

Conditions for the Measure “Development of Regional Competence Centres”
Regulation No. 10 of the Minister for Regional Affairs of 3 July 2009

The Regulation is established on the basis of subsection 12 (4) of the Structural Assistance Act for 2007-2013.

Chapter 1
GENERAL PROVISIONS

§ 1. Scope of application of Regulation

(1) The Regulation establishes the conditions and procedure for the submission and processing of applications for and the use of the structural assistance (hereinafter *assistance*) to be granted under the measure “Development of Regional Competence Centres” (hereinafter *measure*) of priority axis 4 “Integral and Balanced Development of Regions” of the “Operational Programme for the Development of the Living Environment” (hereinafter *operational programme*) approved by the Government of the Republic on the basis of subsection 3 (3) of the Structural Assistance Act for 2007-2013 and confirmed by the European Commission.

(2) With regard to eligible activities, the measure shall be implemented throughout the territory of Estonia, except Tartu County and Harju County.

(3) The measure shall not be implemented to support the following activities:

- 1) primary production of agricultural products listed in Annex I of the Treaty establishing the European Community;
- 2) fisheries and aquaculture;
- 3) shipbuilding;
- 4) coal industry;
- 5) steel industry;
- 6) synthetic fibre industry.

(4) If the assistance provided in the framework of the measure is to be treated as de minimis aid within the meaning of Article 2 of the Commission Regulation (EC) No 1998/2006 on the application of Articles 87 and 88 of the Treaty concerning de minimis aid (OJ L 379, 28.12.2006, p. 5–10), the conditions for granting assistance provided for in the said Regulation and provisions of section 33 of the Competition Act shall be applied.

(5) If the assistance provided in the framework of the measure is to be treated as regional aid within the meaning of Article 13 of the Commission Regulation (EC) No 800/2008 declaring certain categories of aid compatible with the common market in application of Articles 87 and 88 of the Treaty (General Block Exemption Regulation) (OJ L 214, 9.08.2008, p. 23–24) (General Block Exemption Regulation), the conditions for granting assistance provided for in the said Regulation and provisions of section 34² of the Competition Act shall be applied.

(6) If the assistance provided in the framework of the measure is to be treated as state aid for research and development and innovation within the meaning of Article 31 of the General Block Exemption Regulation, the conditions for granting assistance provided for in the said Regulation and provisions of section 34² of the Competition Act shall be applied.

(7) The assistance granted for conduct of support activities provided under the measure shall not be treated as state aid within the meaning of Article 87 (1) of the Treaty establishing the European Community.

§ 2. Definitions

In the Regulation, the following definitions are used:

- 1) **region** means a territory of one or several local governments, as well as a set of villages, a city district or a set of city districts which is characterised by the existence of a single centre or by similar socio-economic or cultural conditions;

- 2) **competitiveness of regions** means an ability of regions to create prerequisites for offering sustainable jobs, generating viable companies and involving private investments, as well as the ability to create prerequisites for stabilising or increasing the number of residents in and increasing the number of visitors to the region;
- 3) **competence centre** means an association based on the intersectoral cooperation of the representatives of research and development and educational institutions, enterprises and public authority, possessing certain competences and resources and acting for the purpose of business development by aggregating, distributing, implementing and developing these resources and competences;
- 4) **competence** means the expertise relating to innovative information the sectoral orientation of which is clearly definable and with the help of which innovative developments based on resources or performance generating a value added may be created and a high competitiveness of a competence centre may be achieved, and creation, distribution and implementation thereof;
- 5) **research and development institution** means an agency and legal entity the main activity of which is research and development activity within the meaning of the Research and Development Organisation Act;
- 6) **educational institution** means a state or municipal agency such as an institution of professional higher education or vocational education where teaching and studying are carried out in accordance with a curriculum;
- 7) **competitiveness of competence centre** means an ability of a regional competence centre to reach, as a whole, such an established level of development enabling, in perspective, to create a prerequisite for cooperation and partnership or remain competitive with similar organisations operating within a specific competence area both in Estonia and foreign countries;
- 8) **conceptual design** means a conceptual description of a planned competence centre duly submitted by way of preliminary application, in case of approval of which the applicant or a cooperation partner thereof shall be granted the right to submit an application for financing of support or main activities;
- 9) **support activity** means an activity of strategic nature fostering the development of the planned competence centre and preparation of main activities, resulting in specifying the developments necessary for the establishment of competence centres and further main activities by mutual cooperation of the partners involved in the development of the competence centre;
- 10) **main activity** means an activity or set of activities directly aimed at the development of a competence centre the sectoral orientation of which is clearly definable and which is financed within the framework of this measure;
- 11) **application** means a written standard format petition to carry out a support or main activity, containing the project for which the assistance is requested and documents attached to it to apply for the assistance;
- 12) **cooperation partner** means a legal entity involved in the development of a competence centre who has signed a cooperation agreement, included in the financing, management or implementation of the project aimed at the development of the competence centre. A non-profit association, foundation, company, research and development and educational institution as well as a state and local government may be treated as a cooperation partner. The monetary contribution of a cooperation partner to the implementation of project does not have to be monetarily measurable;
- 13) **cooperation agreement** means an agreement on joint actions concluded between the cooperation partners involved in the development of a competence centre which is submitted together with application for assistance of conceptual design and main activity in the case if the applicant is not a foundation or non-profit association established pursuant to section 5 of the Regulation, governing the relations between the partners from the submission of conceptual design to the implementation of the project included in application, designation of the composition of permanent directing body of the competence centre and working principles of the directing body;
- 14) **research worker of research and development institution** means a research fellow, senior research fellow and leading research fellow as well as head of a structural research unit of a research and development institution in the case if they participate in the implementation of a research subject or project;
- 15) **highly qualified worker** means a research fellow, engineer, designer and sales manager holding a degree certifying the attainment of third-level education and having at least five years of professional experience in the relevant area. Doctoral study may be deemed a relevant professional experience;
- 16) **enterprise** means a company registered in the commercial register pursuant to the Commercial Code;
- 17) **small and medium-sized enterprise** (hereinafter *SME*) means a small enterprise and medium-sized enterprise as defined in Annex I of the General Block Exemption Regulation;
- 18) **large enterprise** means an enterprise not covered by the definition of SME given in Annex I of the General Block Exemption Regulation;
- 19) **intangible assets** mean property obtained in the course of technology transfer by the acquisition of patent rights, licences, know-how or unpatented technical knowledge;
- 20) **primary production of agricultural products** means activity consisting of the manufacture, keeping or farming of primary products, including harvesting, milking and rearing of farm animals prior to slaughter;
- 21) **partner** means a natural or legal person or state or local government participating in the project referred to in application for assistance by the recipient of assistance, who monetarily contributes to the project or whose

contribution is monetarily measurable. Within the meaning of this Regulation, a local government authority or other body governed by public law, state agency, non-profit association or foundation or company governed by public sector are treated as a partner;

22) **self-financing** means monetary or monetarily measurable contribution to the project by the recipient of assistance or partner. Self-financing shall include only the eligible expenditure incurred by the recipient of assistance or partner. Self-financing shall not be included in the assistance, and the assistance cannot be used for self-financing either.

§ 3. Measure implementing authority and implementing agency

(1) The measure implementing authority shall be, in accordance with Government of the Republic Regulation No. 111 of 19 April 2007 Appointment of Authorities Organising Grant of Structural Assistance for 2007-2013, the Ministry of the Interior.

(2) The measure implementing agency shall be, in accordance with Government of the Republic Regulation No. 111 of 19 April 2007 Appointment of Authorities Organising Grant of Structural Assistance for 2007-2013, the Enterprise Estonia (hereinafter *EE*).

§ 4. Objective of measure

(1) The general objective of the measure shall be the development of regional competence centres outside Tartu County and Harju County which would have the potential to become, in perspective, internationally competitive at least within one specific competence area, thereby increasing the competitiveness of the region on the whole.

(2) The sub-objectives of the measure shall be:

- 1) aggregation, outside Tartu County and Harju County, of a critical amount of top-level competence and resources relating to certain areas, and the development thereof;
- 2) creation of prerequisites for the improvement of the performance of enterprises in launching innovations generating a high value added;
- 3) creation of favourable conditions for knowledge-intensive enterprises outside Tartu County and Harju County;
- 4) facilitation of cooperation between various sectors in the planning of long-term strategic development activities in the region and in the realisation of common objectives.

