

CONTRIBUTION AGREEMENT

BETWEEN

THE REPUBLIC OF FINLAND

AND

THE EUROPEAN UNION

IN RESPECT OF

**THE MEMBER STATE COMPARTMENT UNDER
THE INVESTEU PROGRAMME**

This Agreement is entered into

between:

- (1) The European Union, represented by the European Commission, 200, rue de la Loi, B-1049 Bruxelles, Belgium, (the “**Commission**”) which is represented for the purpose of the signature of this Agreement by Mr. Maarten Verwey;

hereinafter referred to as the “**Union**”

on the one part,

and

- (2) The Republic of Finland, which is represented for the purpose of the signature of this Agreement by Mr. Mika Lintilä;

hereinafter referred to as “**Finland**”

on the other part,

hereinafter separately referred to as a “**Party**” and collectively as the “**Parties**”.

WHEREAS

- (1) Regulation (EU) 2021/523 of the European Parliament and of the Council of 24 March 2021 establishing the InvestEU programme and amending Regulation (EU) 2015/2017 (OJ L 107, 26.3.2021, p. 30) (the “InvestEU Regulation”) sets up a programme (the “InvestEU Programme”) providing for an EU guarantee supporting Financing and/or Investment Operations in key targeted Union policy areas (the “EU Guarantee”), for advisory support in particular for the development of investable projects and in the access to financing (the “InvestEU Advisory Hub”) and for a database granting visibility to projects and bringing together investors and project promoters (the “InvestEU Portal”).
- (2) The InvestEU Fund aims at supporting Financing and/or Investment Operations contributing to achieving the policy objectives of the Union as defined under the policy windows in Article 3 of the InvestEU Regulation.
- (3) Each policy window of the InvestEU Fund contains an EU Compartment. It may also contain a Member State compartment (the “Member State Compartment”) with optional contributions from a Member State. Through the Member State Compartment, a Member State may allocate to the provisioning of the EU Guarantee a share of their resources under the European Regional Development Fund (ERDF) and the Cohesion Fund

established by Regulation (EU) 2021/1058 of the European Parliament and of the Council of 24 June 2021 on the European Regional Development Fund and on the Cohesion Fund¹; the European Social Fund+ (ESF+) established by Regulation (EU) 2021/1057 of the European Parliament and of the Council of 24 June 2021 establishing the European Social Fund Plus (ESF+) and repealing Regulation (EU) No 1296/2013²; the European Maritime, Fisheries and Aquaculture Fund (EMFAF) established by Regulation (EU) 2021/1139 of the European Parliament and of the Council of 7 July 2021 establishing the European Maritime, the Fisheries and Aquaculture Fund and amending Regulation (EU) 2017/1004³; and the European Agriculture Fund for Rural Development (EAFRD) established by the Regulation (EU) 2021/2115 of the European Parliament and of the Council of 2 December 2021 establishing rules on support for strategic plans to be drawn up by Member States under the common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulations (EU) No 1305/2013 and No 1307/2013⁴, (together the “Funds under Shared Management”). Moreover, a cash contribution to the provisioning of the EU Guarantee can be made by the Member State from its own budget or to implement investments set out in the Council Implementing Decision on the adoption of the Recovery and Resilience Plan (the “RRP”) established under the Recovery and Resilience Facility, established by Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility⁵ (the “RRF Regulation”). An additional amount of the EU guarantee under the Member State Compartment may also be provided through a guarantee by a Member State. The Member State should assume losses above the losses provisioned by issuing a Back-to-Back Guarantee in favour of the Union.

- (4) The Member State Compartment should address specific market failures or suboptimal investment situations in the contributing Member State or in one or several of its regions, including in vulnerable and remote areas such as the outermost regions of the Union.
- (5) Pursuant to Article 12 of the CPR, Finland’s Partnership Agreement 2021FI16FFPA001 entitled “Suomen kumppanuussopimus 2021–2027 Finlands partnerskapsöverenskommelse 2021–2027” was approved by the Commission Decision C(2022)2721 on 5 May 2022. Under the Partnership Agreement, Finland allocates EUR 17 689 916 of the ERDF to the InvestEU Programme. This amount is allocated to the provisioning of the EU Guarantee under the Member State Compartment (the “Contribution from the Funds under Shared Management”) with the aim of contributing to the achievement of the policy objectives selected in the Partnership Agreement.
- (6) Finland also intends to provide an additional amount to the provisioning of the EU Guarantee (the “Additional Contribution”) in the form of cash for the purposes laid down in this Contribution Agreement.
- (7) Finland intends to provide a guarantee (the “Back-to-Back Guarantee”) to cover the contingent financial liability (the “Contingent Liability”) corresponding to the part of the

¹ OJ L 231, 30.6.2021, p. 60–93

² OJ L 231, 30.6.2021, p. 21–59

³ OJ L 247, 13.7.2021, p. 1–49

⁴ OJ L 435, 6.12.2021, p. 1–186

⁵ OJ L 57, 18.2.2021, p. 17–75

EU Guarantee under the Member State Compartment not covered by the provisioning that is provided by the Contribution from the Funds under Shared Management and the Additional Contribution.

