

# **General conditions for the use of discretionary government grants awarded by the Ministry for Foreign Affairs and complementary conditions for programme support together with the ethical code of conduct**

## **General terms and conditions for discretionary government grants**

### Amount of discretionary government grants

Discretionary government grants may not cover the full amount of expenses caused by an activity or project for which the grant has been awarded, unless otherwise provided for based on necessary and justified reasons to ensure that the objectives set for the discretionary government grant are achieved.

The share of self-financing varies depending on the form of the grant and will be informed in the Call for Proposals and in the discretionary government grant decision (and its appendices).

Together with other forms of public funding, the amount of a discretionary government grant may not exceed the maximum amount of discretionary government grants or other public funding on which provisions are laid down in European Union legislation or Finnish legislation.

### Awarding of discretionary government grants

Government grants are awarded from the appropriations approved by Parliament. Discretionary government grants are awarded for the intended use presented in the discretionary government grant decision for either the recipient's own activities or project, or for assisting in the activities or projects of a party other than the recipient implementing the intended purpose laid down in the discretionary government grant decision.

If discretionary government grants are awarded for assisting the activities or projects of a party other than the recipient to implement the intended purpose of the discretionary government grant decision, the recipient organisation and the party implementing the activities or projects must conclude an agreement on the use of the discretionary government grant in accordance with the discretionary government grant decision, on the monitoring of its use and on the applicable conditions.

### Payment and period of use of a discretionary government grant

The conditions of the disbursement and the period of use of discretionary government grants are defined in the discretionary government grant decision.

The grant is paid to the recipient in one or more instalments based on the timing of costs. The Ministry for Foreign Affairs (MFA) may decide to pay discretionary government grants based on actual costs after an acceptable account on the use of the support has been provided to the Ministry.

An advance can be paid on discretionary government grants if this is justified in terms of the use of the support and its monitoring.

Recipients of the discretionary government grants must provide the MFA with accurate and sufficient information necessary for the disbursement of the grant.

The MFA will pay the grant based on the disbursement requests sent by the recipient. If the grant spans multiple years, the funds are payable without a separate decision after the first year of disbursements following approval of the government budget for the year in question by Parliament and its entry into force, provided that Parliament has granted the funds for the purpose in question. The disbursement requests must take into account the timing of the costs. The additional conditions concerning the staggering of the disbursements will be included in the discretionary government grant decision.

The recipient may contact the Ministry and apply for a carry-over of the funds to the following year or the following funding period. The change may not be implemented before a favourable decision has been received on the carry-over application. Funds that remain unused at the end of a calendar year must be taken into account in the first disbursement request of the following year.

#### Use of discretionary government grants

Discretionary government grants may not be used for other than the purpose presented in the discretionary government grant decision. When carrying out the project for which funding has been granted, the recipient organisation must adhere to the conditions and restrictions incorporated in the discretionary government grant decision.

If discretionary government grants have been awarded for the procurement or basic improvement of property that is to be used for a specific purpose defined in the discretionary government grant decision, the property may not be permanently used for purposes other than that specified in the discretionary government grant decision, nor may the ownership or control of the property be transferred to another party during the period of use of the property defined in the discretionary government grant decision.

The recipient organisation is fully responsible for any possible problems, claims and other consequences resulting from the use of the discretionary government grant. The recipient organisation is fully accountable to the MFA for the appropriate use of the discretionary government grant also insofar as the funds have been used to assist in projects or activities of a party other than the recipient organisation. The legal relationship of the recipient organisation to the MFA is subject to public law. This means that the MFA may, for example, demand reports of the use of the grant, conduct relevant audits and recover misused discretionary government grant from the recipient organisation even in the event that the recipient organisation has, the discretionary government grant decision permitting, allocated part of the transferred funds to the activities or projects of another party implementing the intended purpose defined in the discretionary government grant decision. In other words, transferring a discretionary government grant to a third party does not in any way exempt the recipient organisation from its obligations/liabilities under public law. The recipient organisation must also clarify the use of the discretionary government grant in respect of the part that it has been managed by another party.

## Eligible expenses

Discretionary government grants and the self-financed contribution can only be used to cover reasonable costs necessary for implementing the supported operations in accordance with what is laid down in the discretionary government grant decision of the MFA.