§ 5. Requirements for competence centres

(1) The composition of a competence centre must simultaneously include at least:

- 1) one regional local government;
- 2) one regional research and development or educational institution;
- 3) one regional association of enterprises or regional representation of a representative organisation of enterprises or at least two relevant regional enterprises.

(2) In addition to the organisations listed in subsection (1), the composition of a competence centre may include:

- 1) unions of county municipalities;
- 2) county development centres;
- 3) county governments;
- 4) enterprises operating in the competence area;
- 5) foundations,
- 6) non-profit associations.

(3) For the purpose of management and coordination of activities of a competence centre, the organisations listed in subsections (1) and (2) shall mutually establish a corresponding foundation or non-profit association. The foundation or non-profit association may be replaced by a joint permanent directing body formed on the basis of a cooperation agreement concluded between the organisations listed in subsections (1) and (2).

(4) The competence of the directing body referred to in subsection (3) shall include:

- 1) negotiation and approval of the structure and composition of competence centres, including long-term cooperation rules (joining, leaving, etc. of cooperation partners);

- 2) endorsement of management processes of competence centre;
- 3) approval of competence centre's action strategy and programme and the objectives, activities, budget and financing plan of the project supported on the basis thereof;
- 4) endorsement of activities of competence centre, including corresponding services and price list;
- 5) assessment of competence centre's activities;
- 6) deciding on other matters governing the activities of competence centre.

(5) The cooperation agreement shall provide for the following issues:

- 1) at the stage of submission of conceptual design, the cooperation partners directly involved in the development of competence centre, including the person who submits the conceptual design, shall confirm by cooperation agreement their participation in the development of the objectives of conceptual design and planning of further activities, and define their role, activities and mutual cooperation principles and the procedure for inclusion and exclusion of cooperation partners in the development of competence centre;
- 2) at the stage of application for assistance of main activity, the cooperation agreement shall additionally regulate the contribution of cooperation partners to the planning of the budget of activities included in application and to the financing, management and carrying out thereof, and other important issues between the partners.

Chapter 2 BASES FOR GRANTING ASSISTANCE

§ 6. Activities to be supported

(1) Within the framework of the measure, projects shall be supported which are aimed at the following:

- 1) increase in the number of highly qualified staff in the region corresponding to the needs of enterprise;
- 2) growth in the number of enterprises oriented to activities of higher value added;
- 3) growth in the amount of cooperation projects in the region;
- 4) growth in the attraction of the region's investment environment.

(2) Within the framework of the measure, the following support activities are eligible:

- 1) preparation of strategies, plans of action and feasibility analyses necessary for the development of a competence centre, and performance of other preparatory work;
- 2) activities relating to consulting and project management, incl. involvement of experts and outsourcing of services;
- 3) organisation of and participation in study trips to foreign countries for the purpose of familiarisation with similar practices in the development of competence centres.

(3) As a result of support activities, the organisations have collectively identified:

- 1) existing special competences for corresponding areas and activities required for the development thereof;
- 2) development needs based on the existing competence, potential intended services and target groups, and described the arising value added accordingly;
- 3) their role, possibilities and readiness in the achievement of competence centre goals, proceeding from corresponding strategic plans;
- 4) bottlenecks, possibilities and activities necessary for the allocation and development of labour, finance and infrastructure resources;
- 5) development perspectives of areas associated with particular competences and their competitiveness in the Estonian market;
- 6) development potential of the planned competence centre on the international scale;
- 7) possible main activities, estimated cost thereof and corresponding financing sources for the development of competence centre and ensuring the sustainability thereof.

(4) Within the framework of the measure, the following main activities are eligible:

- 1) participation of highly qualified staff and area specialists in trainings and conferences both in Estonia and foreign countries;
- 2) acquisition of reference books and scientific literary works and technical information relating to competences (incl. access to electronic databases, etc.);
- 3) acquisition of intangible property;
- 4) completion of sectoral analyses relating to competences, incl. realization of research and development projects if necessary;

- 5) employment of a highly qualified worker or area specialist at competence centre's membership organisation, except state government and administrative organisation;
- 6) acquisition of new equipment, technology, furnishings and other relevant accessories for testing and carrying out practical training;
- 7) construction work relating to competence centre and geotechnical site investigation and geodetic surveys of relevant facilities, building design, preparation of interior design projects, conduction of expert analyses of building design documentation, assessment of environmental impacts, preparation of special conditions of heritage conservation together with the necessary studies, owner supervision, construction project management, author supervision and purchase of an immovable;
- 8) construction of access roads, car parks, water and sewerage routes, land improvement systems, exterior lighting, power and communication lines, heating systems relating to construction work;
- 9) participation in the work of international organisations, incl. membership fees being added in connection with the implementation of project;
- 10) other activities necessary and eligible for the achievement of the measure objectives.

(5) The prerequisite of the application for assistance of support and main activities is a conceptual design submitted in accordance with the conditions of this Regulation and approved by EE.

(6) Within the framework of the measure, the following activities shall not be supported:

- 1) carrying out general work and management-related in-service training, language training, further education related to improving the employees' general level of education, practice, etc., non-object-specific training events;
- 2) main activities of educational institutions providing mainstream education which are not related to the main competences of the developed competence centre (e.g. development of curricula, employment of subject teachers, etc.);
- 3) activities related to the rendering of support services to educational institutions (construction and renovation of boarding school facilities, activities relating to catering, incl. construction activities creating prerequisites for the rendering of catering services, etc.);
- 4) maintenance repairs (periodic maintenance work to ensure the normal functioning of a structure and extend the service life thereof);
- 5) investments in objects and activities aimed at the fulfilment of the main functions of state government and administrative organisations;
- 6) activities with regard to which a financing decision has been made and which are simultaneously subject to financing from other state budget, European Union or foreign aid funds;
- 7) investments in objects which are in the ownership or possession of companies or natural persons;
- 8) other activities not related to the measure objectives and not justified and insignificant from the point of view of implementing the project.

§ 7. Eligible expenditure

- (1) Within the framework of the measure, eligible expenditure for support activities shall include the following:
- 1) personnel expenditure of project manager pursuant to Annex 1 of Government of the Republic Regulation No. 26 of 31 January 2007 Conditions and Procedure for Determination of Eligibility or Non-eligibility of Expenditure of Structural Assistance for 2007-2013 (hereinafter *Eligibility Regulation*), or project management fee;
 - 2) outsourced services, incl. expenditure related to purchase of expert assessments and studies;
 - 3) accommodation and transport costs and daily allowances of paid staff and members of directing body of competence centre, staff of organisation submitting conceptual design and staff of organisations that have signed the cooperation agreement, which are related to study trips, pursuant to Government of the Republic Regulation No. 453 of 29 July 2006 Reimbursement of secondment expenses and the daily allowance rates for secondments and the conditions and procedure for payment thereof, incl. the expenditure treated as fringe benefit within the meaning of clauses 48 (4) 4)–5) of the Income Tax Act;
 - 4) expenditure related to the discharge of liabilities arising from subsection 2 (1) of Government of the Republic Regulation No. 211 of 30 August 2007 Conditions and Procedure for Notification and Disclosure of Grant and Use of Structural Assistance, Marking Objects Financed out of the Assistance and Reference to Contribution of the European Union;
 - 5) other expenditure, within the limits as stipulated in subsections 9 (1)–(3), incurred by the recipient of assistance or partners involved in the implementation of project, which are strictly necessary and justified to carry out the eligible activities specified in subsection 6 (2) and achieve the objectives of the project, and are in conformity with the eligible expenditure specified in the Eligibility Regulation.

(2) The secondment-related accommodation and transport costs and daily allowances as stipulated in clause (1) 3) of this section shall be, pursuant to subsection 21 (2) of the Structural Assistance Act for 2007-2013, eligible only within the non-taxable limits established in the relevant legislation.

(3) Participation in a study trip shall be eligible only in the case if the staffs of at least three different organisations simultaneously participate in the study trip so that the representatives of enterprises are also included.

