participant leaves the research programme prior to its completion, the participant's obligations concerning the transfer and publicity of background and results material shall remain in force in accordance with these terms and conditions. A participant leaving the research programme shall lose its rights of access and exploitation with regard to all results material generated and owned by other participants in the research programme. The departing party shall also lose its right to request more favourable treatment than third parties with regard to the access rights to background.

The fact that a participant's planned and agreed participation in a research programme is shorter than the total duration of the research programme shall not constitute resignation from the research programme.

The provisions set out in this section shall also be applied when Tekes, after hearing the parties to the matter, dismisses a research programme participant.

20 Supervision by the authorities

The participant shall provide Tekes with correct and sufficient information for monitoring compliance with the terms and conditions of the funding decision and for monitoring implementation of the research programme. Tekes, the European Commission and the European Court of Auditors shall be entitled to audit the finances and activities of state aid recipients as necessary with regard to payment of funding and monitoring of its use. Sections 14-17 of the Act on Discretionary Government Transfers provides for State aid authority's duty of supervision, right to audit, a discretionary Government transfer recipient's duty to provide information and performance of audits. The State aid authority is entitled to receive executive assistance to carry out supervision and audit duties. Tekes may transfer the auditing statement to other authorities for the purposes of supervising funding.

The right to audit shall remain in force for five years from the completion of the research programme. All research programme documentation and other material subject to supervision and audit shall be stored for the same minimum period.

Supervision by the authorities as presented in this section shall also be observed as applicable for Government agencies and institutes.

21 Interruption of payment and funding and claw-back of funding

Tekes may decide to temporarily interrupt payment of funding if:

- a) Grounds exist to suspect that the recipient is neglecting its duty to provide information or uses the funding in breach of the funding decision.
- b) The grounds on which the funding was granted have essentially changed. Such changes include deviation from the project plan without written authorisation from Tekes. For corporate participants, an essential change can be considered, for example, a significant deterioration in the company's financial position in relation to the forecasted development, a complete loss of the company's own capital, tax debts, and payment defaults related to Tekes loans.
- c) The interruption of payment is required under European Union legislation.

If the grounds for the interruption are not remedied within the time specified in the decision to interrupt funding, Tekes is entitled to discontinue funding and to claw back funding already paid in whole or in part.

22 Discontinuation of funding

Tekes shall have the right to discontinue research programme funding if there have been such changes in the objective, progress or circumstances (for example, the departure of key persons) of the research programme that the funding of the project can no longer be considered relevant. If the funding is discontinued, the eligible cost shall be considered the actual costs of the research programme in accordance with the funding decision until the date of discontinuation.

23 Repayment of funding

The recipient shall be obliged to repay without delay any funding or part thereof received through error, in excess or manifestly without cause. Amounts of less than EUR 10 shall not be returned.

The recipient shall also be obliged to return all funding if it has neglected to obtain the required authorisation from Tekes in accordance with these terms and conditions or if it has significantly deviated from the research plan. If the final statement indicates that prepayment is in excess of the eligible costs, the recipient shall return the excess funds.

Should Tekes cancel the funding decision, the recipient shall, at the request of Tekes, be obliged to return the funding received on the basis of the funding decision in whole or in part.

24 Claw-back of funding

Tekes shall issue a decision ordering the discontinuation of payment of funding and the claw-back of funding already paid in situations in accordance with section 21 of the Act on Discretionary Government Transfers. Tekes is entitled to issue a decision ordering the discontinuation of payment of funding and the claw-back of funding already paid in whole or in part, in situations in accordance with section 22 of the Act on Discretionary Government Transfers.

The recipient shall pay an annual interest in accordance with section 3, paragraph 2 of the Interest Act (633/1982) plus three percentage points on the amount to be repaid or clawed back from the date the funding was paid. If the sum clawed back is not repaid by the due date set by Tekes, the an annual penalty interests shall be payable in accordance with the interest rate referred to in section 4, paragraph 1 of the Interest Act.

Under section 26 of the Act on Discretionary Government Transfers, Tekes may decide that a part of the sum to be repaid or clawed back and any interest or penalty interest on it shall not be clawed back. For an extremely pressing reason, Tekes may decide not to collect the sum to be repaid or clawed back and the interest or penalty interest at all.

Tekes may deduct the funding being repaid or clawed back from other funding granted to the recipient.

25 Misuses

If, in connection with the research programme, there is reason to suspect that the recipient or a person acting on its behalf has committed a criminal offence under the Penal Code (19.12.1889/39), with Tekes as the injured party, Tekes shall take action on the matter.

26 Relationship with legislation and order of application of Tekes decisions and terms and conditions

The Act on Discretionary Government Transfers (27.7.2001/688) shall not be applied to Government agencies and institutes. Government institutes shall in their use of funding observe the laws, decrees, provisions and instruction concerning government finances as well as good administrative practice and financial management.

Procurement in the research programme shall, when applicable, comply with the provisions issued on public procurement and in the research organisation and the relevant instructions provided by the recipient's administration. Upon request, an invoice specification and the principles of invoicing shall be provided for procurements as well as a report on the selection criteria.

In the event of a conflict between the funding decision and its appendices, the following order of application shall be applied:

- | | |
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| 1) The funding decision and any special terms and conditions thereof | 4) The research plan for the research programme |
| 2) These general terms and conditions | 5) The funding application and its appendices |
| 3) The cost estimate | 6) Any other documents relevant to the funding decision. |

DISCLAIMER

This English translation of these general terms and conditions is provided for guidance only. Tekes shall not guarantee the accuracy of the translated text. For interpretation purposes the Finnish-language version shall apply.

APPENDICES

Appendix Y1	Acceptance notification template, companies
Appendix T1	Acceptance notification template, research organisations
Appendix S2v	SHOK research programme reporting template
Appendix Y3	Company funding cost statement template
Appendix T3	Research funding cost statement template