

Translation from Finnish
Legally binding only in Finnish and Swedish
Ministry for Foreign Affairs, Finland

Act on Concessional Credits Granted to Developing Countries

(1114/2000)

By decision of Parliament, the following is enacted:

Section 1

An interest subsidy may, as provided in this Act, be paid from the development cooperation budget on credits intended to finance projects that promote economic or social development in developing countries and contain a substantial Finnish contribution. Such credits may also be supported with other government subsidies. Below, these credits are referred to as concessional credits.

Section 2

In this Act, a credit institution means a Finnish credit institution referred to in the Act on Credit Institutions (1607/1993), a credit institution that is authorised in the European Economic Area and is acceptable with regard to its credit risk, or other foreign credit institution comparable to them with regard to its credit risk.

Section 3

Concessional credits may be granted to states which the Organisation for Economic Co-operation and Development (hereafter the OECD) defines annually as eligible for mixed financing and which are creditworthy and eligible for an export guarantee.

Section 4

The budget appropriations for interest subsidies and the commitment authorisations are determined annually in the Budget.

Section 5

Compliance with the general conditions for concessional credits is overseen by the Ministry for Foreign Affairs, taking into account the principles adopted by the OECD for public development aid and publicly supported export credits.

Section 6

A credit is accepted as a concessional credit by the Ministry for Foreign Affairs.

The acceptance of a credit as a concessional credit is subject to an export guarantee from Finnvera Plc.

Section 7

The credit institution funds the concessional credit and concludes a credit agreement with the recipient of the credit.

Section 8

The Ministry for Foreign Affairs determines the amount of the payable interest subsidy, which is the difference between the interest costs in accordance with the market reference rate and the annual interest on the concessional credit, added with an administrative fee.

Section 9

The State Treasury pays the interest subsidy to the credit institution granting the credit on the date when the interest shall be paid according to the conditions of the credit agreement.

For a credit in a foreign currency, the interest subsidy is paid in accordance with the average rate that the European Central Bank applied to that currency two Finnish banking days before the due date for the interest on the credit.

Section 10

The Ministry for Foreign Affairs shall oversee that a concessional credit is used for the purpose determined in the decision to accept the credit as a concessional credit.

A credit institution shall include in an agreement on a concessional credit the condition that it has the right to call in the credit if the recipient fails to fulfil the obligations imposed on it in the credit agreement. In the credit agreement, the credit institution shall oblige the recipient to provide the credit institution with all information necessary for the oversight.

The credit institution is obliged to provide the Ministry for Foreign Affairs, on request, with any information necessary for verifying that the concessional credit has been used for the accepted purpose and that the agreed conditions have otherwise been complied with.

Section 11

The Ministry for Foreign Affairs may annul or amend a decision under section 6 to accept a concessional credit if the credit is not used for the purpose determined in the decision or if other significant changes take place in the circumstances concerning the credit.

Section 12

Further provisions on the procedure for applying for concessional credits and on administering and calling in such credits are issued by government decree.

Section 13

This Act enters into force on 1 January 2001.

This Act repeals the Act on Interest Subsidies on Credits Granted for Economic Development in Developing Countries (1058/1986) of 31 December 1986 and the statutes issued under it.