(4) Within the framework of the measure, eligible expenditure for main activities shall include the following:

1) personnel and overhead costs of the project related to the main activity (utilities, communication, transport and rental costs, office supplies and wages and salaries related to project management) and costs incurred in the purchase of office equipment and furniture necessary for project administration as well as rental and lease costs in accordance with the Eligibility Regulation;

2) outsourced services, incl. costs related to the creation and administration of website, creation and administration of relevant databases, purchase of expert assessments and studies;

3) costs of participation in training, conference or international organisations of paid staff of competence centre's membership organisations, referred to in section 5, who are directly involved in the project;

4) participation, accommodation and transport costs to the venue of the event and back to the permanent place of service of paid staff of competence centre's membership organisations, referred to in section 5, who are directly involved in the project, pursuant to Government of the Republic Regulation No. 453 of 29 July 2006

Reimbursement of secondment expenses and the daily allowance rates for secondments and the conditions and procedure for payment thereof, incl. the expenditure treated as fringe benefit within the meaning of clauses 48 (4) 4)–5) of the Income Tax Act;

5) acquisition of tangible and intangible assets, incl. technology, directly related to and necessary for the achievement of project objectives;

6) personnel and overhead costs related to carrying out analyses and research and development projects;

7) costs related to construction work;

8) expenditure related to geotechnical site investigations and geodetic surveys, building design, conduction of expert analyses of construction designs, assessment of environmental impacts, preparation of special conditions of heritage conservation or purchase of immovable property necessary for construction work;

9) all expenditure related to the discharge of liabilities arising from subsection 2 (1) of Government of the Republic Regulation No. 211 of 30 August 2007 Conditions and Procedure for Notification and Disclosure of Grant and Use of Structural Assistance, Marking Objects Financed out of the Assistance and Reference to Contribution of the European Union;

10) other expenditure, within the limits as stipulated in subsections 9 (4)–(5), incurred by the recipient of assistance or partners involved in the implementation of project, which are strictly necessary and justified to carry out the eligible activities specified in subsection 6 (4) and achieve the objectives of the project, and are in conformity with the eligible expenditure specified in the Eligibility Regulation.

(5) In the case when the assistance provided within the framework of main activities is to be treated as state aid within the meaning of Article 31 of the General Block Exemption Regulation, the acquisition of intangible assets, incl. technology, shall be eligible if it has been acquired on market conditions.

(6) In the case when the assistance provided within the framework of main activities is to be treated as state aid within the meaning of Article 31 of the General Block Exemption Regulation, personnel and overhead costs incurred to conduct technical feasibility studies and applied research preceding industrial research or experimental development shall be eligible to the extent to which they are related to the particular research project and as a result of which new, altered or improved products, processes or services will be developed. The conditions for granting assistance provided for in the General Block Exemption Regulation shall be applied to such projects.

(7) Expenditure may be deemed eligible if it has incurred within the eligibility period of project and within 45 calendar days following the period, provided that the activities serving as a basis for the expenditure were carried out within the eligibility period of project.

(8) The following shall be non-eligible expenditure:

1) expenditure specified in section 15 of Government of the Republic Regulation No. 26 of 31 January 2007 Conditions and Procedure for Determination of Eligibility or Non-eligibility of Expenditure of Structural Assistance for 2007-2013;

- 2) expenditure incurred on carrying out general work and management-related in-service training, language training, further education related to improving the employees' general level of education and practical training;
- 3) expenditure incurred on development of curricula;
- 4) expenditure incurred on wages of subject teachers who are not involved in the implementation of project;
- 5) expenditure incurred on construction and design of boarding school facilities or expenditure related to it;
- 6) expenditure incurred on accommodation, conference and catering services and construction and design costs of other premises oriented, as a rule, to earning net proceeds, or expenditure related to them;
- 7) depreciation costs;
- 8) maintenance repair costs (periodic maintenance work to ensure the normal functioning of a structure and extend the service life thereof);
- 9) representation costs and gifts (incl. souvenirs and keepsakes);
- 10) investments in objects which are in the ownership or possession of companies or natural persons;
- 11) purchase of items and services the cost of which varies between EEK 30,000 excluding value added tax and the limit established in the Public Procurement Act, in case the tenders have not been compared due to the great number of tenderers. If a lower limit is provided for in the given case by the internal procedure of the recipient, this shall be applied;
- 12) expenditure that has been compensated earlier from the state budget, the European Union or foreign assistance grants;
- 13) in the case of regional aid – expenditure incurred prior to the submission of application;
- 14) other expenditure not related to eligible activities and not justified and insignificant from the point of view of implementing the project.

(9) Eligible expenditure shall not include transactions between associated persons within the meaning of the Income Tax Act.

(10) The expenditure to be supported may include only such eligible expenditure incurred after registration of application in EE or as of a later term established by a resolution on approval of the application until the final date of project eligibility, except the expenditure specified in subsection 10 (3).

§ 8. Restrictions imposed on the expenditure to be financed

- (1) Purchase of an immovable may form up to 10% of the total volume of the eligible expenditure of the project.
- (2) Expenditure of building design, preparation of interior design projects, geotechnical site investigations and geodetic surveys, environmental impact assessment, preparation of special conditions of heritage conservation or conduction of expert analyses of construction designs may form up to 10% of the total volume of the eligible expenditure of the project.
- (3) Personnel and overhead costs of the project related to the main activity (utility, communication, transport and rental costs, office supplies and wages and salaries related to project management) may form not more than 7% of the total volume of the eligible expenditure of the project. The overhead costs of the project must be based on the actual project implementation costs and calculated in accordance with the requirements provided for in subsection 3 (7) of Government of the Republic Regulation No. 26 of 31 January 2007 Conditions and Procedure for Determination of Eligibility or Non-eligibility of Expenditure of Structural Assistance for 2007-2013.
- (4) Value added tax shall be eligible if it can be certified that the person who incurred the eligible expenditure is not entitled, in accordance with the legislation regulating value added tax, to deduct the value added tax paid within the framework of the project from their taxable supply or to claim for refund of the value added tax and the value added tax is not compensated to the person in any other manner. If it is not possible to attain certainty with regard to the aforementioned, value added tax shall be treated as non-eligible expenditure.
- (5) If the assistance is to be treated as regional aid, investments must comply with the definition of 'investment' laid down in Article 12 of the General Block Exemption Regulation and with the conditions provided for in the said Regulation for making such investments both in the case of tangible and intangible assets.
- (6) If the assistance is to be treated as regional aid, the costs of job creation relating to investments shall be eligible within two years, provided that the job to be created will be maintained during five years after the end of the project.

§ 9. Rate of assistance and financing conditions for applications

- (1) The rate of assistance for support activities shall be up to 85% of the eligible expenditure of the project.
- (2) In the case of support activities, the maximum amount of assistance per applicant shall be up to EEK 500,000.
- (3) In the case of support activities, self-financing shall form, in total, at least 15% of the eligible expenditure of the project.
- (4) The rate of assistance for main activities shall generally be up to 85% of the eligible expenditure of the project depending on the nature of the activity. In the case of main activities, self-financing shall form, in total, at least 15% of the eligible expenditure of the project, except for:
 - 1) the case when the assistance is to be treated as regional aid, the maximum amount of assistance of large enterprises shall be up to 50% of the eligible expenditure of the project and the maximum amount of assistance of small and medium-sized enterprises shall be accordingly up to 70% and 60% of the eligible expenditure of the project;
 - 2) the case when the assistance is to be treated as state aid for research and development and innovation, the eligible share of the project shall be classified as applied research or experimental development or feasibility studies related to them. In this case, the aid intensity may not exceed 50% in the case of applied research and 25% of the eligible expenditure of the project in the case of experimental development.
- (5) The maximum amount of assistance intended for carrying out the main activity shall be EEK 50,000,000 per application.
- (6) Within the framework of main activities, the following requirements shall apply to an object of investment:
 - 1) the applicant shall ensure preservation of the same intended purpose of the object of investment at least during five years after the end of the eligibility of project;
 - 2) the object of investment must be in the ownership or possession of the applicant or partner, except for the case when a intended purpose has been established on it in favour of the applicant for at least five years as of the end of the eligibility period of project.
- (7) In case the assistance is to be treated as de minimis aid, the amount of de minimis aid granted to the beneficiary within the last three years shall not exceed 200,000 euro (EEK 3,129,320), together with the assistance applied for within the framework of the measure.
- (8) In case the assistance is to be treated as regional aid or state aid for research and development and innovation, it shall not be cumulated with de minimis aid in relation to the same eligible costs if such summation would result in exceeding the aid intensities applicable under the General Block Exemption Regulation.

