

14.8.2024

Public procurement in projects funded through the Research Council of Finland under the Recovery and Resilience Facility

The project funded through the EU Recovery and Resilience Facility (RRF) via the Research Council of Finland, and the beneficiary, must comply with the Act on Public Procurement and Concession Contracts (Procurement Act, 1397/2016). The purpose of these guidelines is to provide general instructions on complying with the Procurement Act and the specific characteristics of RRF funding.

The Procurement Act defines a procurement entity. Procurement entities include state authorities, regional welfare authorities, welfare consortia, municipalities, municipal consortia, and parish authorities, as well as state enterprises and public legal institutions. Additionally, any entity that has received more than half of the procurement value as support from the aforementioned public bodies is considered a procurement entity. Thus, a recipient of Research Council of Finland funding must comply with the Procurement Act when making a procurement if more than half of the procurement value has been financed by the Research Council of Finland or other public support.

All projects funded under the RRF are required to comply with the Procurement Act in their procurements.

Compliance with the Procurement Act

Procurement refers to the purchase, leasing, or similar acquisition of goods and services, as well as the commissioning of paid contracts. The Procurement Act regulates competitive bidding procedures and operational obligations that procurement entities subject to the law must follow in their procurements. The Procurement Act does not apply to employment contracts, for example.

A procurement entity must treat participants in the procurement process and other suppliers fairly and without discrimination, while acting transparently and considering the requirements of proportionality.

The Procurement Act applies when the estimated value of the procurement exceeds the thresholds defined in the Procurement Act (national thresholds, EU thresholds). Procurement must be subjected to competitive bidding in accordance with the Procurement Act when the total value of the procurement without VAT is €60,000 or more (national threshold). Additionally, procurements that meet or exceed the EU threshold must follow one of the procedures outlined in Chapter 5 of the Procurement Act.



Information about procurement thresholds can be found here:

<https://www.hankinnat.fi/mika-julkinen-hankinta/kynnysarvot>.

All competitive procurements with a value of at least €60,000 must be reported via the HILMA notification channel at www.hankintailmoitukset.fi. Procurements below the national thresholds may also be reported through the notification channel.

Procurements must not be divided into parts or their value artificially reduced to avoid applying the provisions of the Procurement Act. Similarly, procurements must not be artificially combined to avoid the application of the Procurement Act.

For procurements of lesser value, i.e., with a total value excluding VAT of less than €60,000, the procedures and procurement guidelines of the host institution should be followed.

To verify compliance with the Procurement Act and/or the host institution's guidelines, the various stages of procurement must be documented in accordance with the requirements of the Procurement Act and the host institution's guidelines.

Exception for research and development services in the Procurement Act

Under Section 9(1)(13) of the Procurement Act, the Act does not apply to the procurement of research and development services as specified in Appendix A, except when the benefit from such services accrues exclusively to the procurement entity for use in its operations, and the procurement entity fully remunerates the provided service.

Direct procurements

As a general rule, all public procurements must be competitively bid, and the use of direct procurement represents an exception to this general rule under the Procurement Act. In direct procurement, the procurement entity negotiates the terms of the contract with one or more chosen suppliers without prior publication of a procurement notice. In national direct procurements, the procurement entity may also submit a voluntary direct procurement notice to Hilma.

There must always be a valid reason under the Procurement Act for using direct procurement (Section 40). Provisions regarding additional orders in direct procurement are set out in Section 41 of the Procurement Act. Direct procurement may only be used as a procurement method if the conditions specified in the Procurement Act are met.



It should be noted that since direct procurement is an exception to the general obligation for open competitive bidding, its conditions of use should be interpreted narrowly.

A justified decision must be made for direct procurement, and the reasons for using direct procurement must be properly documented.

Procurement advice

Since the host institution of the project and the responsible leader must comply with the Procurement Act and the host institution's procurement guidelines, the responsibility for procurement advice also lies with the host institution. The Research Council of Finland cannot provide instructions on the host institution's guidelines or regulations.

The Public Procurement Advisory Unit (JHNY) serves procurement entities under the Procurement Act with questions related to public procurement. JHNY particularly focuses on issues related to the application of the Procurement Act. JHNY maintains the websites www.hankinnat.fi and www.upphandling.fi and www.publicprocurement.fi.

Protection of EU financial interests in procurement

According to [Section 9 of the Act on the Administration, Monitoring, and Auditing of the Recovery and Resilience Facility \(537/2022\)](#), authorities performing duties under this Act must appropriately consider the protection of the European Union's financial interests. To protect financial interests, the Research Council of Finland must collect information on the actual owners and beneficiaries of contractors as required under [Section 22\(2\)\(d\) of Regulation \(EU\) 2021/241 of the European Parliament and Council establishing the Recovery and Resilience Facility](#), if the beneficiary is a procurement entity as defined in Section 5 of the Act on Public Procurement and Concession Contracts (1397/2016) and is procuring goods or services for its project.

If the payment request for a project funded through the EU Recovery and Resilience Facility (RRF) via the Research Council of Finland includes procurements/purchases, certain documents and beneficiary information regarding the final recipients of the funds must be submitted in accordance with the Research Council of Finland's separate guidelines (SA/2024/02889). RRF-funded projects must also clarify any potential conflicts of interest in procurements and whether the beneficiary is listed on the EU sanctions list.

- [Instructions for projects funded by the Research Council of Finland from the Recovery and Resilience Facility \(RRF\) on providing documents and information from procurements](#)



Monitoring actions targeting procurements in RRF-funded projects

The Research Council of Finland checks the inclusion of foreign beneficiaries on the EU sanctions list as part of payment processes. If a beneficiary of a contractor or subcontractor is on the EU sanctions list, the cost is not eligible for reimbursement.

In addition, the Research Council of Finland requires an audit for all RRF-funded projects in accordance with the RRF special conditions. The Council may also conduct an audit of the RRF project based on sampling/risk assessment as per its annual monitoring and inspection plan for RRF projects.

The project's audits and inspections by the Council will verify compliance with the Council's funding conditions, RRF special funding conditions, the EU Regulation establishing the Recovery and Resilience Facility (EU 2021/241), and the Council's guidelines regarding the project's procurements.

- [Instructions on the financial audits of RRF-funded projects](#)
- [Audit report template for RRF-funded projects](#)

Failure to comply with the funding conditions and RRF special conditions may lead to the recovery of funds.

RRF-project guidance at the Research Council of Finland

The Research Council of Finland's RRF team provides guidance on collecting beneficiary information, submitting procurement-related documents, and matters related to audits for RRF-funded projects. Information about the EU Recovery and Resilience Facility and the guidelines issued for RRF projects can be found on the Council's website.

- Webpages: [EU Recovery and Resilience Facility \(RRF\) – Research Council of Finland](#)
- Contact address: rrf@aka.fi