- (8) Finland has identified the policy objectives and specific market failures or suboptimal investment situations that it intends to address through the Contribution from the Funds under Shared Management and its Additional Contribution to the Member State Compartment.
- (9) Contributions and back-to-back guarantees provided by Member States in support of InvestEU Member State Compartments qualify as State aid in accordance with Article 107(1) of the Treaty on the Functioning of the European Union (TFEU). However, they are exempted from the notification requirement for State aid measures laid down in Article 108(3) TFEU if they meet the requirements, which are laid down in the General Block Exemption Regulation⁶, in particular the InvestEU specific section thereof⁷, or in another block exemption regulation⁸. Any State aid that does not meet the requirements laid down in one of the block exemption regulations must be notified to the Commission pursuant to Article 108 TFEU. The Guarantee Agreement between the Commission and the selected Implementing Partners shall include the necessary provisions to ensure compliance of the financial products with State Aid rules.
- (10) Finland has suggested the European Investment Fund (EIF) as the Implementing Partner for the purposes of implementing the contribution to the EU Guarantee under the Member State Compartment envisaged in this Contribution Agreement; and the EIF has expressed its interest in the implementation of the EU Guarantee.
- (11) In the light of the above, the Parties have decided to enter into an agreement in order to establish a contribution to the EU Guarantee under the Member State Compartment and to lay down the terms and conditions for the use of the Member State Compartment.

NOW THEREFORE, the Parties have agreed as follows:

1. DEFINITIONS

For the purposes of this Contribution Agreement, the following definitions apply:

“**Additional Contribution**” means an amount in cash provided by a Member State from its own budget for the purposes of the provisioning of the EU Guarantee under the Member State Compartment;

⁶ Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (OJ L 187, 26.6.2014, p. 1).

⁷ Commission Regulation (EU) 2021/1237 of 23 July 2021 amending Regulation (EU) No 651/2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (OJ L 279, 29.7.2021, p. 39-75).

⁸ When State aid is involved, Article 1(4)(c) of the General Block Exemption Regulation states that the Regulation does not apply to undertakings in difficulty.

“**Contribution Agreement**” means this contribution agreement (and its Annexes) as amended, supplemented or modified;

“**Back-to-Back Guarantee**” means the guarantee in the amount of EUR 8 700 000 provided by Finland to cover the Contingent Liability, as set out in Clause 9. The maximum amount that shall be covered by the Back-to-Back Guarantee at any given time shall be calculated by deducting, from the initial amount identified in this definition, the total amount of Finland’s former payments to the Commission further to the calls under this Back-to-Back Guarantee, as well as the total amount of replenishments of the provisioning.

“**Common Provisioning Fund**” means the common provisioning fund set up under Article 212(1) of the Financial Regulation;

“**Constitution Phase**” means the period of time when the provisioning to the Member State Compartment under the relevant Guarantee Agreement is paid by the Commission to the Common Provisioning Fund in accordance with payment schedule in Annex 1.

The deadline for signing new Financing and/or Investment Operations by the Implementing Partner under the Member State Compartment shall be aligned to the end of the Constitution Phase;

“**Contingent Liability**” means the financial liability that corresponds to the amount of the EU Guarantee under the Member State Compartment not covered by the Contribution from the Funds under Shared Management or by the Additional Contribution; and shall be covered by i) calls under the Back-to-Back Guarantee provided by the Member State for the purposes of assuming losses above the losses provisioned for the Member State Compartment, in accordance with Article 4(1) third-subparagraph of the InvestEU Regulation and ii) all the replenishments made in order to restore the provisioning of the Common Provisioning Fund up to 15% of the initial provisioning;

“**Contribution from the Funds under Shared Management**” means the amount from the European Regional Development Fund (ERDF), the European Social Fund+ (ESF+), the Cohesion Fund, the European Maritime, Fisheries and Aquaculture Fund (EMFAF) and the European Agriculture Fund for Rural Development (EAFRD) set out in the Partnership Agreement, approved by the Commission Decision, contributing to the provisioning of the EU Guarantee under the Member State Compartment;

“**CPR**” means Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the instrument for financial support for Border Management and Visa Instrument (OJ L 231, 30.6.2021, p. 159);

“**EU Compartment**” means the EU compartment set out in Article 9(1) (a) of the InvestEU Regulation;

“**EU Guarantee**” means the EU guarantee as defined in Article 2(2) and Article 4(1) first, second and third subparagraph of the InvestEU Regulation;

“**Financial Product**” means a financial product as defined in Article 2(9) of the InvestEU Regulation, as applicable in accordance with the Guarantee Agreement;

“**Financial Regulation**” means Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (OJ L, 30.7.2018, p. 1);

“**Financing and/or Investment Operations**” means financing and/or investment operations defined in Article 2(10) of the InvestEU Regulation;

“**Funds under Shared Management**” means funds under shared management defined in Article 2(11) of the InvestEU Regulation;

“**Guarantee Agreement**” means the guarantee agreement as defined in Article 2(12) of the InvestEU Regulation; in this Contribution Agreement, it refers to the Guarantee Agreement entered into between the European Union and the Implementing Partner or amendments thereof for the purpose of implementing a Member State Compartment.;

“**Implementing Partner**” means the implementing partner defined in the Guarantee Agreement;

“**Initial Provisioning Payment**” means the payments of the provisions for the Additional Contribution that Finland makes during the Constitution Phase to cover the amount in Clause 5.3;

“**InvestEU Advisory Hub**” means the InvestEU Advisory Hub defined in Article 25 of the InvestEU Regulation;

“**InvestEU Regulation**” means Regulation (EU) 2021/523 of the European Parliament and of the Council of 24 March 2021 establishing the InvestEU Programme and amending Regulation (EU) 2015/1017 (OJ L 107, 26.3.2021, p. 30);