§ 10. Eligibility period

- (1) In the case of support activities, the eligibility period of a project shall commence as of registration of an application for assistance of support activities or as of a later term. The final date of project eligibility may not be later than 31 December 2012.
- (2) In the case of main activities, the eligibility period of a project shall generally commence as of registration of an application for assistance of main activities or as of a later term. The final date of eligibility of the planned project activities may not be later than 31 December 2013.
- (3) In the case of main activities, the date of commencement of the eligibility period of a project may be prior to as of the date of registration of application, but not earlier than 1 January 2007. Prior to registration of an application it shall only be permitted to carry out activities relating to geotechnical site investigations or geodetic surveys, building design, conduction of expert analyses of construction designs, assessment of environmental impacts, preparation of special conditions of heritage conservation or purchase of immovable property necessary for construction work, and to incur expenditure relating to it, except in the case of regional aid.

Chapter 3

REQUIREMENTS FOR CONCEPTUAL DESIGNS AND SUBMITTERS OF CONCEPTUAL DESIGNS. SUBMITTING AND PROCESSING OF CONCEPTUAL DESIGNS

§ 11. Requirements for submitters of conceptual design

(1) In the framework of the measure, the following organisations can be submitters of conceptual design if they have entered into a cooperation contract with the organisations mentioned in subsection 5 (1) and the composition of staff of the competence centre complies with the requirements:

- 1) research and development institution;
- 2) educational institution;
- 3) association of local enterprises of the region;
- 4) representative organisation of enterprises.

(2) In the framework of the measure, foundations and non-profit associations can also be the submitters of conceptual design if the planned activities belong to the activities specified in their statutes and if the directing bodies include simultaneously at least the representatives of organisations mentioned in subsection 5 (1).

(3) In the framework of the measure, companies and natural persons cannot be the submitters of conceptual design.

§ 12. Requirements for conceptual designs and submitting of conceptual designs

(1) A conceptual design shall contain information in the extent that enables to assess the substance of the planning of competence centre as a whole, as well as its organisational capability, general readiness and relevance of planning activities according to the assessment methods implemented;

- 1) general data regarding the submitter of conceptual design and all partners;
- 2) organisational composition of the competence centre to be planned, a short description of the organisation together with the survey of former and relevant areas of activities and corresponding results as well as justification of the participation in the planning of competence centre, including the description of the role of organisation in development of competence centre, readiness for long-term cooperation, objectives and expected results of the participation in development;
- 3) name and seat of competence centre to be planned;
- 4) description of the vision of competence centre to be planned;
- 5) thematic focus of competence centre, justification of the choice and objectives of development;
- 6) description of existing resources for the development of competence centre (workforce, know-how, infrastructure, etc.) and the needs proceeding from it;
- 7) planned activities and financing sources for establishing a centre of competence (incl. a short list of support and main activities, estimated time of feasibility and an indicative cost with potential financing sources and beneficiaries);
- 8) expected effect of activities (on the members of competence centre network, cooperation, development of regional business, innovation, the region as a whole);
- 9) expected effect of competence centre on the objectives of the measure;
- 10) priority of the planned competence centre proceeding from the development documents (development plan of the local government, regional and national development documents, etc.);
- 11) description of sustainability of the planned competence centre, incl. the description of potential risks and risk management possibilities;
- 12) list of additional documents submitted;
- 13) confirmation of the submitter of conceptual design and all partners regarding the correctness of data.

(2) The following documents shall be added to conceptual design:

- 1) a list of experts participating in the preparation of conceptual design;
- 2) a cooperation agreement with the partner organisations or the copy thereof;
- 3) an authorisation document if the applicant's representative acts on the basis of authorisation.

(3) Conceptual designs shall be submitted to EE on paper on application forms approved by EE or electronically in the digitally signed format. If the conceptual design is submitted on paper, an electronic form of

conceptual design shall be attached in addition. EE shall agree on the form of conceptual design with the Minister for Regional Affairs.

(4) Time-limits between different rounds of submission of conceptual designs shall be determined by EE, in prior agreement with the Minister for Regional Affairs. The corresponding information shall be published on the website of EE and in a national daily newspaper.

(5) Standard format conceptual designs shall be submitted to EE by the due date of the application round.

(6) The submission term of conceptual designs shall be three months as of the notice of first round.

§ 13. Registration of conceptual designs, declaration of conformity of conceptual designs and submitters of conceptual design

(1) The conceptual designs shall be registered in EE general order. The notice about registration shall be sent to the submitter of conceptual design by EE within three business days.

(2) EE shall verify the conformity of conceptual design and its submitter.

(3) A submitter of conceptual design or a conceptual design is not conforming if any of the following circumstances exist:

- 1) the requirements imposed on the submitter of conceptual design or a conceptual design have not been fulfilled;
- 2) the conceptual design contains inaccurate or incomplete information or the submitter of conceptual design attempts to influence the decision-making process through fraud or threats or in any other unlawful manner;
- 3) the submitter of conceptual design fails to provide an opportunity for verification of conformity of the conceptual design to the requirements.

(4) If a conceptual design or a submitter of conceptual design is declared not to conform to the requirements, EE shall send the relevant resolution to the submitter of conceptual design within 10 business days as of the adoption of the resolution.

(5) If a conceptual design or a submitter of conceptual design is declared not to conform to the requirements, the conceptual design shall not be subject to any further assessment.

(6) The period of processing of a conceptual design shall be, as a rule, up to 65 business days as of registration thereof. The submitter of conceptual design shall be notified of the resolution on approval or denial of the conceptual design or of the current status of processing of the conceptual design not later than in 65 business days. If any additional circumstances become evident, EE shall be entitled to extend processing of the application by up to 21 business days.

§ 14. Assessment of conceptual designs

(1) EE shall assess all the conceptual designs that have been declared to conform to the requirements.

(2) The applications conforming to the requirements shall be assessed by EE on the basis of the assessment methods approved by EE in agreement with the Minister for Regional Affairs. Upon developing the assessment methods, EE shall proceed from the assessment criteria specified in subsection (5). The assessment criteria shall be disclosed on the website of EE.

(3) EE shall form an assessment committee for the assessment of conceptual designs in prior agreement with the Minister for Regional Affairs. The members of the assessment committee shall declare their impartiality and independence regarding the project to be assessed and the submitters of conceptual designs. The membership of the assessment committee shall be disclosed on the website of EE.

(4) To assess applications, EE shall involve additional experts whose expert assessment shall be considered by the assessment committee.

(5) The assessment committee shall assess the content of conceptual designs that have been declared to conform to the requirements on the basis of assessment methods by the following criteria:

- 1) objectives of described activities and expected effect on the attainment of the objectives of the measure;
- 2) sustainability of the planned competence centre;
- 3) priority of the described project proceeding from development documents.

(6) Conceptual designs shall be assessed on a 0-4 scale. The maximum summary grade awarded upon assessment of conceptual design shall be formed of the weighted average of the grades awarded on the basis of the assessment criteria specified in subsection (5).

(7) EE shall approve the following conceptual designs that have been declared to conform to the requirements:

- 1) the summary grade awarded on the basis of assessment criteria listed in subsection (5) is at least 2.5 and
- 2) the summary grade awarded on the basis of assessment criteria listed in clauses (5) 1) or 2) is not below 1.0 or at least 1/3 of the members of assessment committee has not individually awarded the grade 0.

(8) To observe the correctness and justification of the verification of conformity to the requirements of the conceptual design and the assessment procedures thereof, the Minister for Regional Affairs shall form a measure committee consisting of experts of the field. The measure committee shall review all the applications which received positive assessment in accordance with the assessment methods specified in subsection (2) and make a proposal to EE for approval, partial approval or denial of the conceptual design or send the conceptual design to EE for further processing. If required, the measure committee shall review the conceptual designs which have been declared non-conforming or which have received negative assessment or adopt a position with regard to the correctness and justification of the assessment procedures.

