

# Conclusions and recommendations of the National Audit Office

## Implementation of the Recovery and Resilience Plan

The objective of the EU's Recovery and Resilience Facility (RRF) is to speed up the recovery of people, the economy and society from the Covid-19 crisis. In addition to recovery from the economic and social impacts of the Covid-19 pandemic, the RRF supports, for example, the green transition and digitalisation.

To be eligible for the RRF, an EU Member State must draw up a national Recovery and Resilience Plan (RRP). Finland has drawn up its plan as part of the Sustainable Growth Programme for Finland. The RRF funding received by Finland amounts to approximately EUR 1.8 billion between 2021 and 2026. Finland's national Recovery and Resilience Plan has so far been implemented for the most part with national funding. So far, Finland has received very little funding from the RRF.

The audit examined whether the funding paid from the RRF has been used in accordance with the rules applying to the RRF. In addition, the audit assessed whether the performance management of the implementation of the plan financed by the RRF is organised in such a way that it provides the best possible conditions for the RRF's performance. The audit also assessed whether the model used to manage Finland's Recovery and Resilience Plan provides a basis for effective implementation of the RRP.

The purpose of the audit was to produce information on the RRF to Parliament, to the Ministry of Finance and the State Treasury, which are responsible for the coordination and monitoring of the use of the funds, and to the authorities responsible for awarding and monitoring RRF grants in their sector.

## The funding from the RRF has been used in accordance with the rules applying to the RRF

On the basis of the audit, the authorities responsible for the coordination, monitoring and implementation of the management of the funds have essentially complied with the EU legislation governing the funding paid from the RRF as well as with the national legislation and the rules related to good governance.

## The governance model poses challenges for the implementation of the Plan

A large number of central government authorities participate in the management of the funding Finland receives from the RRF, which makes the model complex.

The Ministerial Working Group on Sustainable Growth in Finland has outlined the general objectives of the programme. Finland's Recovery and Resilience Plan

is based on these general objectives and consists of four pillars, i.e. broad sets of objectives. The plan includes 131 milestones or objectives and 55 measures, implemented by 31 authorities. A large number of different authorities collect information used in the steering of the implementation of the plan and in payment requests submitted to the Commission. The larger the number of authorities implementing the plan, the more challenging it is to ensure that they all have sufficient special expertise and resources to manage EU funds.

The administrative framework for the implementation of Finland's Recovery and Resilience Plan was successfully built and made operational within a relatively short period of time and with relatively modest resources. The administrative framework is complex as there are so many actors. However, the roles and responsibilities of the different actors are quite clearly defined in legislation. One of the key challenges has been ensuring adequate resources and competence for the large number of different authorities as well as ensuring the consistency and uniformity of their activities. Despite their very different starting points and resources, the different authorities have, in the early years of the implementation of the Plan, managed to perform their tasks related to the implementation at least reasonably well.

## Data transfer between different information systems increases the risk of error

Finland's RRP is implemented by a large number of authorities. All of these authorities use their own information systems tailored to their operating environment to store information on their plans and decisions and on the results of their activities. The authorities awarding RRF grants transfer the data they have collected to the centralised information system administered by the State Treasury mainly manually, and it has not been possible to build automatic controls for the data transfer. Manual data transfer poses a risk of error. Although the audit found some shortcomings in the storage procedures, timeliness and coverage of the data and documents transferred to the centralised information system, the centralised information system can nevertheless be considered effective as a whole as regards the management of the basic information required by legislation.

## In the future, special attention should be paid to the correctness of financial information

In its guidance concerning the RRF funding, the EU Commission has untypically paid special attention particularly to the achievement of the objectives set for the funding. In other EU funding, attention is usually paid to the eligibility of costs or to compliance with the legislation on financial management. When Finland in the future submits its first payment request to the EU Commission, the Commission will assess the achievement of the milestones in the national RRP before approving the request. The financial information to be reported increases as the implementation of the plan proceeds. Special attention must then be paid not only

to monitoring the achievement of the objectives but also to the quality of the financial information reported.

## No comprehensive information is available on the achievement of the national objectives

The Sustainable Growth Programme for Finland and the national Recovery and Resilience Plan include a large number of national objectives. They are mainly defined at such a general level that it is not possible to unambiguously verify their achievement. The audit also concluded that the common indicators of the EU's Recovery and Resilience Facility are not particularly suitable for monitoring the objectives in Finland's national RRP. This is because the common indicators reflect only a small number of Finland's national objectives. Most of the common indicators do not reflect the achievement of the objectives at all.

It is difficult to assess the implementation of the Recovery and Resilience Plan and the effectiveness of the implementation as a whole. Finland has no agreed procedure for compiling, for example, information produced in different administrative sectors on the results and impacts of the implementation of the RRP and on the achievement of the objectives set by the Ministerial Working Group. On the basis of the audit, the national objectives included in the RRP have not been monitored and reported on in such a manner that it would be possible to verify what has been achieved overall with the implementation of the plan.

## There are shortcomings in the performance management of the programmes and projects of the authorities awarding RRF grants

The audit identified a number of challenges in the performance management of the projects financed by RRF grants, in particular with regard to the definition of the project objectives and indicators, the planning of implementation and the verification of effectiveness.

On the basis of the audit, the Ministry of Social Affairs and Health, which is one of the authorities awarding RRF grants, should have steered the beneficiaries' target-setting more closely. In addition, the Ministry of Social Affairs and Health should have overseen that, when preparing their project plans, the beneficiaries have complied with the guidelines issued and ensured that they have interpreted the guidelines sufficiently consistently.

There is unnecessary variation in the performance management procedures and related guidelines in the programmes under the Ministry of the Environment. In particular, the utilisation of the outputs of research and development programmes and projects and the long-term effectiveness of these are partly poorly planned and monitored. It is also uncertain whether the information, experience and materials produced by the projects are preserved and available after the programmes have ended.

In addition, the audit revealed challenges related to the results management of projects financed with the RRF grant, based on which the State Treasury should also improve its supervision of the activities of the authorities that grant RRF grants.

## Recommendations of the National Audit Office

The National Audit Office recommends that the Ministry of Finance

1. should analyse the reasons that have slowed down the adoption of Finland's Recovery and Resilience Plan and assess whether simplification of the management model could promote the implementation of the Plan.
2. should ensure that the monitoring, reporting and ex-post evaluation of the Recovery and Resilience Plan and the achievement of the national objectives are carried out as a whole to provide an overall picture of the achievement of the objectives.
3. together with the State Treasury should pay particular attention to the accuracy of the reporting to the EU Commission and the quality of the financial information as the implementation of the plan proceeds.

The National Audit Office recommends that the State Treasury

4. should aim to reduce the risk of data entry errors by promoting the introduction of mass data transfers and electronic data transfer between different information systems.
5. should oversee more comprehensively that the authorities awarding RRF grants monitor the progress and effectiveness of projects.

The National Audit Office recommends that the Ministry of Social Affairs and Health

6. should strive to comply comprehensively and in a timely manner with the State Treasury's regulations on the information to be stored on the objects of RRF grants in the centralised information system and to reduce the risk of data entry errors by promoting the introduction of mass data transfers.
7. should better steer the beneficiaries' target-setting, oversee that the beneficiaries comply with the guidelines issued and ensure that the guidelines have been interpreted sufficiently consistently.

The National Audit Office recommends that the Ministry of the Environment

8. should harmonise the performance management procedures of the government grant programmes it has financed with the Recovery and Resilience Facility.
9. should ensure that the programmes produce information on their longer-term effectiveness and that the key information and key outputs produced by the programmes remain easily accessible even after the programmes have been completed.