

BUSINESS  
FINLAND

# Project Implementation and Reporting

YOUNG INNOVATIVE COMPANIES



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# **AMOUNT OF FUNDING**

# FUNDING PHASES TOTAL 1,25M€

- 1. phase grant 250 000 €
  - Rapid growth and proven competitiveness on international markets
  - Investment in international sales and marketing
  - Strengthen your organization in line with your growth rate
- 2. phase grant 250 000 €
  - Boost the growth and internationalization of your business
  - External funding to support growth
  - Develop your growth strategy, processes and organization to support the rapid scalability of your business
- 3. phase loan 750 000 €
  - Demonstrate the sustainability of your competitiveness
  - Increase growth with private and public funding

# FUNDING

## The Grant Phases

- The first two NIY funding phases consist of grants of € 250,000 each (75% of the costs).
  - Business Finland pays the grant on the basis of approved cost statements.
  - 10% of the grant is paid at the end of each phase and following the final report.

## The Loan Phase

- The third NIY funding phase consists of a loan of up to € 750,000 (75% of the costs).
  - The loan can be divided into two parts.
  - Loan funding from Business Finland includes interest subsidies. The current interest rate is 1%.
  - No security is required for the loan.
  - If necessary, a 30% advance on the loan may be paid at the beginning of the loan phase.
    - This only applies to the first instalment of the loan.
  - Business Finland will pay at least 20% of the loan only at the end of the phase.
  - The loan term is 10 years, with a maximum of five repayment-free years.
    - This maximum is a legal requirement and non-negotiable.
    - The loan term is always calculated from the point at which the first instalment of the loan is taken out (see following pages).
  - Repayment of the loan cannot typically\* be waived

\* Please see [funding terms and conditions](#)

# SIMULTANEOUS NIY AND OTHER PROJECTS FUNDED BY BUSINESS FINLAND

- Business Finland can grant R&D funding to a company receiving NIY funding, if the R&D funding supports the attainment of the goals of the NIY project.
  - Any potential R&D funding needs should be discussed before the application is submitted.
  - 50% of the R&D funding is granted as a loan.
- Other than R&D funding (e.g., de-minimis funding as Tempo, Market Explorer, Group Explorer) cannot be granted during the NIY project.

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# **ELIGIBLE COSTS**

# MONITORING OF COSTS

## Project accounts

- Project costs must be entered into the company's accounts accompanied by a cost center or project number, for example.
- Project documents and other materials necessary for auditing must be kept for at least 10 years from the payment of the last instalment of the funding.

## Working time monitoring

- Business Finland recommends an hourly basis working time monitoring.
- If the beneficiary has simultaneously received other funding granted by Business Finland, every person working for both projects must record their working time on an hourly basis.

# ELIGIBLE COSTS OF THE PROJECT

- Project costs are based on the plan presented to Business Finland.
- NIY funding can be used extensively in the development of the company's international business operations, including sales and marketing.
- Funding can only be granted to operations carried out within the first eight years of the company's being in the Trade Register.
- In order to make a payment, a company must not have:
  - arrears related to tax-like payments (or a payment plan has been made with the Tax Administration), statutory declarations to the Tax Administration (VAT, salaries, health insurance) and no other possible arrears, e.g., to the customs
  - unpaid repayments to the State Treasury and no unpaid repayments or interest arrears on the previous Business Finland loan portfolio
- Services of Vero [kasvuyritykset@vero.fi](mailto:kasvuyritykset@vero.fi)



# INELIGIBLE COSTS

- Purchases from associated companies (except where special conditions apply to group or other companies)
- Voluntary insurance policies, financing costs, donations and awards
- Contributions to projects implemented by research organizations
- Hire purchase or leasing costs, funding, management, insurance, repair and other similar expenses
- Costs that do not comply with the project plan or that are otherwise unnecessary and unreasonable
- Export-related activities
  - Running costs related directly to export volumes, the setting up and operation of a distribution network or any other export activities (see next page)

# EXPORT-RELATED ACTIVITIES

## What is not permitted:

- Direct support towards export volumes
- Support towards warehousing, logistics facilities and distribution hubs
- Support for other distribution-related direct investments and operations funding

## What is permitted:

- The establishment of a subsidiary, hiring sales personnel
- Conducting contract negotiations related to distribution and the selection of distribution partners