(9) Upon making an assessment, the measure committee shall rely on verification of the conformity of the conceptual design to the requirements, the experts' assessment and the additional information to be submitted.

(10) The conceptual designs shall be subject to approval according to the assessment results established in subsection (7) and with regard to which the measure committee has made a proposal of approval or partial approval.

(11) A separate resolution shall be adopted by EE with regard to approval, partial approval or denial of the conceptual design, proceeding from the proposal of the measure committee. EE has the right not to adopt a resolution if the conformity check or the assessment of conceptual design has not proceeded from the requirements established in this regulation or the assessment methods mentioned in subsection (2). In this case the conceptual designs shall be sent back so that the corresponding procedure could be conducted again. EE shall agree on the form of the resolution with the Minister for Regional Affairs.

(12) The resolution on denial of the conceptual design shall include the reasons of the denial of conceptual design.

(13) The resolution on approval of the application shall provide, inter alia, the following:

- 1) name of project;
- 2) names of organisations or names of foundations or non-profit associations that are to be founded or are being founded by them, of whom at least one has the right to submit an application for support or main activity on the basis of a concrete conceptual design;
- 3) conditions for submitting an application for support or main activity, incl. the due date of submitting an application for support activity;
- 4) recommendations of the assessment committee to prepare an application for support and main activity;
- 5) estimated amount of the assistance and the circumstance that the resolution does not involve financial assistance;
- 6) summary grade generated as the result of the assessment of the assessment committee.

(14) The resolution on approval or denial of the application shall be announced to the applicant either in writing or electronically within five business days as of the adoption of the resolution.

Chapter 4
REQUIREMENTS FOR APPLICANTS AND APPLICATIONS.
SUBMISSION AND PROCESSING OF APPLICATIONS

§ 15. Requirements for applicants

(1) Within the framework of the measure, the following organisations can be applicants for assistance of support activity which have been mentioned in the resolution on approval of the application on the basis of subsection 14 (13) and mentioned as partners in the corresponding cooperation contract:

- 1) research and development institution;
- 2) educational institution;
- 3) association of local enterprises of the region;
- 4) representative organisation of enterprises;
- 5) foundation or non-profit association.

(2) Within the framework of the measure, the following organisations can be applicants for assistance of main activity which have been mentioned in the resolution on approval of the application on the basis of subsection 14 (13) and, proceeding from the concluded cooperation contract, belong to the directing bodies of the planned competence centre pursuant to subsection 5 (3):

- 1) research and development institution;
- 2) educational institution;
- 3) association of local enterprises of the region;
- 4) representative organisation of enterprises;
- 5) foundation or non-profit association;
- 6) local government of the region.

(3) In the framework of the measure, companies and natural persons cannot be the applicants .

(4) The following general requirements shall be applicable with regard to applicants :

- 1) the applicant has paid all state taxes. In case of staggering payment of tax arrears, the taxes have to be paid according to schedule. The applicant needs to be discharged the duty of tax return as required in the Taxation Act;
- 2) the applicant has repaid earlier in due course an amount received from the state budget, European Union or foreign assistance funds and subject to repayment or, upon staggering of the repayment of the assistance, made the repayments at the prescribed term and amount;
- 3) the applicant has not received any assistance from the state budget, European Union or foreign assistance funds to compensate for the expenses mentioned in the application;
- 4) if assistance is applied for the project or for single activities of the project from several measures or other state budget, European Union or foreign assistance funds at the same time, the applicant shall present the respective information;
- 5) the applicant shall certify the existence of the required funds for self-financing in accordance with the rates and conditions provided for in section 9;
- 6) the applicant has sufficient experience and knowledge for implementing the project.

(5) In the case the applicant is one of the owners or possessors of the object which is to be created or acquired or whose value is to be increased under the project, all the requirements provided in subsection (4) shall be applicable.

§ 16. General requirements for applications

(1) The project included in the application must comply with the objectives of the measure .

(2) The application must comply with the following requirements:

- 1) the application is submitted pursuant to the procedure and form prescribed in the Regulation;
- 2) assistance is applied for the support activities established in subsections 6 (2) and (4);
- 3) the amount of assistance applied must not exceed the assistance rates established in section 9;
- 4) activities of the project described in the application are planned to be completed by the final date provided in subsections 10 (1) and (2) ;

- 5) data presented in the application are complete and correct;
- 6) the budget of the project described in the application shall involve self-financing;
- 7) the application is signed digitally by the applicant's signatory when submitted electronically or the signature is given hand-written when the application is submitted on paper.

(3) If the duration of the project described in the application is longer than one year, the applicant shall present EE every year a detailed activity plan about the planned activities for the forthcoming year.

(4) If the project contains the expenses of the type of the European Social Fund (hereinafter ESF), specified in clauses 7 (4) 3)-4), they shall be separately described in the application.

(5) Activities included in the application must comply with the approved conceptual design and they must be clearly connected with the vision presented in the conceptual design.

§ 17. Requirements for applications for assistance of support activity and submission of applications for assistance of support activities

(1) The application for assistance of support activities must be in conformity with the general requirements of the application as provided in section 16.

(2) The application for assistance of support activities must include at least the following data:

- 1) general data of the applicant and all other partners;
- 2) information about the project, including the name of the project, objectives, expected results, effect, descriptions of the activities of the project, time-scheme, the budget of operational expenditure by activities, total cost of the project, the amount of assistance applied, the amount of self-financing and the documents certifying self-financing; names of all partners participating in the project;
- 3) data about a person or persons involved in the management of the project;
- 4) list of the additional documents submitted;
- 5) confirmation about the authenticity of data by the applicant and all partners participating in the project;
- 6) comparable pricing and the terms of reference thereof or procurement documentation (incl. tender documents, price offers of companies participating in the procurement, election reports of successful tenderer, etc.) forming a basis for it or, in reasoned cases, justifications for the expenditure;
- 7) list of the experts participating in the project and their curricula vitae (CV).

(3) Upon submission of the application for assistance of support activity, the application shall include the following additional documents:

- 1) curricula vitae of the project manager and of the persons involved in the project management;
- 2) cooperation agreement of the partners participating in the project or the copy thereof;
- 3) authorisation document when the applicant's signatory acts on the basis of authorisation;
- 4) other documents necessary for the implementation of the project.

(4) The applications for assistance of support activity shall be submitted to EE on paper on application forms approved by EE or electronically in the digitally signed format. If the application is submitted on paper, an electronic application form for assistance of support activity shall be attached in addition. EE shall agree on the form of the application for assistance of support activity with the Minister for Regional Affairs.

(5) EE shall decide about and disclose the commencing date of the acceptance of applications for assistance of support activity in agreement with the Minister for Regional Affairs after the assessment and processing of conceptual designs.

(6) The prerequisite of the submission of the application for assistance of support activity is the resolution on approval of conceptual design.

(7) The applications for assistance of support activity shall be accepted in EE on a continuous basis in the order they are received.

§ 18. Registration of applications for assistance of support activity, declaration of conformity of applications for assistance of support activity and applicants

- (1) The applications received shall be registered in EE pursuant to general procedure.
- (2) The notice about registration shall be sent to the submitter of application by EE within three business days.
- (3) EE shall verify the conformity of the applicant and application within five business days.
- (4) If the application is not conforming to the requirements established in the measure, EE is entitled to require the elimination of deficiencies in the application or the submission of additional documentation or making alterations in the application generally within ten business days as of the submission of the relevant requirement.
- (5) The applicant is obliged to give an answer to all questions concerning the application and the applicant is obliged to provide an opportunity for verification of conformity of the application and the applicant to the requirements.
- (6) An applicant or an application is not conforming if any of the following circumstances exist:
 - 1) the requirements imposed on the applicant or an application have not been fulfilled;
 - 2) the application contains inaccurate or incomplete information or the applicant attempts to influence the decision-making process through fraud or threats or in any other unlawful manner;
 - 3) the applicant fails to provide an opportunity for verification of conformity of the application to the requirements;
 - 4) the applicant has not presented adjustments pursuant to subsection (4) by due date.
- (7) If an application or an applicant is declared not to conform to the requirements, the application shall not be subject to any further assessment and EE shall adopt a resolution on denial of the application with regard thereto. The resolution on denial of the application shall be announced to the applicant either in writing or electronically within ten business days specifying the reasons for denial of the application.
- (8) The period of processing of an application shall be, as a rule, up to 55 business days as of registration thereof. The submitter of application shall be notified of the resolution on approval, partial approval or denial of the application not later than in 55 business days.