## Changes to the plan for the use of funds

The recipient organisation must immediately notify the MFA of any changes that affect the realisation of the discretionary government grant's purpose of use or any other changes that influence the use of the support. Should there be changes concerning the key activities or personnel costs, the recipient organisation must apply for permission to alter the plan for the use of funds with the MFA. Applications concerning changes to the use of funds must be submitted in writing, and the activities to be changed must not be started until an approval for the changes has been received from the MFA.

## Procurement and prohibition of bribery

When using the government grant, the recipient must take into account the obligations relating to competitive tendering under the Act on Public Procurement and Concession Contracts (1397/2016). Under subsection 5 of section 5 of the Act, a contracting entity (actors that must arrange competitive tendering processes for their procurement in accordance with the Act on Public Procurement) is any party conducting a procurement when they have received more than half of the procurement's value from a state authority.

When procuring material or services, invitations to tender and procurement contracts must include a clause stating that the tender can be rejected or the contract terminated if the contract arrangements or the implementation of the contract involve bribery or corresponding unlawful activity (including bribing a foreign public official).

The recipient organisation assures that they or the persons exercising control or supervisory authority in the organisation nor its employees or local representatives, have committed corruption or unlawful activity comparable to corruption (including corruption of a foreign public official) and will not commit such activity during the period of use of the grant. Furthermore, the recipient assures that neither the actors for whose activities the recipient transfers part of the grant, in accordance with the purpose of use, nor the persons exercising control or supervisory authority in these organisations, nor their employees or local representatives, have committed corruption or unlawful activity comparable to corruption (including corruption of a foreign civil servant) and will not commit such activity during the period of use of the government grant. A breach of the assurance may result in clawing back the paid government grant or part of it on the basis of the Act on Discretionary Government Transfers (688/2001).

Should the recipient organisation discover that a person exercising control or supervisory authority in the organisation or its employee or local representative has misused funds received in the form of a discretionary government grant, the recipient organisation must take immediate action to minimise the resulting damage and notify the MFA of the matter. The recipient must act in the same manner if it notices that an organisation for whose activities the recipient has transferred part of the grant, in accordance with their purpose of use, or a person exercising control or supervisory authority in this organisation or its employee or local representative has misappropriated funding granted in the form of government grant. The provision of information to the MFA is without prejudice to the right or

obligation of the Ministry to claw back the paid government grant or part of it from the recipient on the basis of the Act on Discretionary Government Transfers (688/2001).

In all activities, it is important that the recipient has sound governance and financial management structures and takes into account the guidelines given in the Anti-Corruption Handbook for Development Practitioners published by the Ministry for Foreign Affairs (ISBN: 978-952-281-026-7).

### Accessibility of online content

When using the grant, the recipient organisation must ascertain if it falls within the scope of application of the Act on the Provision of Digital Services (306/2019, Digital Services Act). The Digital Services Act applies, for example, to institutions governed by public law as defined in section 2 of the Act. The Digital Services Act is also applied to the development and maintenance of digital services provided by companies, foundations, associations and other organisations if they receive half of the development or maintenance costs of digital services from a public authority. The Digital Services Act lays down provisions on the accessibility requirements of digital services, among other things. The Act applies not only to the recipient's actual website but also to possible thematic or campaign sites located at different addresses.

### Intellectual property rights

The MFA has a free and unlimited right to use all materials or results, produced in connection with activities supported by discretionary government grants, for an indefinite period of time, including the right to use, copy, edit and commission changes to the materials and disclose them to third parties. The MFA is entitled to make results or materials, produced in connection with activities supported by discretionary government grants, publicly available, for example on the Ministry's website.

### Recipient organisation's obligation to inform

The grant recipient must provide the government grant authority with correct and sufficient information for the purpose of overseeing that the terms of the grant decision are observed (section 14, subsection 1 of the Act on Discretionary Government Transfers).

Government grant recipients must notify the government grant authority without delay of any changes affecting the realisation of the intended use of the government grant or any other change affecting its use. (section 14, subsection 2 of the Act on Discretionary Government Transfers).

The recipient organisation is obligated to report on the use of the grant in accordance with the discretionary government grant decision.

### Government grant authority's duty of supervision

The MFA has the right to receive and obtain information on the use and monitoring of discretionary government grants, along with other information, and conduct inspections where necessary.