“**Investment Guidelines**” means the investment guidelines established by Commission Delegated Regulation (EU) 2021/1078 of 14 April 2021 supplementing Regulation (EU) 2021/523 of the European Parliament and of the Council by setting out the investment guidelines for the InvestEU Fund (OJ L 234, 2.7.2021, p. 18);

“**Member State Compartment**” means the Member State compartment relating to Finland, in accordance with Article 9(1) (b) of the InvestEU Regulation and this Contribution Agreement;

“**Partnership Agreement**” means the Partnership Agreement 2021FI16FFPA001 entitled “Suomen kumppanuussopimus 2021–2027 Finlands partnerskapsöverenskommelse 2021–2027” as adopted by Commission Decision C(2022)2721 on 5 May 2022;

“**Policy Window**” means a policy window as set out in Article 8(1) of the InvestEU Regulation;

“**Provisioning Rate**” means the provisioning rate set out in Clause 6;

“Related Costs and Fees” means the eligible administrative cost and fees in accordance with Article 18(3) of the InvestEU Regulation and the costs referred to under Article 19(2) (a) (ii) and (iii) of the InvestEU Regulation;

“Signature Date” means the date the last of the Parties signs this Contribution Agreement;

“Working Day” means days when the Commission offices are open in Luxembourg.

2. INTERPRETATION

- 2.1 Headings are for convenience only and do not affect the construction or the interpretation of any provisions of this Contribution Agreement.
- 2.2 Words importing the singular include the plural and vice versa.
- 2.3 A reference to an Annex or Clause is a reference to an annex or a clause in this Contribution Agreement.

3. PURPOSE AND SCOPE

- 3.1 This Contribution Agreement lays down the rules, in accordance with Article 10 of the InvestEU Regulation, applying to the EU Guarantee under the Member State Compartment of Finland.
- 3.2 The Member State Compartment of Finland is based on the Contribution from the Funds under Shared Management, the Additional Contribution and the Back-to-Back Guarantee covering the Contingent Liability, as specified in Clause 5.5, Clause 9.1, and Clause Appendix A Part II.13.2.
- 3.3 This Contribution Agreement sets out the terms and conditions under which the Contribution from the Funds under Shared Management and Additional Contribution shall be used for the provisioning of the EU Guarantee under the Member State Compartment covering Financing and/or Investment Operations in Finland under the Member State Compartment; and the use of the Back-to-Back Guarantee for covering the Contingent Liability as specified in Clause 5.5.

4. THE COMMISSION’S OBLIGATIONS

- 4.1 The Commission shall inform Finland of the Implementing Partner selected and shall negotiate and conclude with the Implementing Partner the Guarantee Agreement pursuant to Article 17 of the InvestEU Regulation, which shall set out the details of the implementation of the EU Guarantee under the Member State Compartment in accordance with this Contribution Agreement and the InvestEU Regulation.
- 4.2 The Commission shall establish a monitoring framework to track progress towards the objectives set out in the InvestEU Regulation and in this Contribution Agreement, to ensure that the Member State Compartment is used in accordance with the conditions laid down in the relevant Guarantee Agreement, as well as in the InvestEU Regulation and in the Financial Regulation.

4.3 To such end, the Commission monitors the implementation of the Guarantee Agreement entered into with the Implementing Partner and requires proportionate reporting from them according to the terms agreed in the Guarantee Agreement. The reporting shall be aligned to the extent possible to the terms agreed for the EU Compartment while ensuring that it adequately covers specific objectives of the Member State Compartment. The content of such reports shall enable the Commission to fulfil its reporting obligations towards Finland pursuant to and subject to the terms of Clause 17.

4.4 The Commission shall ensure that the Guarantee Agreement includes provisions on the participation of representatives of Finland, or the region concerned, with respect to the monitoring of the implementation of the Guarantee Agreement as per Article 17(5) of the InvestEU Regulation.

5. AMOUNT OF THE EU GUARANTEE CONTRIBUTED UNDER THIS CONTRIBUTION AGREEMENT

5.1 The overall amount of the EU Guarantee related to the Member State Compartment is EUR 34 579 409.

5.2 EUR 17 689 916 shall be provisioned from the Contribution from the Funds under Shared Management.

5.3 EUR 13 881 084 shall be provisioned from the Additional Contribution.

5.4 The provisioning for the EU Guarantee under the Member State Compartment, related to the Contribution from the Funds under Shared Management and the Additional Contribution amounts to EUR 31 571 000.

5.5 EUR 3 008 409 corresponds to the total amount of the Contingent Liability and shall be covered by the Back-to-Back Guarantee as specified in Clause 9.1 and Clause Appendix A Part II.13.2.

5.6 Subject to receipt of a notification from Finland, signed by the person representing Finland for the purpose of the signature of the Contribution Agreement, notifying that an additional amount of EUR 59 729 000 has been made available for the use related to the Additional Contribution, and the expiry of five Working Days from the receipt of the notification, Clauses 5.1, 5.3, 5.4 and 5.4 shall cease to have effect. The payment schedule for the payments of the provisions related to the Additional Contribution as laid down in Annex 1, Clause 2 shall be amended as stipulated therein; and the references to Clauses 5.1, 5.3, 5.4 and 5.5 shall be read as respective references to Clause 5.7(a); 5.7(b), 5.7(c), 5.7(d).

5.7 Subject to the satisfaction of the above condition precedent in Clause 5.6,

(a) The overall amount of the EU Guarantee related to the Member State Compartment shall be EUR 100 000 000.

(b) The provisioning for the EU Guarantee under the Member State Compartment related to the Additional Contribution shall amount to EUR 73 610 084.