§ 19. Assessment of applications for assistance of support activity

- (1) EE shall assess all the applications that have been declared to conform to the requirements.
- (2) The applications conforming to the requirements shall be assessed by EE on the basis of the assessment methods approved by EE in agreement with the Minister for Regional Affairs. Upon developing the assessment methods, EE shall proceed from the assessment criteria specified in subsection (5). The assessment criteria shall be disclosed on the website of EE.
- (3) The applications for assistance of support activity shall be assessed by the assessment committee mentioned in subsection 14 (3).
- (4) To assess applications, EE is entitled to involve additional experts.
- (5) The assessment committee shall assess the content of applications for assistance of support activity that have been declared to conform to the requirements on the basis of assessment methods by the following criteria:
 - 1) connection of the project activities with the conceptual design, vision, objectives and content and the assessment given by experts;
 - 2) effect of the project activities on the circumstances mentioned in subsection 6 (3);
 - 3) relevance of the project activities and the justification and quality of budget.
- (6) Applications shall be assessed on a 0-4 scale. The summary grade awarded upon assessment of applications shall be formed of the average of the grades awarded on the basis of the assessment criteria.
- (7) EE shall approve the following applications for assistance of support activity that have been declared to conform to the requirements:

- 1) the summary grade awarded on the basis of assessment criteria listed in subsection (5) is at least 2.5 and
- 2) the summary grade awarded on the basis of assessment criteria listed in clauses (5) 1) -3) is not below 1.0 or at least 1/3 of the members of assessment committee has not individually awarded the grade 0 and
- 3) does not exceed the sum of assistance mentioned in subsection 9 (2).

(8) EE shall be entitled to make a proposal to the applicant to alter the applied sum of assistance and activities on the condition that the objectives of the project included in the application is achieved and the sum of assistance does not increase. If the applicant does not agree with the alteration of the sum of assistance or activities, EE shall adopt a resolution on denial.

(9) A separate resolution shall be adopted by EE with regard to approval, partial approval or denial of the application. EE shall agree on the form of the resolution with the Minister for Regional Affairs.

(10) With regard to the applications that do not comply with the requirements established in subsection (7), the resolution on denial shall be adopted. The resolution on denial of the application shall include the reasons of the denial of application.

(11) The resolution on approval or partial approval of the application shall specify the rights and obligations of the recipient and establish conditions. The resolution shall provide, inter alia, the following:

- 1) the recipient;
- 2) the name of project;
- 3) the amount of the assistance in Estonian kroons;
- 4) the amount of the self-financing in Estonian kroons;
- 5) the project eligibility period;
- 6) the obligations of the recipient;
- 7) the conditions for payment of the assistance;
- 8) the submission of the reporting;
- 9) the bases for reclamation of assistance.

(12) The resolution on approval, partial approval or denial of the application shall be announced to the applicant either in writing or electronically within ten business days as of the adoption of the resolution.

§ 20. Requirements for applications for assistance of main activity and submission of applications for assistance of main activities

(1) The application for assistance of main activities must be in conformity with the general requirements of the application as provided in section 16.

(2) The application for assistance of main activities must include at least the following data:

- 1) general data of all partners;
- 2) information about the project, including the name of the project, objective, its connection with the objectives of the measure, descriptions of the activities of the project, expected result and compatibility with the objects of the conceptual design and the assessment given by the experts, expected results, effect, short descriptions of the activities involved in the project, time -scheme, budget of operational expenditure by activities, total cost of the project, the amount of assistance applied, the amount of self-financing, the documents certifying self-financing and cofinancing; names of all partners participating in the project;
- 3) comparable pricing and the terms of reference thereof or procurement documentation (incl. tender documents, price offers of companies participating in the procurement, election reports of successful tenderer, etc.) forming a basis for it or, in reasoned cases, justifications for the expenditure;
- 4) a confirmation of the following: the applicant shall ensure preservation and public use of the property created or acquired as a result of the project for the objectives and under the conditions specified in the application and resolution on approval of the application during at least five years as of the expiry of the project eligibility period and shall not conduct with the property any transactions that give an unjustified advantage to any person or authority during the aforementioned term or any transactions as a result of which the applicant earns net revenue from letting the property;
- 5) information about a person or persons involved in the management of the project;
- 6) schedule of the submission of project reports along with the forecast payments;
- 7) partner's consent to make inquiries from competent authority.

(3) The application for assistance of main activities must include at least the following additional documents:

- 1) cooperation agreement of the partners participating in the project or the copy thereof;
- 2) authorisation document when the applicant's signatory acts on the basis of authorisation;
- 3) permits (incl. building permits) and approvals required for the implementation of the project;
- 4) in the case of buildings, building design documentation in accordance with the Building Act and the stage of the basic design in accordance with the EVS 811:2006 standard;
- 5) in the case of structures, construction design in accordance with the requirements of Regulation No. 70 of the Minister of Economic Affairs and Communications of 27 December 2002 Requirements for Construction Design to Be Submitted upon Applying for Building Permit;
- 6) documents certifying the right of ownership or use of the object, whose value is to be increased, during the project eligibility period and within five years as of the expiry thereof;
- 7) in the case of purchasing construction works and used equipment, the seller's certificate of the following: no European Community, state budget or foreign assistance have been used with regard to the purchase of construction works as well as the used equipment during the previous 10 and 7 years, respectively, and a certificate of the real estate appraisal given by a certified assessor;
- 8) an analysis for assessment of profitability and feasibility of the project and yearly expenditure and income involved in the administration of the object;
- 9) financial analysis of the project in accordance with the nature of activities of the project;
- 10) the environmental impact assessment in accordance with the Environmental Impact Assessment and Environmental Management System Act;
- 11) in case of need, notices of de minimis aid by enterprises participating in the project, in accordance with the format given in the annex of Regulation No 80 of the Minister of Finance of 22 April 2004 Procedure and Format of the Notices of de minimis Aid.

(4) The applications for assistance of main activity shall be submitted to EE on paper on application forms approved by EE or electronically in the digitally signed format. If the application is submitted on paper, an electronic application form for assistance of main activity shall be attached in addition. EE shall agree on the form of the application for assistance of main activity with the Minister for Regional Affairs.

(5) Time-limits between different rounds of submission of the applications for assistance of main activity shall be determined by EE, in prior agreement with the Minister for Regional Affairs. The corresponding information shall be published on the website of EE and in a national daily newspaper.

(6) The prerequisite of the submission of the application for assistance of main activity is the resolution on approval of conceptual design.

(7) The submission term of the applications for assistance of main activity shall be three months as of the notice of first round.

(8) An application for assistance of main activity shall be submitted to EE by the due date of the round announced by EE.

§ 21. Registration of applications for assistance of main activity, declarations of conformity of applications for assistance of main activity and applicants

(1) The applications received shall be registered in EE pursuant to general procedure. The notice about registration shall be sent to the applicant by EE within three business days.

(2) EE shall verify the conformity of the applicant and application within ten business days.

(3) If the application is not conforming to the requirements established in the measure, EE is entitled to require the elimination of deficiencies in the application or the submission of additional documentation or making amendments in the application generally within ten business days as of the submission of the relevant requirement.

(4) The applicant is obliged to give answers to all questions concerning the application and the applicant is required to provide an opportunity for verification of conformity of the application and the applicant to the requirements.

(5) An applicant or an application is not conforming if any of the following circumstances exist:

- 1) the requirements imposed on the applicant or an application have not been fulfilled;
- 2) the application contains inaccurate or incomplete information or the applicant attempts to influence the decision-making process through fraud or threats or in any other unlawful manner;
- 3) the applicant fails to provide an opportunity for verification of conformity of the application to the requirements;
- 4) the applicant has not presented adjustments pursuant to subsection (3) by due date.