## Right to carry out audits

Provisions on the right of the government grant authority to audit are laid down in section 16 of the Act on Discretionary Government Transfers. The MFA is entitled to conduct any such audits of the recipient organisation's finances and operations that are necessary for the payment of the discretionary government grant and the monitoring of its use. If a discretionary government grant has been awarded under subsection 3 of section 7 of the Act for a project or activities of a party other than the recipient organisation but in accordance with the discretionary government grant decision's purpose of use, the MFA has the right to audit the finances and activities of the party implementing the activities or project in question. By its decision, the MFA can authorise another authority or external auditor to conduct the aforementioned audits. A third-party expert can, on request by the discretionary government grant authority, assist the audit. The right of audit of the National Audit Office of Finland and the Parliamentary Audit Committee is laid down separately.

## Auditing

Provisions on the conduct of the audit are laid down in section 17 of the Act on Discretionary Government Transfers. The recipient organisation must provide the auditing official and/or auditor with all information, reports, documents, records and other material necessary for performing the audit and otherwise provide assistance during the audit. The official and auditor conducting the audit is entitled to seize the material subject to audit if the auditing so requires. The materials will be returned without delay after they are no longer needed for the audit. To the extent required by the audit, the auditing official and auditor conducting the audit is entitled to access the business premises, storage facilities and other similar properties used for professional or business purposes as well as other areas that are relevant to the awarding of the discretionary government grant and the monitoring of its use.

## Suspension of disbursements

Provisions on the suspension of disbursements are laid down in section 19 of the Act on Discretionary Government Transfers. The MFA can decide to suspend the disbursement of a discretionary government grant in the following cases:

- 1) There are reasonable grounds to suspect that the recipient of a discretionary government grant is not complying with the conditions laid down in subsection 4 of section 12 or sections 13 or 14 of the Act on Discretionary Government Transfers.
- 2) The grounds on which the grant was awarded have essentially changed; or
- 3) Suspension of disbursements is required by European Union law.

## Repayment of discretionary government grants

Provisions on repayment of a discretionary government grant are laid down in section 20 of the Act on Discretionary Government Transfers. The recipient organisation must immediately return any discretionary government grant or part thereof if received erroneously, excessively or obviously without justification. The recipient organisation must also return the discretionary government grant or part thereof if it cannot be use the grant for the purpose stated in the discretionary government grant decision. If the amount to be repaid is no more than EUR 100, returning it is not necessary.

## Clawback obligation of discretionary government grants

Provisions on clawing back a discretionary government grant are laid down in sections 21 and 22 of the Act on Discretionary Government Transfers. According to the Act on Discretionary Government Transfers, the MFA is obligated to order that the payment of a discretionary government grant be discontinued and that the disbursed amount be clawed back, if the recipient organisation has:

- 1) failed to return a discretionary government grant or part thereof that should be returned by virtue of section 20 of the Act on Discretionary Government Transfers;
- 2) used the support for a purpose which is essentially different from the purpose for which it was granted;
- 3) given false or misleading information on a matter that has essentially influenced the decision to award the grant or its amount or conditions, or concealed such a matter; or
- 4) in a manner comparable to paragraphs 1–3 above, otherwise substantially violated the provisions concerning the use of discretionary government grants or the conditions included in the grant decision.

## Discretionary clawback of discretionary government grants

Pursuant to section 22 of the Act on Discretionary Government Transfers, the MFA can order that the payment of a discretionary government grant be discontinued and that the disbursed amount be clawed back fully or partly if the recipient organisation has:

- 1) violated subsection 4 of section 12 or sections 13 or 14 of the Act on Discretionary Government Transfers;
- 2) refused to provide material referred to in section 17, subsection 1 or assistance as referred to in the subsection with regard to an audit;
- 3) terminated the activities for which the grant was awarded,  
reduced them substantially or assigned them to another party;
- 4) in violation of section 13 assigned the ownership or possession of property procured with the grant to another party;
- 5) in violation of section 13 permanently altered the purpose of the property for which the grant was awarded;
- 6) been subject to recovery proceedings, or placed into liquidation, bankruptcy or made subject to debt adjustment

referred to in the Act on Restructuring of a Business (47/1993) or debt rescheduling referred to in the Act on Debt Rescheduling for Private Individuals (57/1993), unless the purpose of the grant requires otherwise, or;

- 7) the recipient organisation takes action that is in practical terms comparable to what is laid down in paragraphs 1–6 above by giving a matter related to the granting, payment or use of the transfer a legal form that does not comply with its true nature or purpose.

