

Private Sector Investment Programme (PSI)



January 2014

Obligation to report – what are the implications for the execution of my project?

Introduction

What must you do if the implementation of your project takes a different course than was initially anticipated and presented in your PSI project application?

Obligation to report – What is it?

This requirement means that you must notify PSI of specific events which lead to non-fulfilment, delayed fulfilment or incomplete fulfilment of your obligations as stipulated in your project application and/or decision.

Obligation to report – Why?

The Obligation to report has been in existence for some time now, but has been tightened up since the introduction of the 'Rijksbreed Subsidiekader' (Kingdom-wide Grants Framework) in late 2011. The aim of this new grants framework is to reduce administrative burdens for project executors and give them greater confidence as partners of the government. Among other things PSI reduced the frequency of reporting for project executors and introduced automatic advance funding, whereby the direct link between the reporting of results and payments was abandoned.

However, this greater freedom also entails greater responsibility towards the government. You have after all made contractual agreements about what you are going to do in your project, who you are going to do it with, the way you are going to do it and what you want to achieve. This means that if any changes (are expected to) occur in the execution then you must report those changes immediately.



Obligation to report – When does it apply?

The obligation to report applies in the following situations (among others), when:

- you cannot meet the reporting deadline as previously agreed with PSI;
- the progress of your project is seriously threatened and it will (probably) be delayed – even if you are not yet required to send an annual report to PSI in the near future. This could be a result of such things as: disagreement between partners, disagreement with local governments, failure to acquire land or permits, late delivery of machines or buildings etc;
- you want to change the shareholding structure of the joint venture;
- there is going to be a change in the parties participating in the project;
- one of the partners is verging on bankruptcy;
- you want to change the location of your project;
- you want to sell your product in a different market or produce a different product;
- you want to purchase hardware not agreed to in advance with PSI;
- you foresee changes that will affect the impact of the project – in the cooperation with suppliers, the number of staff you employ, the way the training is executed etc;
- you register malpractice on the part of your project partner or in the supply chain (in relation to corporate social responsibility for example).

Obligation to report – How do you report changes?

Changes must be reported in writing to PSI, by letter or e-mail. In the first instance you may contact your project officer by telephone for consultation regarding the change.

Obligation to report – How is your notification dealt with?

PSI starts processing your notification and any applications for change it may involve and considers whether the departures from the original project application are acceptable. PSI may then grant permission for the change or for part/some of the change(s). Depending on the nature of the change this could lead to a variation in the automatic frequency of payment, the budget, or the scheduling of results.

If PSI finds your proposed change unacceptable, due to a negative impact on the original project results or the overall impact achieved by the project, then PSI may in extreme cases withdraw the grant and reclaim any advance payments already made. However, PSI will always try to find a satisfactory solution in consultation with you first.



Obligation to report – What happens if you do not comply?

Non-compliance with the notification requirement means, legally speaking, that you are abusing the trust placed in you as a project executor by the government. This is not without consequences. Sanctions may vary from an official warning to a reduction in your grant, termination of your project, reclaiming of advances paid or even, in serious cases, legal prosecution.

Conclusion

Always notify PSI if you think there is going to be a change in your project, no matter how small that change may appear to be in the first instance. It is better to report things too often and too soon than not often enough and too late. This leads to a flexible execution of the project and may prevent unpleasant situations from arising.

Contact

Netherlands Enterprise Agency
Unit PSI
P.O. Box 93144
2509 AC The Hague
T +31 (0)88 042 42 42
E PSI@rvo.nl
W www.rvo.nl/en/psi