- (c) The provisioning for the EU Guarantee under the Member State Compartment related to the Contribution from the Funds under Shared Management and the Additional Contribution shall amount to EUR 91 300 000.
- (d) EUR 8 700 000 corresponds to the total amount of the Contingent Liability and shall be covered by the Back-to-Back Guarantee as specified in Clause 9.1 and Clause Appendix A Part II.13.2.

6. PROVISIONING RATE⁹

- 6.1 Based on the amount and the nature of the envisaged Financial Product(s), their underlying Financing and/or Investment Operations and the resulting expected and unexpected losses covered by it, the Provisioning Rate is set at 91.30% of the total amount of the EU Guarantee under the Member State Compartment.
- 6.2 The provisions made from different Contributions shall be kept together as common provisioning in a single Member State Compartment of the Common Provisioning Fund.
- 6.3 Losses arising from the Financial Product(s) (and/or groups of them) shall be covered from the common provisioning of the Member State Compartment.

7. PAYMENT OF PROVISIONING

- 7.1 The Contribution from the Funds under Shared Management for the provisioning of the EU Guarantee under the Member State Compartment shall be carried out according to the schedule laid down in Annex 1, Clause 1.
- 7.2 Finland shall transfer the Additional Contribution to a bank account provided by the Commission following the instructions as indicated in the respective debit note issued by the Commission, in accordance with the payment schedule laid down in Annex 1, Clause 2.
- 7.3 The Commission shall transfer Finland's Additional Contribution referred to in Clause 5.3 to the Common Provisioning Fund within 30 calendar days of receipt.
- 7.4 The amount of the provisioning shall be identified in the Commission accounting system.

8. MEMBER STATE COMPARTMENT POLICY WINDOW

The EU Guarantee under the Member State Compartment shall be allocated to the SME Policy Window and the Sustainable Infrastructure Policy Window.

⁹ Where needed, possible alternative wordings for this article could be discussed in the context of negotiations of the Contribution Agreement

9. BACK-TO-BACK GUARANTEE FOR THE CONTINGENT LIABILITY

- 9.1 Finland shall provide an irrevocable, unconditional and on first demand Back-to-Back Guarantee to cover the Contingent Liability referred to in Clause 5.5, and calculated based on Clause 13.2, concurrently with the Signature Date of this Contribution Agreement.
- 9.2 The Commission shall not enter into a Guarantee Agreement if Finland has not provided the Back-to-Back Guarantee.

10. GUARANTEE CALLS BY THE IMPLEMENTING PARTNER

The Commission shall pay the full amount of the guarantee calls relating to the Financing and/or Investment Operations covered by the Guarantee Agreement and Related Costs and Fees covered by the EU Guarantee under the Member State Compartment. It shall use for such payments the provisioning available in the compartment of Finland in the Common Provisioning Fund and, if not sufficient, it shall advance the remainder which Finland is liable to reimburse to the Commission in accordance with the terms of the Contribution Agreement and the Back-to-Back Guarantee.

11. CALLS ON THE BACK-TO-BACK GUARANTEE

- 11.1 Should the cumulative amount of the guarantee calls and Related Costs and Fees covered by the EU Guarantee under the Member State Compartment exceed the provisioning amount available under the compartment of Finland in the Common Provisioning Fund, the Commission shall inform Finland without delay of the guarantee call made by the Implementing Partner which exceeds the amount available in the compartment of Finland in the Common Provisioning Fund.
- 11.2 Finland shall pay the exceeding amount referred to in Clause 11 at the latest within 15 Working Days from the reception of the notice from the Commission substantially in the form of the template in Annex 1 to the Back-to-Back Guarantee. The payment shall be executed on the bank account specified in the notice.

12. REPLENISHMENT OF THE PROVISIONING IN THE COMMON PROVISIONING FUND

- 12.1 Where, as a result of guarantee calls, the provisioning in the compartment of Finland in the Common Provisioning Fund, relating to the sum of the Contribution from the Funds under Shared Management and the Additional Contribution, falls below 20% of the initial provisioning, the Commission shall inform Finland within 10 Working Days.
- 12.2 In the event the provisioning in the compartment of Finland in the Common Provisioning Fund, relating to the sum of the Contribution from the Funds under Shared Management and the Additional Contribution, reaches or falls below 10% of the initial provisioning including as applicable in the case referred to in Clause 12.1, Finland shall replenish the provisioning in the Common Provisioning Fund to 15 % of the initial provisioning by paying the relevant amount upon request by the Commission in accordance with the

template in Annex 2, within 20 Working Days of receipt of such request. The payment shall be executed on the bank account specified in the notice.

- 12.3 Replenishments shall be deducted from amounts referred to in Clause 5.5.

13. CUMULATIVE PAYMENTS UNDER THE BACK-TO-BACK GUARANTEE AND REPLENISHMENTS OF THE PROVISIONING

- 13.1 The Commission may send the notices referred to in Clauses 11.1 and 12.2, using the templates in Annex 1 of the Back-to-Back Guarantee and Annex 2 of the Contribution Agreement, respectively, in the same notice letter.
- 13.2 The payments of Finland made under the Back-to-Back Guarantee as set out in Clauses 11.1 and 11.2 and those to replenish the provisioning of the Common Provisioning Fund, as set out in Clause 12.1 and 12.2, shall cumulatively not exceed the total amount of the Contingent Liability, as defined in Clause 5.5.

14. POLICY OBJECTIVES

- 14.1 The policy and/or specific objectives of the contributing Funds under Shared Management as reflected in the Partnership Agreement are the following: “Policy Objective 1 – Smarter Europe”(PO1), “Policy Objective 2 – Greener, Low-Carbon Europe”(PO2).