If either a recipient of a discretionary government grant or the recipient's representative who, under the Criminal Code, has been imposed a final sentence for the employment of

unauthorised foreign labour or, as an employer, for an offence concerning foreign labour, or if the recipient of a grant has been issued a cash penalty, referred to in the Employment Contracts Act, the government grant authority may continue to pay the discretionary government grant and refrain from recovering the paid amounts or part of it only for a particularly weighty reason.

If the property for which the discretionary government grant was awarded has been destroyed or damaged during the period of use specified in the discretionary government grant decision and new equivalent property is not procured to replace this property, the MFA can issue a decision to terminate the disbursements and order an amount equivalent to the discretionary government grant's share of the original acquisition cost of the property to be clawed back from the possible insurance compensation or other reimbursement.

The MFA can also issue a decision to terminate the payment of a discretionary government grant and to claw back paid instalments if required by European Union law.

An annual interest in accordance with section 3, subsection 2 of the Finnish Interest Act (633/1982), plus three percentage points, must be paid on the amount to be repaid or clawed back.

If the amount to be recovered is not paid by the date set by the authority, annual interest on arrears must be paid on the sum due in accordance with the interest rate referred to in subsection 1 of section 4 of the Interest Act. (Act on Discretionary Government Transfers, section 25)

More detailed instructions from the government grant authority

The MFA can issue more specific instructions concerning the applicant's obligation to provide clarifying information, the recipient organisation's obligation to keep books, the payment of the discretionary government grant, the use of the support and the implementation of the monitoring.

## **ADDITIONAL CONDITIONS FOR PROGRAMME SUPPORT**

### **Self-financing**

The recipient organisation undertakes to provide a self-financing contribution that covers at minimum 15% of the programme's total annual costs, unless specifically otherwise stated in these conditions or in the discretionary government grant decision.

The cash element of the self-financing must cover at least 10% of the programme's annual total costs. No more than 5% of the self-financing contribution can be covered in the form of voluntary work or service and material donations. Acceptable voluntary work can be work performed by a representative of the recipient organisation, who has been seconded from Finland, and work carried out in Finland. In order to be approved as self-financing, the service and material donations must originate in Finland or the European Economic Area (EEA).

In programmes whose main goal is to promote the rights of persons with disabilities, the recipient organisation commits to covering at minimum 7.5% of the actual annual total costs, unless specifically otherwise stated in these conditions or in the discretionary government

grant decision. If a programme includes a specific component that mainly seeks to promote the rights of persons with disabilities, the self-financing requirement is 7.5%. In programmes and programme components whose main goal is to promote the rights of persons with disabilities, the 7.5% self-financing contribution must be raised in cash.

The cash element of the self-financing must be entered in the recipient's bookkeeping. Any voluntary work included in the self-financing contribution and donations received in the form of service and material donations must be recorded in the project's bookkeeping, in which case they are to be recorded as both revenue and expense.

The value of voluntary work is determined based on reasonable gross salary payable for comparable work in the country in which the voluntary work is done. The value of service and material donations is calculated on the basis of their fair value. The fair value is the normal market price of the items or services at the time in question. The estimated value must be documented and made available if necessary. If a donation or special item is very high in value, an expert should be commissioned to determine its value. The expert's evaluation must be made available if necessary.

The recipient organisation or its partner must not use any other support received from the Finnish government or a Finnish municipality or other public body to cover the self-financing contribution. The source of the self-financing must be declared.

If the self-financing comprises public or private funding from abroad, the recipient organisation must provide justifications for accepting the self-financing contribution. The budget included in the programme application must cite the provider and source country of the financing. Funds collected in the target country must not be used to cover the self-financing contribution. However, the recipient organisation can include local funding in the local activities of its programmes.

Abilis Foundation, KIOS Foundation and Siemenpuu Foundation, which are special foundations, may collect the self-financing contribution in the target countries from the partners they support. The self-financing of these special foundations is at minimum 7.5% of the project funding and may consist of cash, donations of goods or services, or voluntary work.

A self-financing requirement of 7.5% is applicable to such Finnish CSOs engaged in development cooperation as Fingo. Fingo is required to cover the full self-financing contribution in cash.

The raising of self-financing must be monitored, and any problems must be reported. If the recipient organisation is unable to raise the planned self-financing contribution, an agreement must be negotiated with the Ministry on scaling down the programme accordingly to ensure that the self-financing meets the required minimum proportion of the programme's annual total costs.

