

A briefing and discussion on RRF projects

December 11, 2023 at 2 to 3 pm.

Agenda

Reporting requirements

Jussi Kivikoski, Unit Manager

Information to be checked at payment

Kirsi Raukola, Financial Auditor

Data protection and handling of business secrets

Lena Nordqvist, Lawyer

Participants' questions and comments

Funding from EU Recovery and Resilience Facility RRF

- The Next Generation EU recovery instrument accelerates the recovery of people, the EU economy, and society from the COVID-19 crisis. The instrument contains a EUR 724 billion recovery fund for EU member states. The recovery package is divided into seven programs, of which the Recovery and Resilience Facility (RRF) is the largest. The RRF includes EUR 672.5 billion in funding for EU member states.
- The Sustainable Growth Program for Finland supports ecologically, socially, and economically sustainable growth.
- Business Finland contributes to the implementation of the Recovery and Resilience Plan by funding the following:
 - the promotion of the green transition
 - the promotion of digitalization and the data economy
 - raising the level of expertise (“the RDI pillar”)
- Between 2021 and 2023, the RRF-based funding available to Business Finland was approximately EUR 380 million.
- More information:
 - <https://www.businessfinland.fi/en/campaign-sites/sustainable-growth-program-for-finland>
 - <https://www.businessfinland.fi/en/for-finnish-customers/services/funding/guidelines-terms-and-forms/reporting>
 - <https://www.businessfinland.fi/en/for-finnish-customers/about-us/funding-information>

Reporting requirements, background

Jussi Kivikoski

Key regulations governing the RRF program and project administration and supervision

- Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility
- Commission Notice (2021/C 58/01): Technical guidance on the application of “Do No Significant Harm” under the Recovery and Resilience Facility Regulation
- Act on the Administration, Supervision, and Inspection of the EU Recovery and Resilience Facility (537/2022)
- Policy:
 - Decree of the Ministry of Finance on the management’s statement of assurance concerning the implementation of the Recovery and Resilience Plan
 - Decree of the Ministry of Finance on the preparation of a description of the administration and supervision system
 - Provisions of the State Treasury concerning the submission of information and funding allocation information, as well as inspection and supervision information, generated by the implementation to central monitoring information systems under the responsibility of the State Treasury.

Things to note

- A project's duration can be extended only until December 31, 2025.
 - Final report within 4 months of project completion
- It is necessary to be prepared for the implementation and reporting requirements of the EU Recovery and Resilience Facility to be specified at a later stage (including, e.g., the assessment and monitoring concerning the DNSH implementation).
- In all project communications, the beneficiary must inform the public of the origin of the funding and ensure the visibility of the European Union funding by presenting both the flag of Europe and the text "Funded by the European Union – NextGenerationEU".
- The beneficiaries must retain the project documents and other material necessary for supervising and auditing the project until the end of 2033, unless other legislation of the European Union or national legislation requires a longer retention period.
- Reporting of annual working hours in three steps.

Beneficiary information, why

- The purpose of the Money Laundering Act is to prevent money laundering and terrorist financing, to promote the detection and investigation of such activities, and to enhance the tracing and recovery of the proceeds of crime.
- The Money Laundering Act and the EU's money laundering directives require a company or entity to identify its beneficial owners, to report their information for registration and to keep the information up to date.
 - Banks, accounting firms, law firms, real estate agents, etc., need to know their customers.
- Under the RRF Regulation, Business Finland must collect information on the beneficial owners of the final recipient or contractor for inspection and supervision purposes.

Who is the beneficiary?

- The company is responsible for identifying the beneficiaries.
 - For more information about beneficiaries, see [the website of the Finnish Patent and Registration Office.](#)
- The beneficiary is always a person.
 - The beneficiary cannot be an estate, a company, an association, a municipality, or other public entity.
- A beneficiary is a person who fulfills at least one of the following conditions:
 - The person owns **more than 25%** of the company's shares directly or indirectly through another company.
 - The person holds more than 25% of the company's voting rights directly or indirectly through another company.
 - The person exercises effective control over the company on other grounds.

Beneficiary information

- According to the RRF Regulation (Regulation (EU) 2021/241 of the European Parliament and of the Council, Article 22), Business Finland must also collect the name and unique identifier (e.g., business ID) of the contractor and any subcontractor of the contractor, if the beneficiary is a procurement unit within the meaning of the Procurement Act.
 - Business Finland must also collect the first and last names and dates of birth of the beneficial owners.
- If the contractor or subcontractor is a foreign organization, the beneficiary is requested to ask for the necessary beneficiary information.
- If the necessary information is not obtained, the cost in question is not eligible for support.
 - Under the RRF Regulation, Business Finland is obliged to collect the information.
 - Under the Money Laundering Act, the company is obliged to submit a notification to PRH.
 - On the basis of the Act on Discretionary Government Grants, Business Finland has the right to obtain the necessary information to resolve the matter.

From which procurements is beneficiary information collected?

- **Information about contractors and subcontractors** is collected from the suppliers of services and goods directly related to the project (material and supplies costs, equipment purchases, purchased services, and other costs), **but not from the suppliers of support services related to indirect personnel or overhead costs (e.g., administrative services) or of travel-related services.** If procurements can be considered the measure's core activities, the information on contractors and subcontractors must also be collected for small procurements, i.e., also for procurements that do not exceed the national or EU thresholds defined in the Procurement Act.
- It is a good idea to already mention to the contractors (incl. possible subcontractors) during the procurement process what information Business Finland will collect about them.