Both PO1 and PO2 are chosen according to the Commission's country-specific recommendations and the requirements regarding thematic concentration. In the country-specific recommendations the Commission encourages Finland to invest in research and innovation, low-carbon transition of the economy and the energy sector, as well as sustainable transport. In PO2 consideration has been given especially to the National Integrated Energy and Climate Plan, in which the impact of the actions on greenhouse gas emissions, renewable energy and energy efficiency development until 2040 are being presented. The programme includes actions to energy efficiency and greenhouse gas emissions, mitigation of climate change, the adaptation and the promotion of the circular economy. Finland is committed to being carbon neutral in 2035.

The Additional Contribution shall be used in support of the same policy objectives.

- 14.2 The approach of the Implementing Partners to achieve these policy objectives by means of their Financial Products and/or specific objectives shall be further detailed in Annex 3.
- 14.3 The EU Guarantee under the Member State Compartment shall be used to cover Financing and/or Investment Operations, as well as the Related Costs and Fees, under the following Financial Product to be set out in the Guarantee Agreement. The Financial Product is further defined in Annex 3.

Finland’s contribution to the InvestEU Fund shall be used for the implementation of a Sustainability Guarantee, an uncapped guarantee instrument with a standalone set-up under the Member State Compartment. This structure would remain independent from the

InvestEU EU Compartment without any combination or mutualisation. In terms of contributing to shared management policy objectives, the Sustainability Guarantee shall contribute to both PO1 and PO2, which were chosen according to the Commission's country-specific recommendations and the requirements regarding thematic concentration under the CPR.

PO1's main objective is to promote research development and innovation (RDI) activities, digitalisation and the growth and competitiveness of SMEs. In PO2, consideration has been given also to the National Integrated Energy and Climate Plan, in which the impact of the actions on greenhouse gas emissions, renewable energy and energy efficiency development until 2040 are being presented. The programme includes actions to energy efficiency and greenhouse gas emissions, mitigation of climate change and adaptation and the promotion of the circular economy. Finland is committed to becoming carbon neutral by 2035.

In addition to the company-specific support and broader cooperation projects funded through the Innovation and Skills Finland 2021–2027 programme, measures are needed to improve the availability of financing for companies to strengthen the previously mentioned objectives. InvestEU shall facilitate access to overall financing for companies and leverage private funding into investments under the PO1 and PO2.

InvestEU has the potential to address country-specific market failures and investment gaps. In Finland, the InvestEU aims primarily to address the challenges of access to finance for SMEs, channeling private sector financing to Finnish investments and SMEs, while contributing to the green and sustainable transformation of the local economy.

Given that the majority of the Member State Compartment contribution is from Transition Regions, the geographical implementation of the financial product shall be tracked in line with the relevant provisions of the InvestEU Regulation.

The indicative minimum leverage of the Financial Product is four and shall be further defined in the Guarantee Agreement.

- 14.4 In the light of the characteristics and risk profile of the Financing and/or Investment Operations under the Financial Products, as well as the Related Costs and Fees, as further detailed in the Guarantee Agreement, the remuneration of the EU Guarantee under the Member State Compartment shall be as set out in the Guarantee Agreement. Under the assumption of equal portfolio characteristics and risk profile between the Member State Compartment and EU Compartment, the remuneration of the EU Guarantee under the EU Compartment and the Member State Compartment shall be consistent.

15. IMPLEMENTING PARTNER(S)

- 15.1 The Commission shall select the Implementing Partner in accordance with the procedure and criteria laid down in Article 15 of the InvestEU Regulation.
- 15.2 In accordance with Article 15(1) of the InvestEU Regulation, Finland proposes as Implementing Partner:

the European Investment Fund (EIF) - 37B, avenue J.F. Kennedy, L-2968 Luxembourg.

- 15.3 The Commission shall notify Finland of the signing of the Guarantee Agreement with the Implementing Partner and it shall share the relevant content with Finland. The Implementing Partner shall be consulted prior to that with a view to define commercially sensitive content that shall not be shared.

16. RESOURCES GENERATED BY OR ATTRIBUTABLE TO THE PART OF THE EU GUARANTEE CORRESPONDING TO THE MEMBER STATE CONTRIBUTION

- 16.1 Revenues generated from the management of assets and allocated to the compartment of Finland in the Common Provisioning Fund (treasury gains), remuneration of the EU Guarantee under the Member State Compartment, amounts recovered and any other payments received in relation to the Financing and/or Investment Operations implemented under the Guarantee Agreement shall increase the provisioning referred to in Clause 5.4. Losses generated from the management of assets and allocated to the compartment of Finland in the Common Provisioning Fund (treasury losses) shall decrease the provisioning referred to in Clause 5.4.
- 16.2 After both the Constitution Phase and the deadline for signature of the Financing and/or Investment Operations by the Implementing Partner have expired, an annual surplus of provisions based on the outstanding guarantee shall be calculated.
- 16.3 The annual surplus of the provisions referred to in Clause 16.2 shall be calculated by the Commission every year by end-September year n+1 after the lapse of the periods referred to in Clause 16.2 and the corresponding amount shall be notified to Finland.
- 16.4 After the Constitution Phase and after the deadline for signature of Financing and/or Investment Operations by the Implementing Partner, this Contribution Agreement shall be amended to provide for the treatment of the annual surpluses. The amendment shall provide for a determination of the surplus amounts and schedule of repayments that shall take into account the risk profile of the signed Financing and/or Investment Operations. The outstanding amount of the surpluses shall be paid to Finland, at the latest, by the termination of the Contribution Agreement within 30 Working Days from the relevant notice to the Member State on a bank account to be defined in the amendment.
- 16.5 The surpluses paid by the Commission to Finland in accordance with Clause 16.4 shall be allocated by the Member State to the originating funds taking into account the losses of the underlying operations and their revenues. For the Contribution from Funds under Shared Management, the surplus shall be used for support under the same objective or objectives in the form of financial instruments or budgetary guarantees pursuant to Article 14(7) of the CPR.
- 16.6 The attribution of revenues and losses as listed under Clause 16.1 shall be determined *pro rata* and on a *pari-passu* basis, based on the ratio between the amount of the Contribution