### Government grant payments

The grant is normally be paid annually on the bank account indicated by the recipient organisation in two instalments or, for a well-founded reason substantiated by the

organisation, in more than two instalments. To receive the instalments, the recipient organisation must duly complete the disbursement request form, separately for each instalment, and send it to the MFA via its e-services. The requested amount must correspond to the programme's actual need for funds, and the schedule of the disbursements must be reviewed from time to time as the programme progresses. After the first year of disbursements, the grant is payable without a separate decision as soon as the government budget of the year concerned has been approved by Parliament and entered into force. The recipient organisation must submit a disbursement request one month before the suggested due date for payment. At the beginning of each year, the timelines for adopting the budget must be taken into account.

As a rule, grants that have been awarded for a certain year should be used during the year concerned and be drawn no later than by the end of October of that year. Upon a justifiable request by the recipient organisation, the MFA may decide that funds that have not been withdrawn can be carried over to the following year. The recipient organisation must submit a justified request for the carry-over of the outstanding funds before the end of October. Should the recipient organisation have withdrawn funds that remain unspent at the end of the year, a permission must be requested from the MFA for their possible carry-over to the next year using the change application form prior to the end of the year concerned. In the last year of the programme period, the request to carry over funds (withdrawn or not withdrawn) must include a plan including a schedule and the use of the funds.

#### Use of discretionary government grants

##### Cooperation agreement with partners

Having received a decision on a discretionary government grant, the recipient organisation must conclude a cooperation agreements with all of its partners using the government grant. The recipient organisation is fully responsible for the use of the grant to the MFA also to the extent that the grant is transferred to a third party. The recipient organisation prepares the cooperation agreements in a manner that is deemed appropriate in view of its operations. The cooperation agreements must be submitted to the MFA upon request.

From the point of view of the use of a discretionary government grant awarded by the MFA, the cooperation agreements must indicate that a discretionary government grant awarded by the MFA and governed by the respective decision on discretionary government grant (and the related conditions, ethical code of conduct, restrictions, guidelines, legislation) is used in the cooperation. Therefore, the MFA or its appointed representative has the right to audit the activities and finances of the local partner. The cooperation agreement must therefore oblige the cooperation partner to allow the MFA or a representative appointed by the MFA to audit the partner's finances and activities.

##### Property acquired using a discretionary government grant

If a discretionary government grant has been awarded for the procurement or basic refurbishment of a building or an apartment in a building, the property for which the grant was awarded should be used for the designated purpose within the framework of this form of support for at least 15 years.

The recipient organisation must ensure that its local partner keeps an up-to-date list of any fixed assets and of changes in the value of these assets acquired using funding for development cooperation purposes and self-financing. The Ministry for Foreign Affairs may request the list for inspection.

### Eligible expenses

The programme's administrative costs may not exceed 10% of its actual total annual expenses (including administrative costs). Eligible administrative costs include those resulting directly from the programme administration in Finland. Fundraising costs may only be included in the administrative costs insofar as they have been incurred from raising the programme's self-financing contribution. The administrative costs must be itemised in the financial section of the annual report in a manner that is appropriate in view of the content. If preferred, the recipient organisation can alternatively use the 7% annual flat rate system applied by the European Union. In this case, the administrative costs need not be itemised.

With regard to the umbrella organisation Fingo, the eligible share of administrative costs is defined in more detail in the special terms and conditions of the discretionary government grant decision.

Special foundations are required to send their funding decisions together with their justifications to the Ministry for information for the purpose of potential change requests in accordance with the special terms and conditions that define the use of discretionary government grants.

### Costs that are not accepted

- depreciations
- fundraising costs (excl. costs related to the acquisition of self-financing)
- business and investment costs, loan repayments and interest
- reservations referred to in the Accounting Act (1336/1997) (excl. holiday pay reservation)
- imputed amounts that are not based on actual costs
- redundancy payments or payroll costs payable during the period of notice without an obligation to work
- non-statutory supplementary pensions, performance bonuses and bonuses
- legal costs or compensations imposed by a court and other penal charges, such as debt repayments, fines, penalty payments or fees for reminders
- costs and deficits incurred from other targets of support
- guardianship expenses and entertainment costs

### Personnel costs

A discretionary government grant can be used to cover the necessary salaries and statutory non-wage payroll costs and other comparable essential personnel costs that the programme implementation requires. The recipient organisation must enclose to its annual plan a list of the personnel it has hired using programme-based support (see the Annual plan section for more detailed instructions). The recipient organisation must keep up-to-date records of the persons hired using programme-based support, of the duration of their employment, as well

as of the grounds and amount of their pay. The personnel costs must be reported on an annual basis.