# THE ACT ON PUBLIC CONTRACTS AND COMPETITIVE TENDERING

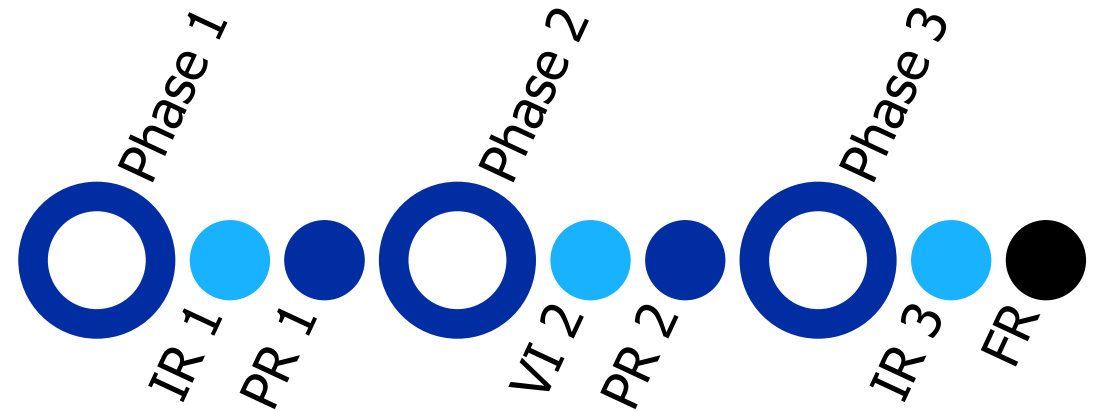
- If the total value of a contract amounts to € 60,000 or more excluding VAT, it must be put out to tender pursuant to the Act on Public Contracts
  - Otherwise, 50% of the contract in question is paid as a grant
- Responsibility for competitive tendering lies with the beneficiary.
- A copy of the HILMA notice must be appended to the cost statement.
- Single contracts cannot be split between several suppliers or a chain of suppliers.
- Entering a new NIY phase does not cut off the monitoring of a contract.
- Instructions on purchases relating to projects funded by Business Finland are available on Business Finland's website.
- Advice on public tendering: [hankinnat@kuntaliitto.fi](mailto:hankinnat@kuntaliitto.fi)

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# **REPORTING AND COST STATEMENTS**

# REPORTS AND REPORTING SCHEDULE

- Reporting approximately every six months
  - Intermim reports (IR) – if necessary
  - Phase reports (PR) – at the end of each phase
  - Final report (FR) – at the end of the project
- Report consists of two parts:
  1. Content report describing the progress of the project
  2. Statement of costs allocated to the project.
- Content reports and cost statements are created via the online service.
- Business Finland processes them always simultaneously.



# CONTENT REPORTS

- Content reports are submitted via the online service by answering the questions in the reporting section.
- Particular attention should be paid to the following:
  - Situation report (the situation of the company and its changes, as well as the business situation and future)
  - Achievement of the goals of the phase, broken down by goal. Possible deviations, challenges in achieving the goals and their explanatory factors (both in IR and PR)
  - Any changes needed regarding:
    - project content
    - budget
    - schedule (deadlines can be extended by up to four months)

# COST STATEMENTS

- Costs are declared via the online service
- Cost statements should be accompanied by the following:
  - The general ledger, with an itemized declaration of expenses
    - clear narratives, the supplier and order content
  - [Salary specification Y4](#) (must be submitted even when working time monitoring is not required)
  - [An auditor's report](#) in connection with every end-of-phase cost statement (phase reports and final report)
- The project will be subject to the funding terms and conditions in force at the time of the funding decision for the phase 1 has been made. These has been submitted to the beneficiary together with the decision for the first phase.

# COSTS DECLARED FOR PROJECTS 1/2

## 1) Salary costs:

- The share of salary costs allocated to the project is calculated; all monetary salaries subject to withholding tax can be included
- Performance and other bonuses, etc. may be included under performance-based salaries

## 2) Indirect personnel costs

- 30% of social security expenses are approved as a deferred percentage for those falling within the scope of the Finnish social security system
- If the recruitment cost is a planned recruitment (based on an approved and described project plan), it can be accepted as a direct cost (otherwise they are indirect personnel costs).