from Funds under Shared Management and the sum of the Additional Contribution and the Contingent Liability.

17. REPORTING

- 17.1 In accordance with Article 10(3)(e) of the InvestEU Regulation, the Commission shall submit an annual report¹⁰ to Finland in relation to the Guarantee Agreement composed of a financial and an operational chapter. The Commission shall provide the annual report by 30 June every year, based on the latest information received from the Implementing Partner, to Finland and to the monitoring committee of the contributing Funds under Shared Management.
- 17.2 The financial chapter shall include:
- a) based on the reports submitted by the Implementing Partner under the relevant Guarantee Agreement, financial data on Financing and/or Investment Operations, including information on:
 - b) guarantee calls made on the EU Guarantee under the Member State Compartment,
 - c) other expenses covered by the EU Guarantee under the Member State Compartment,
 - d) remuneration of the EU Guarantee under the Member State Compartment,
 - e) amounts recovered and any other payments received,
 - f) treasury gains and losses,
 - g) level of actual provisioning under the Member State Compartment and the outstanding guarantee covered by the Member State contribution.
- 17.3 The operational chapter shall include information on the implementation of the Contribution Agreement, namely information on the signature of the Guarantee Agreement with Implementing Partner and the corresponding amounts.
- 17.4 As required by Article 28(4) of the InvestEU Regulation the Implementing Partner shall provide Finland with information on the implementation of the Member State Compartment, including reporting on the relevant indicators, listed in Annex III of the InvestEU Regulation, related to the policy objectives covered in the Partnership Agreement.
- 17.5 As applicable, the data referred to in Clause 17.2 shall be presented with regard to the type of Contributions made and in line with the attribution laid down in Clause 16.6.

¹⁰ The template used for the financial chapter should be the same as those used for Financial Products under the EU Compartment of InvestEU.

18. GENERAL CLAUSES RELATING TO AMENDMENTS

- 18.1 Amendments to this Contribution Agreement shall be made in writing, with each Party representing that all prior authorisations necessary for such amendments have been obtained or performed at the time when the written consent is given. Amendments shall become effective upon signature by both Parties of the document under which the amendments are agreed and upon completion of other procedures, if required by law.
- 18.2 The Parties shall negotiate and execute in good faith any amendment to the terms of this Contribution Agreement which may become necessary or desirable.

19. SPECIFIC CLAUSES RELATING TO AMENDMENTS

- 19.1 In the event that the amount of the Contribution Agreement is not fully committed through the Guarantee Agreement within nine months from the Signature Date, or within a longer period agreed in accordance with Clause 20.3b), the Parties shall amend the Contribution Agreement as appropriate.
- 19.2 In the event that the Guarantee Agreement has not been duly implemented, to an amount at least equal to that of the Contribution from Shared Management Funds, within four years from its Signature Date, the Contribution Agreement shall be amended by the Parties. Amounts corresponding to the Contribution from the Funds under Shared Management shall be treated as set out in Article 14.6 of the CPR.

20. IMPLEMENTATION, PROLONGATION, TERMINATION

- 20.1 This Contribution Agreement shall enter into force and be effective upon the Signature Date.
- 20.2 The Commission shall conclude at least one Guarantee Agreement with an Implementing Partner within nine months from the Signature Date provided that such a conclusion of the Guarantee Agreement is possible according to the condition set forth in Clause 9.2.
- 20.3 Where no Guarantee Agreement has been concluded within nine months from the Signature Date, this Contribution Agreement shall:
- a) be terminated, in the absence of mutual agreement by the Parties or if so agreed; or
 - b) not be terminated, if agreed by the Parties and provided that the Guarantee Agreement is signed within 3 months. Such an extension of the deadline for the signature of the Guarantee Agreement shall be made in writing by the Parties before the expiry of the initial nine-month period following the Signature Date and shall take effect as from the signature of such agreement by both Parties. Where no Guarantee Agreement has been concluded within the extended deadline, this Contribution Agreement shall be terminated.

- 20.4 This Contribution Agreement shall expire upon agreement by the Parties once all the underlying obligations have been terminated and no amounts are outstanding under the Back-to-Back Guarantee.