### Monitoring of working hours

In order to ensure sound management and efficient use of resources, all employees working for the recipient organisation and its partners must be subject to systematic recording of working hours. For employees whose work is related to several budget lines or programme components, or who only work part time on the development cooperation programme, the working hours per different programme components must be itemised, and the recipient organisation must be able to report them to the Ministry for Foreign Affairs upon request. For those employees who work full time in a specific development cooperation programme component or on a specific budget line, there is no need to itemise the working hours.

### Operating costs

The recipient organisation can also use the discretionary government grant for essential costs arising from the use of external experts.

Operating costs may include costs arising from the use of local premises, including rent, electricity, water and other property-related running costs. Operating expenses also include fuel and maintenance expenses arising from the use of machines and equipment. Local telephone, internet, mail and other similar expenses can be filed as office expenses. Corresponding costs in Finland are counted as administrative costs. Expenses arising from servicing and maintenance are considered to be maintenance costs.

Investments, such as construction, renovation and purchase of equipment, can only be supported by the discretionary government grant if they constitute an essential part of the programme implementation. Priority is given to refurbishment of existing facilities and, only if this would not serve a purpose, new ones should be built. Discretionary government grant cannot be used to purchase land. If it is justified to deliver goods from Finland or from outside the partner country, discretionary government grants can be used to cover freight costs. The recipient organisation must ensure that its local partner also maintains an up-to-date list of any fixed assets procured using funding for development cooperation and self-financing, and of any changes in the value of these assets. The final report of the programme must provide information on any agreements concluded on transfer of property, and the agreements must be made available to the MFA upon request.

Travel and accommodation expenses are covered based on the most affordable options, provided that eligible costs may not exceed the maximum costs stated in the valid State Travel Regulations.

### Communications, advocacy and global education

The development cooperation programme must include a free-form communication plan in which the recipient organisation specifies the objectives for its communications and possible global education in Finland. In addition to the objectives, the plan must include the main activities/actions as well as the indicators used for monitoring the achievement of the objectives. In particular, communications must take into account the outcomes and challenges of the programme work as well as the operating environments and the

development challenges that the recipient organisations want to address. In the planning and implementation of communications, recipient organisations must take into account the use of multiple channels and set as one of their objectives to find new target groups.

In its communications and global education, the recipient organisation must mention that it has received the grant from development cooperation funds granted by the Ministry for Foreign Affairs. The logo created for this purpose and the related instructions are available on the [website of the Ministry for Foreign Affairs](#).

Any advocacy work in Finland included in the programme must have a close association with achieving the programme objectives.

The communications, advocacy and global education included in the programme must be included as part of the annual plan and reported as part of the annual report on an annual basis.

## Recipient organisation's obligation to inform

### Annual plan

Each year, the recipient organisation submits a plan on the use of the programme-based support for the following year to the Ministry no later than two weeks before the annual consultations between the Ministry and the recipient organisation.

The annual plan presents a concise description of the programme, the planned main results, possible changes in the operating environment, the main risk management measures, and possible actions with regard to evaluation. Additionally, it must include a short description on any changes to the result matrix.

The annual plan must be accompanied by: 1) an appropriately itemised annual budget itemised at least at country level, 2) job title descriptions of the personnel hired with programme-based support, including their working hours allocated to the programme, the durations of employment relationships and the grounds and amounts of pay, 3) an updated risk matrix and, in the event of changes, 4) an updated results matrix.

### Annual report

The recipient organisation must submit to the Ministry an annual report together with its appendices by the end of August following the year of the programme's implementation or by some other date confirmed by the MFA. The report must describe the previous year's entire programme, its implementation and the use of funds. The recipient organisation undertakes to comply with the annual reporting guidelines for programme-based support. In the annual report and the financial report appended to it, the approved annual plan and the achieved outcomes must be compared and presented in such a way that the plan and its actual outcome can be clearly derived from one another. Any approved changes in the planned use of funds must be included in the annual report. Possible other changes to and deviations from the plans must be also duly justified. In the annual report, the recipient organisation examines its activities from the perspective of effectiveness and the sustainability of the results produced by different programme components, assessing at the

same time their link to achieving the results of the programme. The achievement of objectives and results must be described using selected indicators.