(6) If an application or an applicant is declared not to conform to the requirements, the application shall not be subject to any further assessment and EE shall adopt a resolution on denial of the application with regard thereto. The resolution on denial of the application shall be announced to the applicant either in writing or electronically within ten business days specifying the reasons for denial of the application.

(7) The period of processing of an application shall be, as a rule, up to 55 business days as of registration thereof. The applicant shall be notified of the resolution on approval or denial of the application or of the current status of processing of the application not later than in 55 business days. If any additional circumstances become evident, EE shall be entitled to extend processing of the application by up to 21 business days.

§ 22. Assessment of applications for assistance of main activity

(1) EE shall assess all the applications that have been declared to conform to the requirements.

(2) The applications conforming to the requirements shall be assessed by EE on the basis of the assessment methods approved by EE in agreement with the Minister for Regional Affairs. Upon developing the assessment methods, EE shall proceed from the assessment criteria specified in subsection (5). The assessment criteria shall be disclosed on the website of EE.

(3) The applications for assistance of main activity shall be assessed by the assessment committee mentioned in subsection 14 (3).

(4) To assess applications, EE shall involve additional experts whose expert assessment can be considered by the assessment committee.

(5) The assessment committee shall assess the content of applications for assistance of main activity that have been declared to conform to the requirements on the basis of assessment methods by the following criteria:

- 1) connection of the project with the conceptual design, its objectives and content and the assessment given by experts;
- 2) effect of the project on the general objectives of the measure and the sustainability of activities;
- 3) feasibility of the project and security with organisational resources;
- 4) justification and quality of budget;
- 5) project priority proceeding from development documents.

(6) Conceptual designs shall be assessed on a 0-4 scale. The maximum summary grade awarded upon assessment of conceptual design shall be formed of the weighted average of the grades awarded on the basis of the assessment criteria specified in subsection (5).

(7) EE shall approve the following applications that have been declared to conform to the requirements:

- 1) the summary grade awarded on the basis of assessment criteria listed in subsection (5) is at least 2.5 and
- 2) the summary grade awarded on the basis of assessment criteria listed in clauses (5) 1) -4) is not below 1.0 or at least 1/3 of the members of assessment committee has not individually awarded the grade 0 and
- 3) does not exceed the sum of assistance mentioned in subsection 9 (2).

(8) EE shall rank all approved applications on the basis of the summary grade.

(9) Ranked applications shall be submitted to the measure committee mentioned in subsection 14 (8). The measure committee is entitled to make a proposal to EE for approval, partial approval or denial of the application or send the application to EE for further processing. If required, the measure committee shall review the

applications which have been declared non-conforming or which have received negative assessment and adopt a position with regard to the correctness and justification of the assessment procedures.

(10) Upon making an assessment, the measure committee shall rely on verification of the conformity of the application to the requirements, the experts' assessment and the additional information to be submitted.

(11) The resolution on full or partial approval shall be adopted regarding the applications conforming to the requirements established in section 7 and regarding which the measure committee has made a proposal of approval or partial approval on condition that the sum of their financing will not exceed the budget of the applications of the measure.

(12) A separate resolution shall be adopted by EE with regard to approval, partial approval or denial of the application based on the proposal of the measure committee. No resolutions shall be required if the verification of conformity of the application or the applicant to the requirements or the assessment of the application has been carried out not in accordance with the Regulation or the assessment methods specified in subsection (2). In such an event the respective procedure shall be carried out again. EE shall agree on the form of the resolution with the Minister for Regional Affairs.

(13) As regard to the applications that do not comply with the requirements established in subsection (7), the resolution on denial shall be adopted. The resolution on denial of the application shall include the reasons of the denial of application.

(14) The resolution on approval or partial approval of the application shall specify the rights and obligations of the recipient and establish conditions. The resolution shall provide, inter alia, the following:

- 1) the recipient;
- 2) the amount of the assistance in Estonian kroons;
- 3) the amount of the self-financing in Estonian kroons;
- 4) the project eligibility period;
- 5) the obligations of the recipient;
- 6) the conditions for payment of the assistance;
- 7) the submission of the reporting;
- 8) the bases for reclamation of assistance;
- 9) information about assistance as de minimis aid within the meaning of subsection 1 (4) of the Commission Regulation (EC) No 1998/2006 if the assistance is to be treated as de minimis aid;
- 10) information about assistance as regional assistance within the meaning of subsection 1 (5) of the General Block Exemption Regulation if the assistance will be given as regional assistance;
- 11) information about assistance as state aid for research and development and innovation within the meaning of subsection 1 (6) of the General Block Exemption Regulation if the assistance will be given for research and development and innovation.

(15) The resolution on approval, partial approval or denial of the application shall be announced to the applicant either in writing or electronically within ten business days as of the adoption of the resolution.

§ 23. Amendment or repeal of resolutions on approval of application

(1) The recipient shall apply to EE for amendment of a resolution on approval of an application in the following cases :

- 1) if the budget line volume prescribed for a specific operation in the project budget changes on the account of another budget line volume by more than 10%;
- 2) if the project implementation term included in the application is to be extended or suspended or the activities or objectives thereof are to be amended.

(2) EE may deny an application for the amendment of a resolution on approval of an application submitted by the recipient if:

- 1) the amendments are not in compliance with the content and objectives of the project;
- 2) the amendments are not in compliance with the requirement specified in the Regulation;
- 3) in the event of amendment of the resolution, the implementation of the project would not be completed by the final date established in subsections 10 (1) and (2) of the Regulation;

- 4) the budget of the financing of the measure does not allow for the amendment;
- 5) the amendments are not justified.

(3) As a rule, EE shall decide on amendment of the resolution on approval of an application within up to 30 business days as of registration of the respective application. If any additional circumstances become evident, EE shall be entitled to extend processing of the application by up to 21 business days.

- (4) A resolution on approval of the application may be repealed if any of the following circumstances exist:
- 1) such circumstances become evident which preclude approval of the application if EE had only been aware of these earlier;
 - 2) the recipient has not begun to use the assistance during the term set out in the resolution on approval of the application;
 - 3) the recipient fails to comply with the provisions of the resolution on approval of the application or to use the assistance under the prescribed conditions;
 - 4) the project cannot be completed by the final date established in subsections 10 (1) and (2) of the Regulation;
 - 5) the application of the recipient concerning the amendment of the resolution on approval of the application is not approved and the recipient cannot continue the use of assistance under the prescribed conditions;
 - 6) the recipient submits an application for repeal of the resolution on approval of the application.

(5) Amendment of the resolution shall be approved by the amendment of the resolution on approval of the application.

§ 24. Submission and review of challenges

The processing of the challenge submitted against a resolution or operation shall be conducted in compliance with section 34 of the Structural Assistance Act for 2007-2013.

Chapter 5

CONDITIONS FOR MAKING PAYMENTS OF ASSISTANCE, RIGHTS AND OBLIGATIONS OF RECIPIENT AND EE

§ 25. Conditions for making payments of assistance

(1) Payments to a recipient shall be made in compliance with Regulation No. 15 of the Minister of Finance of 1 March 2007 Conditions and Procedure for Payment of Structural Assistance for 2007-2013 and in accordance with the conditions provided in the application's resolution on approval.

(2) Payment of the assistance shall be made on the basis of the ratio of the assistance and the eligible costs of project and the amount of the payable assistance cannot exceed the maximum amount of assistance specified in the resolution on approval.

(3) The prerequisites for the payment of assistance on the basis of expense receipts shall be:

- 1) execution of the project activities and incurring corresponding expenditure (incl. self-financing, value added tax and non-eligible expenditure if they are included in source documents);
- 2) submission of the documents certifying the expenditure proceeding from the project activities or the copies thereof and the documents certifying the reimbursement of the aforementioned expenditure or the copies thereof to the final beneficiary;
- 3) submission of the interim or final report of the according period by the recipient to EE by terms provided in the resolutions mentioned in subsection 19 (11) and subsection 22 (14) and their confirmation by the final beneficiary.

(4) Payment of assistance shall be made on the basis of payment claims submitted by the recipient.

(5) Payments on the basis of partially paid expense receipts can be made only in reasoned cases and within the framework of interim reports and only in accordance with the procedure provided for in subsections 6 (2), (3) and (5)-(9) of Regulation No. 15 of the Minister of Finance of 1 March 2007 Conditions and Procedure for Payment of Structural Assistance for 2007-2013.