21. RETURN OF THE UNUSED RESOURCES

- 21.1 In the event no Guarantee Agreement has been concluded by the Commission within nine months from the Signature Date, or within the longer period agreed in accordance with Clause b), and the Contribution Agreement is terminated or amended pursuant to Clause a) and b), or in the event the amount of the Contribution Agreement is not fully committed through a Guarantee Agreement within nine months from the Signature Date, or within the longer period agreed in accordance with Clause 20.3(b), the following provisions shall apply:
- 21.2 The outstanding amount of provisioning coming from the Additional Contribution shall be either paid back to Finland by the Commission within 30 calendar days from the date of the amending or the termination, or, in the case of the Contribution Agreement amendment, may give rise to the adjustment of the payment schedule in Annex 1.
- 21.3 The amount of provisioning corresponding to the Contribution from the Funds under Shared Management, as well as the amounts allocated to the future allocations as required by Article 14(2) of the CPR shall be used pursuant to Article 14(5) of CPR.
- 21.4 Unused amounts shall be reused in the originating Fund under Shared Management and, if applicable, under the respective category of regions and under a programme proposed by Finland and agreed by the Commission, corresponding to the Contribution from the Funds under Shared Management, as well as the amounts allocated to the future allocations as required by Article 14(2) of the CPR shall be used pursuant to Article 14(5) of CPR.
- 21.5 Where the amount of the Contribution Agreement is not fully committed through a Guarantee Agreement, the amount of the Contingent Liability shall be adjusted accordingly by amending this Agreement and the Back-to-Back Guarantee.

22. SEVERABILITY

If any one or more of the provisions contained in this Back-to-Back Guarantee should be or become fully or in part invalid, illegal or unenforceable in any respect under any applicable law, the validity, legality and enforceability of the remaining provisions contained in this Back-to-Back Guarantee shall not in any way be affected or impaired thereby. Provisions, which are fully or in part invalid, illegal or unenforceable, shall be interpreted and thus implemented according to the spirit and purpose of this Agreement.

23. GOVERNING LAW AND JURISDICTION

- 23.1 This agreement shall be governed by and shall be construed in accordance with European Union law, supplemented if necessary by Luxembourgish law.

- 23.2 Any and all disputes arising between the Parties in relation to the legality, validity, interpretation or execution of this Contribution Agreement shall be exclusively referred to the jurisdiction of the Court of Justice of the European Union in accordance with Article 272 of the TFEU.

24. NOTICES AND COMMUNICATION

All notices and communications between the Parties shall be made in writing, in electronic form, and shall be deemed as validly made upon receipt of the same and if addressed as follow:

For the Commission:

Address: European Commission, Directorate-General Economic and Financial Affairs, Directorate L, 12, rue G. Kroll, L-1882, L-2920 Luxembourg

E-mail: ECFIN-L3@ec.europa.eu, antongiulio.marin@ec.europa.eu

Attention: Mr. Antongiulio Marin

For Finland:

Address: Ministry of Economic Affairs and Employment of Finland, P.O. Box 32, FI-00023 GOVERNMENT, Helsinki, Finland

E-mail: registry.meae@gov.fi

Attention: Ms. Johanna Osenius

Each Party shall update the addressees and notify the other Party hereto upon any such update.

25. MISCELLANEOUS

Annexes 1, 2 and 3 to this Contribution Agreement form an integral part thereof.

[Signature page to follow]

*

IN WITNESS WHEREOF, each of the Parties has caused this Contribution Agreement to be executed in two originals in the English language, each one taking one copy/copies, as of the day and the year specified below:

Signed for and on behalf of

THE EUROPEAN UNION

Signed for and on behalf of

FINLAND

Maarten Verwey
Director General

Date

Mika Lintilä
Minister of Economic Affairs

Date

ANNEX 1**Details of the payments of the provisioning****1. Payments of the provisioning from the Shared Management Funds**

According to the Partnership Agreement and according to Article 14(2) CPR, the amounts of resources in EUR allocated to the InvestEU Fund per calendar year are the following:

Fund	2022
ERDF	17 689 916

2. Payments of the provisioning from the Additional Contribution

In 2023 and 2024, the payments of the Additional Contribution to the Commission for the Common Provisioning Fund are as follows:

	2023	2024
Additional Contribution	6 940 542	6 940 542

Upon the expiry of five Working Days from the receipt of a notification from Clause 5.5, the payment schedule for payments of the provisions for the EU Guarantee under the Member State Compartment related to the Additional Contribution in 2025 – 2027 shall be as follows:

	2025	2026	2027
Additional Contribution	19 909 667	19 909 667	19 909 666

ANNEX 2

Template for notice of a decrease in the provisioning to 10% or below and request for additional payment

From: The European Union, represented by the European Commission (the "Commission") Directorate-General for Economic and Financial Affairs

To: The Republic of Finland and [administration/Unit with e-mail address to which claims shall be sent]

Date: [•]

Contribution Agreement dated [•] signed between the Commission and the Republic of Finland

Pursuant to Clause 12 of the Contribution Agreement dated [•] between the Commission and the Republic of Finland, we hereby:

- inform you that the level of provisioning in the Common Provisioning Fund relating to the Member State Compartment has reached EUR [•] i.e. [•] % of the initial provisioning,
- request that you pay the Commission the following sum: EUR [•] within twenty (20) Working Days from the reception of this notice,
- inform you that this request is made in order to restore the provisioning up to an amount corresponding to [•] % of the initial provisioning.

2. The payment should be made into the following euro-denominated account:

[Euro account details]

3. Shall the payment not be received, or only a partial payment is received; the Commission shall settle the outstanding due amount, and shall set off the payment against any amounts due to Finland.