In its annual report at the end of the funding period, the recipient organisation describes not only the past year but also the results of the entire funding period. The annual report serves as the final report on the entire period.

After a discretionary government grant has been awarded, the recipient organisation must publish its development cooperation programme on its website. The results report for the annual report and any other documents with essential bearing on programme implementation must also be published.

### Monitoring, evaluation and learning

The recipient organisation must include a monitoring, evaluation and learning plan in its programme. The recipient organisation must make sure that its monitoring systems also produce programme-specific and country-specific data on the results that are related to the objectives of Finland's development policy and sustainable development goals. This data must be made available to the Ministry if necessary.

During the grant period, the recipient organisation must include in the programme one programme-level evaluation carried out by an independent external expert during the grant period. The Ministry recommends that the evaluator use the evaluation principles agreed in the OECD Development Assistance Committee and the evaluation criteria updated in 2019 (relevance, coherence, effectiveness, efficiency, impact and sustainability). In the evaluation, the constantly updated MFA Evaluation Manual can be used where applicable. The recipient organisation must append this report to the next annual report and present the conclusions made and the measures taken in response to the recommendations given in the evaluation.

The programme may include also other relevant assessments. In connection with its annual report, the recipient organisation must submit the most relevant reports on any assessments related to the programme it has done or commissioned during the year under review. The Ministry for Foreign Affairs may publish them on its website at its discretion. In the annual report, the recipient organisation must present the conclusions made and the measures taken in response to the recommendations given in these assessments.

The evaluation data must be utilised in the direction and guidance given during the programme and in the joint learning process. Another objective of the evaluations is to verify what has been achieved through the allocated development cooperation appropriations. The evaluation reports are public, and key reports must be submitted to the Ministry for Foreign Affairs, which may publish them on its website at its discretion.

Should the Ministry consider that there are well-founded reasons and that it is necessary, it may request also other clarifications from the recipient organisation. The Ministry also has the right to evaluate programmes.

### Programme bookkeeping and the annual report's financial section

The recipient organisation must have qualified accounting and financial statement practices required by the Accounting Act and Decree (1336/1997 and 1339/1997 respectively) as well

as statutory audit or performance audit practices in place. The recipient organisation's bookkeeping must be organised in such a way that the use of the discretionary government grant and the required self-financing contribution can be easily monitored. Information that is necessary for the use of the funds of the programme have to be substantiated by receipts and other documents concerning the use of the grant. These must be archived and retained as required under the Finnish Accounting Act or the applicable laws of the partner country, ensuring that the material can be audited by the Ministry or a party authorised by it.

The recipient organisation must keep an inventory of all property purchased using the funds granted by the Ministry and the self-financing contribution.

In the financial section of the annual report, the actual costs and the self-financing contribution in the reporting year must be itemised. The budgeted and actual costs should be set out in the same way as in the programme's annual plan approved by the Ministry. Any budget overruns and/or undercuts must be duly accounted for in the annual report.

The recipient organisation is required to separately report any interest income accrued from depositing the discretionary government grant on a temporary basis. Its use will be jointly agreed upon in the annual consultations between the recipient organisation and the Ministry. As a rule, any such income is channelled to the recipient organisation's activities in the partner countries for which the government grant was awarded.

The report must be accompanied by the auditors' audit report on the recipient organisation's development cooperation programme in accordance with the Ministry's separate audit instructions.

### Auditing of the programme

The recipient organisation is responsible for ensuring that its own and its partners' accounts of the programme costs are audited in compliance with international auditing standards and the Ministry's audit instructions for development cooperation projects. The auditors selected by the recipient organisation are to audit both the accounts and the financial reports. One of the auditors must be an auditor (referred to in the Auditing Act 1141/2015) approved by the Central Chamber of Commerce (a 'KHT auditor'), a chartered public finance auditor (a 'JHT auditor') selected by the Finnish Board for Chartered Public Finance Auditors or an auditor approved by the Auditing Committee of a local Chamber of Commerce (an 'HT auditor'). An authorised auditor familiar with the partner country's legislation must be used to audit the local costs.

### Other required documents

#### OECD/DAC reporting

The recipient organisation must report on the planned and actual use of the discretionary government grant to the Ministry, which will forward the information to the OECD Development Assistance Committee (OECD-DAC).