# COSTS DECLARED FOR PROJECTS 2/2

All other costs arising from the project are declared as purchases:

3) Purchases from the European Single Market OR

4) Purchases from outside the European Single Market

- Subcontracting
- Travel expenses (in accordance with the guidelines issued by the Finnish Tax Administration)
- Equipment acquisitions and depreciation, the polluter pays principle
- Materials and supplies
- Obligatory overheads
- Purchases from group companies only if mentioned in the funding decision
  - PLEASE NOTE: group companies must invoice the company and provide their own separate statements

# DIFFERENCES IN COST STATEMENTS

## Funding for Young Innovative Companies

- Hourly working time monitoring only if another project funded by Business Finland is running simultaneously
- The total salary from which the share allocated to the project is calculated = all monetary salaries subject to tax
- No overhead percentage, can be declared as direct expenses
- Itemized statements
- Competitive tendering, where applicable
- A wider range of costs accepted than in R&D projects

## R&D-funding

- Hourly working time monitoring
- The total salary from which the share allocated to the project is calculated = monetary salaries subject to tax, excluding holiday bonuses
- Overhead costs are based on a percentage
- No itemized statements
- No competitive tendering (if the grant covers less than 50%)
- Eligible costs are based on cost estimates

# PROJECT CHANGES

- Contact Business Finland in advance (your account lead or funding advisor of the project).
- Apply for a change in the online service.
- More information can be found:
  - [Project changes on Business Finland website](#)

# CHANGES TO PROJECTS: REASSIGNMENT, IPR, BUSINESS RESTRUCTURING

- A funding decision cannot be transferred to a third party.
- The company must inform Business Finland in advance of any changes, including the following:
  - mergers, acquisitions and divestitures
  - the sale of IPR created during the project
  - other significant changes in business operations or restructuring
  - any loans granted by Business Finland are usually paid back in connection with mergers, acquisitions or divestitures.
- Changes must be reported:
  - during the project
  - for a period of five years from the payment of the last instalment of the funding
  - before the loan is repaid in full.
- Business Finland's consent must be sought for measures that
  - are taken outside the European Single Market
  - compromise the desired impacts of the project
  - impede the paying back of the loan.