(6) In order to make a payment on the basis of paid or partially paid expense receipts in compliance with section 6 of Regulation No. 15 of the Minister of Finance of 1 March 2007 Conditions and Procedure for Payment of Structural Assistance for 2007-2013, the recipient shall submit the final beneficiary a payment claim together with the documents required by EE.

(7) In order to make a payment on the basis of partially paid expense receipts, the recipient shall pay the minimum sum of self-financing from the eligible total sum of payment claim and submit EE the payment claim and the documents required by the final beneficiary.

(8) The assistance received on the basis of partially paid expense receipt must be used only for the covering of eligible expenditure provided in the payment claim. If the recipient does not submit EE the documents certifying reimbursement in due time, the final beneficiary may require the return of assistance from the recipient on the grounds of section 26 of Structural Assistance Act for 2007-2013.

(9) The payments of assistance on the basis of paid or partially paid expense receipts shall be paid to the recipient not more often than once a quarter, save in exceptional cases.

(10) The documents certifying the incur of expenditure shall be the accounting source documents certifying the occurrence of the corresponding economic transaction, incl. invoices, accompanying documents, reports of the acceptance of work, and contracts. The documents certifying the relevance of expenditure shall be, inter alia, written work, reports of the acceptance of work, calculations of cost price and photographs for certifying the fulfilment of notification obligation.

(11) EE shall process payment claims not later than within 16 business days after the receipt of a payment claim from the recipient. Payment of assistance shall be made to the recipient in the case of correct information on the 5th business day after the end of verification by EE of the payment claim in accordance with Regulation No. 15 of the Minister of Finance of 1 March 2007 General Conditions and Procedure for Payment of Structural Assistance for 2007-2013.

(12) EE shall adopt a resolution on partial or full refusal of payment of the assistance if:

- 1) the submitted payment claim or expense receipts do not correspond to the prescribed requirements;
- 2) the submitted expense receipts do not correspond to the project period, activities and objectives indicated in the application;
- 3) the conducted activities do not correspond to the activities indicated in the application or their happening is not verified;
- 4) refundable liabilities before EE have not been fulfilled.

§ 26. Obligations of recipient

The recipient shall be required:

- 1) to ensure the existence of the self-financing prescribed in the application and resolution on approval of the application and the cofinancing of partners involved in the implementation of the project;
- 2) to use the assistance in compliance with the submitted application and resolution on approval of the application;
- 3) to return to EE the assistance in the cases specified in subsection 26 (1) of the Structural Assistance Act for 2007-2013 or, if so required by EE, in accordance with the cases specified in subsection 26 (2) of the aforementioned Act;
- 4) to submit, on the form, in the manner and within the term prescribed by EE, the required information and reports;
- 5) to keep separate accounts on the use of the assistance and self-financing. In the accounting of the recipient the project expenditure and the expense receipts and payment documents recording the aforementioned must be clearly distinguishable from other expenditure, expense receipts and payment documents of the recipient;
- 6) to seek consent from EE if the budget line volume prescribed for a specific activity in the project budget changes on the account of another budget line volume by more than 10%;
- 7) to seek consent from EE for extension or suspension of the project implementation term included in the application or for amendment of the activities or objectives thereof;
- 8) to enable supervisory operations or audits to be carried out with regard to the expense receipts and payment documents recording use of self-financing and cofinancing of partners involved in the implementation of the project, acquired equipment, materials and performed work, incl. enable access for inspectors to premises and

territory that the recipient owns, rents or uses in any other manner;

- 9) to give all the required information and documents to the disposal of the inspector within five business days as of the receipt of a respective notice;
- 10) to render all possible assistance for carrying out inspection, audit and supervision;
- 11) to observe all the precepts issued as a result of supervisory operations and audits ;
- 12) to submit to EE required information for preparation of the declaration on the winding-up of the assistance;
- 13) as a subject of the Public Procurement Act to observe, upon making procurements, the requirements established in the Public Procurement Act;
- 14) upon the use of the assistance, to indicate in the manner prescribed by EE that the project is implemented with the aid of the assistance;
- 15) to preserve the documentation and material relating to the application, assistance and implementation of the project in accordance with subsection 10 (1) of Regulation No. 59 of the Minister of Finance of 1 March 2007 General Conditions and Procedure for Payment of Structural Assistance for 2007-2013 until 31 December 2025.
- 16) to immediately notify EE in writing of all the changes in the presented information or of circumstances which affect or may affect discharge by the recipient of its obligations, incl. changes in the name or address or arising from the statutes or articles of association or changes in the authorised representatives, transformation, declaration of bankruptcy or appointment of liquidators, dissolution, etc., also in the case the aforementioned changes have been registered in a public register or disclosed through the media;
- 17) to immediately notify EE in writing of the high probability or inevitability of the negative result of the project that has become evident during implementation of the project and of the questionable expediency of further continuation of the project;
- 18) to immediately notify EE in writing of adoption of a resolution on transfer of a business entity or a part of a business entity forming a single entity and being a basis for implementation of the project or on transfer of objects or rights belonging thereto;
- 19) to ensure preservation and public use of the property created or acquired as a result of the project for the objectives and under the conditions specified in the application and resolution on approval of the application during five years as of the expiry of the project eligibility period and not to conduct with the property any transactions that give unjustified advantage to any person or authority during the aforementioned term;
- 20) in the case of transfer of rights with regard to the property created and acquired for the assistance to agree with EE on the conditions of transfer and further liability for the purposeful use of the property;
- 21) to discharge any other obligations provided for in legislation;
- 22) to ensure the creation of the directing body mentioned in subsection 5 (3) on the basis of cooperation agreement and the discharge by the partner(s) involved in implementation of the project of the obligations by relevant orders in clauses 1), 2), 5), 8)-11) and 13)-20).

§ 27. Rights of recipient

The recipient shall be entitled:

- 1) to change the project budget approved by the resolution on approval of the application without submitting to EE an application for amendment of the resolution on approval of the application if the project budget decreases and the objectives and volume of the activity prescribed in the project do not change or if the budget line volume prescribed in the project budget for a specific activity changes on the account of another budget line volume not more than 10% and the objectives and activities prescribed in the project do not change. In such case EE must be notified of the changes in writing in advance;
- 2) to obtain information and advice from EE related to discharge of the obligations specified in section 26.

§ 28. Obligations of EE

EE shall be required:

- 1) to make the application and report forms and relevant instructional materials available on its website;
- 2) in the case of the amendments mentioned in clause 26 7), EE shall be required before the adoption of resolution to ask consent from the Ministry of Interior as regards the expediency of the amendment;
- 3) to approve or reject the reports specified in clause 26 4) not later than within 25 business days as of the receipt thereof. EE shall be required to immediately notify the recipient of the resolution on approval or rejection of the reports specified in clause 26 4) and the payment claim specified in subsection 25 (4);
- 4) after adoption of the resolution on approval of the application to make the following information available on its website: name of the recipient, name of the project, amount of the assistance and total volume of the project, objectives and activities of the project and project period;
- 5) to preserve the documentation related to the application and implementation of the projects at least until 31 December 2025.

§ 29. Rights of EE

EE shall be entitled:

- 1) to carry out supervisory operations or audits with regard to the expense receipts and payment documents recording use of the assistance and self-financing or cofinancing, acquired equipment, materials and performed work;
- 2) to require submission of additional relevant information and documents with regard to the project operations and expenditure included in the application;
- 3) to refuse from the payment of assistance fully or partially in the cases established in subsection 25 (12);
- 4) to refuse from the amendment of the resolution on approval of the application if the applications for amendment of the resolution due to reasons specified in subsection 23 (1) do not conform to the requirements established in the regulation of the conditions of the measure;
- 5) to repeal the resolution in compliance with the provisions established in Structural Assistance Act for 2007-2013 and the legislation based on it;
- 6) to reclaim the assistance partly or in full in compliance with the provisions established in Structural Assistance Act for 2007-2013 and the legislation based on it.

Minister Siim Valmar KIISLER
Administrative Deputy Secretary
General
in the capacity of Secretary General
Merle KÜNGAS