The form to be sent for statistical purposes to the DAC must cover the disbursements to the recipient organisation in the preceding year and updates to the project plans. The form for the DAC can be downloaded from the programme support website and it must be submitted

to the Ministry annually by 30 April through ministry's e-services as an annex to the complementary information form.

### Basic information form

The recipient organisation must submit a basic information form to the Ministry via the e-services annually, as a rule, by the deadline for submitting the annual report (31 August). The basic information form may be complemented in the reporting year in question (e.g. by providing missing appendices) until 31 December. The basic information form must be accompanied by the recipient organisation's latest approved annual report, financial statements signed by the Board of Directors (income statement, balance sheet, possible cash flow statement and notes) and an auditor's report or audit report, as well as the action plan and budget for the current year. If there have been changes in the rules of the recipient organisation, the updated rules must also be submitted to the Ministry. The Ministry may, for well-founded reasons, request from the recipient organisation other documents and additional information on the programme as it deems necessary.

### Assurance

In an appendix to its application for discretionary government grant, the recipient organisation has provided the Ministry for Foreign Affairs with an assurance that, among other things, the recipient organisation, its representatives or those who have access to the grant have not committed certain offences during the five years preceding signature.

If the recipient organisation finds that one of the parties mentioned in the assurance has committed any of the offences referred to in the assurance at a certain time mentioned in the assurance or during the period of use of the grant, it must immediately take measures to minimise the damage and inform the Ministry accordingly.

In addition, when the recipient organisation commits to the general terms, it also gives the said assurance under section Procurement and Prohibition of Bribery.

If one of the parties mentioned in the assurance changes during the period of use of the grant, the recipient organisation must submit a new assurance to the MFA.

### E-services

Discretionary government grants should be applied for and managed primarily via the MFA's e-services. In order to do so, the recipient organisation must register with the e-services and create an e-service account, through which documents relevant to project support will be submitted to the Ministry.

## Ethical Code of Conduct

Despite the variety of their purposes and backgrounds, influenced by religion, political affiliation or some other ideology, civil society organisations must pursue development cooperation in a manner that strengthens democratic structures and is in line with Finnish legislation, Finland's human rights policy, the Development Policy Programme's human rights-based approach and concept of non-discrimination as well as sector-specific guidelines complementing the programme. The importance of commitment to the Code of

Conduct is accentuated when dealing with persons representing different cultures, religions and ideologies.

The Ethical Code of Conduct consists of conditions set by the Ministry for the use of discretionary government grants.

Organisations receiving development cooperation funds from the Ministry for Foreign Affairs commit to applying and adhering to this Ethical Code of Conduct in its development cooperation activities in the recipient country. In case an organisation fails to meet these conditions for the use of the grant awarded to it, the Ministry can set a date by which the conditions must be fulfilled, suspend the disbursement, or demand a repayment of paid instalments.

1. All those participating in development cooperation are guaranteed respect for their human dignity, human rights, culture, religion and ideology, free from all forms of discrimination. Development cooperation supported by the Government must be free from all kinds of discrimination. The most common forms of discrimination are associated with religion, political or other ideology/opinion, conviction, gender, ethnic origin, caste, language, health situation, disability, sexual orientation, sexual identity, age or other personal characteristic.

2. People who face discrimination from society and communities are at the heart of development cooperation.

Development cooperation tackles the causes of poverty, injustice and discrimination. The aim is to change prevailing discriminatory attitudes and structures.

3. People's ideologies, religions, political positions or changing them must not set conditions for the availability of assistance or participation in development cooperation activities. This principle is particularly important in work with minors and young persons. Propagating an ideology, religion or political position using funds allocated for development cooperation is not permitted.

4. Development cooperation supports peaceful dialogue and serves to promote peace and partnership in communities. The activities create and implement processes to promote accessibility and equal participation of all.

5. Good governance promotes sustainable development. Corruption and related poor governance reinforce unequal distribution of development and consequently undermine the realisation of human rights. Measures to prevent corruption and to address suspicions are conscious actions to improve development results.

6. Development cooperation must be based on zero tolerance when it comes to sexual abuse, violence and sexual harassment, as well as discrimination and abuse of power. Any suspicion of these should be addressed by appropriate measures.

If the recipient finds or suspects that the above-mentioned ethical code of conduct has not been complied with, the Ministry for Foreign Affairs must be notified immediately.