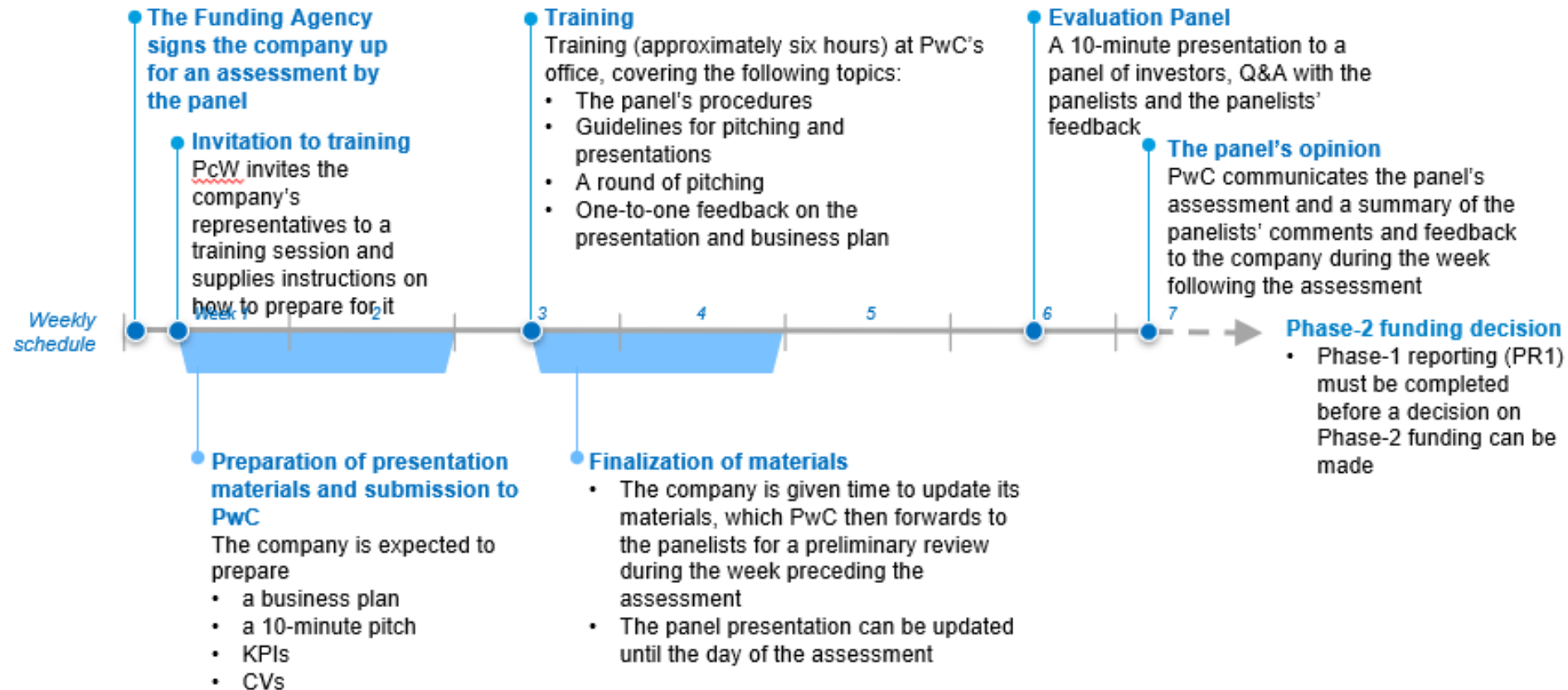
# **EVALUATION PANEL AND MOVING ON TO A NEW FUNDING PHASE**

**\*evaluationpanel does not apply to funding  
decisions made after 1.11.2022**

# EVALUATION PANEL 1/2

- Companies undergo an assessment by a panel of investors during the first phase of YIC funding.
- The coordinator of the panel (PwC) arranges a training day for the company's representatives before the assessment.
- The role of the panel is advisory. Business Finland takes the investors' assessment into consideration when deciding on the next phase.
- At the latest, when the account leader informs the company of the time of the panel, the company must have a look at the list of NIY panelists in the online service. The company must inform the account leader if there are any panelists, who are challengeable.

# EVALUATION PANEL 2/2



# MOVING TO THE NEXT FUNDING PHASE

- The phase must be continuous without significant interruptions and the phase report must be submitted no later than 1 month after the end of the period.
- Applying for the next phase is in connection with the submission of phase reports.
- No new application is required, but the following documents must be submitted with the phase report:
  - Plan for the next phase
  - A recent accounts ledger (income statement and balance sheet)
  - A cash flow forecast for at least the next 12 months; a template is available on [Business Finland's website](#)
  - A list of shareholders (if changes have taken place during the previous phase)
  - Any other additional information
- Funding for the next phase can be granted if
  - the goals for the previous phase have been achieved for the most part
  - the company still has a credible plan for rapid growth
  - the company's financial standing allows for the implementation of the growth plan
- Business Finland takes the investors' assessment into consideration when deciding on the next phase (only if the funding decision has been made before 1.11.2022).



# WEB PAGES

Funding for Young Innovative Companies

[www.businessfinland.fi/en/niy](http://www.businessfinland.fi/en/niy)

Online Service

<https://www.businessfinland.fi/en/for-finnish-customers/online-services/>

Reporting Guidelines

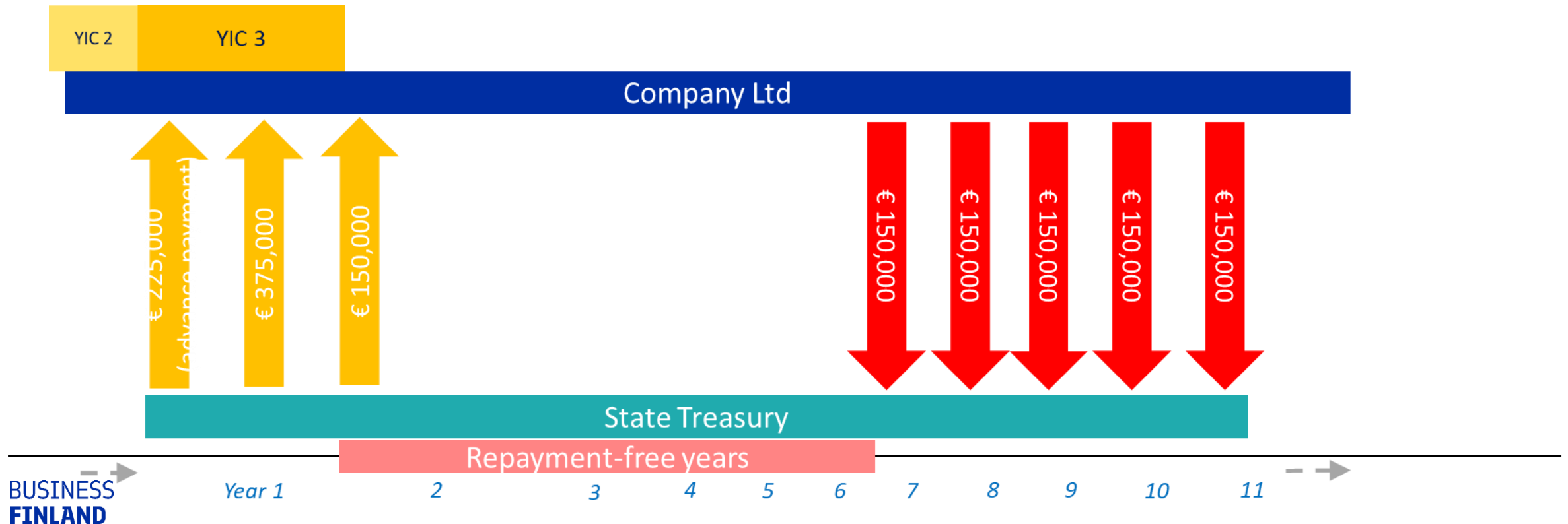
<https://www.businessfinland.fi/en/for-finnish-customers/services/funding/guidelines-terms-and-forms/reporting/>