Executed by

The Commission

acting by:

Directorate-General for Economic and Financial Affairs

Name: [•]

Title: [•]

ANNEX 3

**Financial Products to be covered by the EU Guarantee under the Member State
Compartment**

1.	Product name	<p><i>Sustainability Guarantee for Finland</i></p> <p><i>The contribution to InvestEU shall be used for the implementation of an uncapped guarantee instrument with a standalone set-up under the Member State Compartment, i.e. this structure would remain independent from the InvestEU EU Compartment without any combination or mutualisation.</i></p> <p><i>The final implementation modality shall be established in the Guarantee Agreement</i></p>
2.	Policy Window(s)	<p><input checked="" type="checkbox"/> Sustainable Infrastructure Policy Window</p> <p><input type="checkbox"/> Research, Innovation and Digitisation Policy Window</p> <p><input checked="" type="checkbox"/> SME Policy Window</p> <p><input type="checkbox"/> Social Investment and Skills Policy Window</p>
3.	Policy objective(s)	<p>The Financial Product shall contribute to green and sustainable transformation of the local economy by supporting access to debt financing for eligible final recipients (to be defined under the Guarantee Agreement).</p> <p>The Financial Product shall contribute to Policy Objective 1 and 2 of the contributing shared management fund, “Smarter Europe”, and “Greener, low-carbon Europe”.</p>
4.	Rationale, objectives and expected impact	<p>The objective of the Financial Product is to facilitate access to finance for clean and efficient production and use of energy, sustainable and efficient infrastructure as well as research and innovation of low carbon solutions, ultimately contributing to the green and sustainable transformation of the local economy and to the achievement of the climate targets.</p> <p>Finland’s ambition is to become the world’s first fossil-free welfare society and to be at the forefront of European climate action initiatives. Therefore, with SMEs accounting for about 99% of all employers in Finland, incentivising their climate transition is of strategic importance to achieve carbon net-zero goal by 2035.</p> <p>Additionally, the European Council Recommendation on the 2020 National Reform Programme of Finland represents the implementation of the Sustainability Guarantee focused on addressing certain structural weaknesses of the Finnish banking market, such as liquidity risks faced by local small businesses, in particular investments in green transitioning.</p>

5.	New /existing product	<input checked="" type="checkbox"/> New financial product <input type="checkbox"/> Continuation of existing financial support mechanisms
5.a	Additionality of the proposed Financial Product	<p>The additionality of the Portfolio Guarantee Instrument may consist of any of the below:</p> <ul style="list-style-type: none"> Reduced collateral requirements; Reduced standard credit risk premium on the guaranteed portion of the loan; Extended maturities. Riskier enterprises/projects becoming bankable. <p>The structure of the Financial Product shall also enable to leverage private funds.</p>
6.	Targeted eligible areas	<p>The Sustainability Guarantee aims to support investments contributing to the green and sustainable transformation of the economy, supporting access to debt for Guarantee Final Recipients.</p> <p>The final targeted eligible areas shall be established in the Guarantee Agreement.</p>
6a	Policy prioritisation	The InvestEU framework shall be applicable
7.	Targeted final recipients	<p>Indicative final recipients: SMEs; small mid-cap companies; individuals/households.</p> <p>Final eligibility criteria shall be established in the Guarantee Agreement.</p>
8.	Targeted geography	Finland
9.	Implementation period	Subject to Clause 19.2, the InvestEU timeline shall be applicable.
10.	Type of financing	<input type="checkbox"/> Direct financing <input checked="" type="checkbox"/> Intermediated financing through Financial Intermediaries <input type="checkbox"/> Facility, programme or structure which has underlying sub-projects
10.a	Eligible financial intermediaries	<p>Indicative eligible financial intermediaries: Any entity (including financial, guarantee or credit institutions) duly authorized to carry out financing and/or to issue guarantees to the benefit of final recipients according to the applicable legislation and operating in Finland.</p> <p>Final eligible intermediaries shall be established in the Guarantee Agreement.</p>
10.b	Financial intermediaries' financial needs	N/A
10.c	Type of product provided by the Implementing	<p>Uncapped (counter-) guarantee</p> <p>To be established in the Guarantee Agreement</p>

	Partner to the financial intermediary	
10.d	Type of product provided by the financial intermediary to the final recipient	Eligible final recipient transactions may be in the form of senior financing including loans, financial leasing, revolving credit lines (including overdrafts), Supply Chain finance (including reverse factoring (confirming) and with recourse factoring); subordinated financing; quasi-equity financing. To be established in the Guarantee Agreement.
12.	Amounts / maturity per final recipients	The scheduled minimum maturity of the Guarantee Final Recipient Transactions shall be 12 months. Final amounts and maturity per final recipient shall be established in the Guarantee Agreement.
13.	Size of the product	The expected mobilised amounts shall be defined in the amendment to the Guarantee Agreement.
14.	Pricing charged to financial intermediaries or final recipients, as applicable (only relevant for debt/guarantee products)	<input type="checkbox"/> Free of charge <input checked="" type="checkbox"/> Partially priced <input type="checkbox"/> Fully priced Rationale for the pricing: InvestEU Pricing shall be applicable Final pricing shall be established in the Guarantee Agreement.
15.	Exit strategy	N/A
16.	Guaranteed amounts	The final guaranteed amounts shall depend on the final structure of the Financial Product and shall be established in the Guarantee Agreement.
17.	EU Guarantee coverage provided to the Implementing Partner	<input checked="" type="checkbox"/> First Loss Contribution <input type="checkbox"/> Pari-passu <input type="checkbox"/> Other arrangements (<i>please specify</i>) The final EU coverage shall be defined in the Guarantee Agreement
18.	Structure / Features	Final product structure shall be described in the Guarantee Agreement
19.	Currency	EUR
20.	Reporting	Reporting obligations as defined in this contribution agreement and in the InvestEU framework.
21.	Link to Advisory Initiatives (including InvestEU Advisory Hub)	N/A
22.	Other	N/A