Other things to note

- Funding from other EU programs
 - If the funded project receives double funding from the EU Recovery and Resilience Facility or other Union programs, the accountable leader must notify Business Finland of this without delay or in connection with the reporting at the latest.
- Consideration of sanctions
 - *"No funds or economic resources shall be made available, directly or indirectly, to or for the benefit of sanctioned natural or legal persons, entities, or bodies, or natural or legal persons, entities, or bodies associated with them."*
- Possible changes in implementation
 - The funded project must meet the criteria for RRF funding, e.g., measure-specific (application) criteria and the DNSH principle, for its entire duration.

Information to be checked at payment

Kirsi Raukola

Reporting of RRF projects in the online service

- Unlike in other reporting of public research projects, a salary specification must always be appended to the report.
 - The requirement also applies to government agencies and institutions.
- An auditor's report must also be appended to the final report.
 - The requirement also applies to government agencies and institutions and projects under EUR 500,000.
- In addition to filling out these familiar forms, it may be necessary to report information about the contractor and their subcontractors or the annual working hours (more about these in the following slides).
 - The annual working hours notification appears in the online service when the project belongs to certain RRF funding calls and when equipment purchases are being reported or have been reported for the project. The appendix is mandatory if equipment purchases are reported during the period in question.
 - The contractors and subcontractors notification appears in all RRF projects and is mandatory if materials and supplies, purchased services, or equipment purchases are reported during the period in question.
- The beneficiary must remind the contractor to submit a notification of beneficial owners as required by the Act on Preventing Money Laundering and notify the Trade Register of changed beneficiary information (PRH-Trade Register-Notification of beneficial owners).

Contractor and subcontractor information notification

- A form for reporting the information is available on Business Finland's website and is appended to the report:

[Contractor and subcontractor information notification](#)

- The information is collected from suppliers of services and goods directly related to the project (material and supplies costs, equipment purchases, purchased services, and other costs).
 - You do not need to submit the form if only salaries are reported as direct costs during the reporting period.
 - The form is also not submitted for indirect personnel and overhead costs, for which the beneficiary submits an annual audit report to the funder (terms and conditions of funding for public research, 4.5 Indirect costs).
 - You do not need to report catering costs for meetings, translation services, or travel costs.
- The procurement ID is reported to enable the tracing of the procurement to the beneficiary's accounting.
- Subcontractor information must be reported whenever the contractor has procured products or services from another party in connection with the project.
- Business Finland checks the information concerning the beneficial owners of the contractors directly from the information service maintained by the Finnish Patent and Registration Office.
 - Upon request, the beneficiary must also provide Business Finland with the first and last names as well as the dates of birth of the beneficial owners of the contractors, unless they are available in the Trade Register.

Foreign contractors form

- Business Finland's website also contains a form for reporting information about foreign contractors and their beneficiaries and subcontractors:

[To be filled out by foreign contractors](#)

- In order to streamline the process, procured services and goods should not be reported if information on the contractors and their subcontractors has not been submitted.
 - In this case, the procurements are not eligible for support.
 - All costs related to the project must be reported no later than in the final report.

Reporting the annual working hours

- The form is available on Business Finland's website.

[Reporting the annual working hours](#)

- The form is submitted in connection with the reporting when the project has received funding in the following calls:
 - RRF – 5G/6G, AI, and Quantum Development Environments
 - RRF – Innovation infrastructures
 - RRF – Key sectors and leading companies' partnership projects
- The information is reported for RRF projects with direct costs that include the costs of research equipment/installations/facilities.

The aforementioned forms and other instructions are available on Business Finland's website

[Reporting – Business Finland](#)

Data protection and handling of business secrets

Lena Nordqvist

Beneficiary information and data protection 1/2

- Business Finland processes beneficiary information pursuant to Article 6 (1) (c) GDPR (processing is necessary for compliance with a *legal obligation* of the controller).
- According to section 12 (1) (3) of the European Union Recovery and Resilience Facility Management, Control and Audit Act (527/2022), the so-called Enforcement Act:

As part of the monitoring and supervision of the use of the grant, the granting authority must record in its information system the information referred to in Article 22 (2) (d) (i) to (iv) of the RRF Regulation and report it, notwithstanding the confidentiality provisions, to the State Treasury for the purpose of centralized national monitoring and supervision of the implementation of the Recovery and Resilience Plan.

- The beneficiary information is included in the customer register of BF's funding system, and the processing of the aforementioned data is communicated in the [privacy statement](#) on BF's website.

Handling of business secrets

- Business Finland complies with the Act on the Openness of Government Activities (621/1999) with regard to document publicity. Any business secrets are confidential under section 24 (1) of the Finnish Public Procurement Act.
- Business Finland has provided clear instructions for the processing and disclosure of confidential information. Confidential information may only be processed in information systems that have an adequate level of security.
- Disclosure of contractor and subcontracting information on request – in the case of an information request concerning an individual project, a transfer in accordance with section 15 of the Finnish Public Procurement Act. In the case of extensive information requests, contractor and subcontractor information is categorically interpreted as confidential.

Handling of business secrets

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- Business Finland has provided clear instructions for the processing and disclosure of confidential information.
 - Confidential information may only be processed in information systems that have an adequate level of security and that restrict the use of data with strict access rights.
 - Disclosure of contractor and subcontractor information on request for individual projects vs. extensive requests for information.