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# **TAKING OUT AND PAYING BACK LOANS**

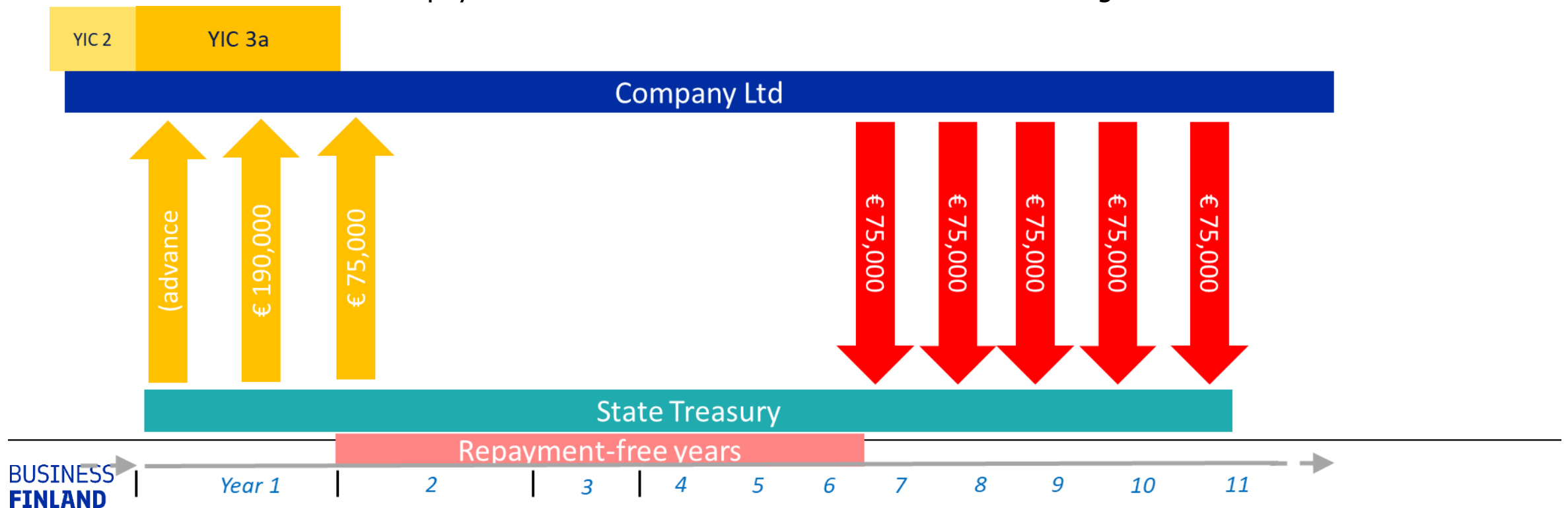
# TAKING OUT AND PAYING BACK LOAN (example 1/3)

- The loan is granted in full at a time: NIY 3: € 750,000, 12 months.
  - The loan term is 10 years, of which five are repayment-free, starting from the taking out of the first instalment.
  - Repayments are once a year.
  - Please note that interest payments have not been taken into account in the diagram.



# TAKING OUT AND PAYING BACK LOAN (example 2/3)

- The loan is divided into part, but the second part is not granted:
  - NIY 3a: € 375,000, 12 months (+ NIY 3b: € 0)
  - The loan term is 10 years, of which five are repayment-free, starting from the taking out of the first instalment.
  - Repayments are once a year.
  - Please note that interest payments have not been taken into account in the diagram.



# TAKING OUT AND PAYING BACK LOAN (example 3/3)

- The loan is granted in parts: NIY 3a: € 375,000, 12 months + NIY 3b: € 375,000, 12 months
  - The loan term is 10 years, of which five are repayment-free
  - The loan term is calculated from the taking out of the first instalment
  - Repayments are once a year
  - Please note that interest payments have not been taken into account in the diagram

