

Adopted by: Minister for Regional Affairs  
Type of legislation or document: Regulation  
Type of text: Original text, consolidated text  
Date of entry into force of the version : 01.11.2007  
Expiry of the version: Currently valid  
Publication citation: RTL<sup>1</sup>, 29.10.2007, 81, 1389

## Conditions for the Measure “Strengthening of the Competitiveness of Regions” Regulation No. 7 of the Minister for Regional Affairs of 22 October 2007

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 “Strengthening of the Competitiveness of Regions” (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) The measure shall be implemented throughout the territory of Estonia.

#### § 2. Definitions

In the Regulation, the following definitions are used:

- 1) **prerequisite for development** means region-specific resource on the basis of which competitive advantage can be developed;
- 2) **structural design work** means design work in the meaning of subsection 2 (4) of the Building Act;
- 3) **cofinancier** means another local government participating in the project or other person in public law, state authority, as well as a non-profit association or a foundation or a company under the control of the public sector who makes a financial contribution to the project in order to cover the eligible self-financing;
- 4) **visitor** means a person who visits a region outside their everyday environment by staying (tourist) or without staying there overnight;
- 5) **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;
- 6) **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. 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 to increase the competitiveness of regions, making the regions more attractive for companies, investors, qualified workforce and visitors. The specific objectives of the measure shall be:

- 1) a more attractive local visitor environment;
- 2) a more attractive local business environment.

(2) The objectives shall be achieved through:

- 1) eliminating the factors hindering maximum use of the development potential of regions;
- 2) accelerating economic development through developing region-specific competitive advantages.

## Chapter 2

### BASES FOR GRANTING ASSISTANCE

### **§ 5. Operations to be supported**

(1) Within the framework of the measure, projects developing local tourism and recreation particularly aimed at visitors and including the following eligible operations shall be supported:

- 1) development and diversification of visitor and free-time facilities (visitor centres, museums, thematic parks, handicraft workshops, etc.);
- 2) diversification of active holiday facilities (hiking and study trails, light traffic roads, beaches, free-time facilities, etc.);
- 3) development of small harbours aimed at recreational water vehicle users visiting the region;
- 4) exposure of culturally and naturally valuable regions; restoration and reconstruction of historical construction works and objects, conservation of historical ruins and their community reuse in modern functions; creation of visitor programmes; increase of the cultural and environmental value of natural objects and sceneries; liquidation of disused and dangerous construction works which spoil the cultural environment, opening of views and restoration of historical appearance of sceneries in places of interest, creation of observation platforms and towers; development of small structures for recreational objectives (campsites, shelters, summer kitchens, swings, recreational areas, landing places, slips, etc.);

5) development of the supporting infrastructure of recreational and tourist objects (parking places, access roads and routes, sanitation and waste management facilities, information stands and signs, etc.).

(2) Within the framework of the measure, projects developing the infrastructure of the local business environment and including the following eligible operations shall be supported:

1) creation and renovation of public technical infrastructure essential for business development (access roads (except car parks), water and sewerage routes, land improvement systems, exterior lighting, power and communications lines, heating systems);

2) preparations for community reuse of areas of former military, industrial and agricultural objects with the objective of developing business environment, liquidation of disused and dangerous construction works which spoil the cultural environment, and purification of soil;

3) conservation of disused construction works for the community reuse objective.

(3) Within the framework of the projects, the following operations supporting the objectives and main operations of the projects arising from subsections (1) and (2) shall be additionally eligible:

1) development of regional cooperation networks and partnerships (incl. those between private and public sector) (incl. seminars, roundtables);

2) organisation of object-specific training events;

3) object marketing (preparation of information media and distribution materials, etc.);

4) launching object-specific regular events aimed at visitors;

5) creation of Internet access for public use;

6) clean-up of residual pollution.

(4) The expenditure of the operations provided for in clauses (3) 1)-3) may not exceed in total 10% of the total volume of the eligible expenditure of the project.

(5) Investments in objects which are in the ownership or possession of companies, profit-making authorities or private persons shall be eligible in the case of hiking trails, observation towers and sites, opening of views, bicycle tracks and access roads under the following conditions:

1) a public use agreement for at least five years as of the expiry of the project eligibility period must be concluded with the owner of the land;

2) in the case of bicycle tracks and access roads servitude for at least five years as of the expiry of the project eligibility period must be established for the benefit of the applicant.

(6) Within the framework of the measure, the following operations 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) investments the main objective of which is ensuring provision of public services aimed at residents of the region (general education, local cultural and sports services, incl. premises, gymnasiums, stadiums, swimming pools meant for club and community operations; health and social services, incl. welfare homes, children's homes) and operations related to main operations of religious associations in the meaning of § 3 of the Churches and Congregations Act;
- 3) development of accommodation and catering facilities and other services directed, as a rule, at raising net revenue;
- 4) investments in objects which are in the ownership or possession of companies, profit-making authorities or private persons, except in the cases specified in subsection (4);
- 5) operations with regard to which the assistance is to be treated as aid to be granted by state in the meaning of Article 87 (1) of the Treaty Establishing the European Community;
- 6) investments in objects subject to financing on the basis of the National Financing Plan of Cultural and Tourist Objects approved by the Government of the Republic.

## **§ 6. Eligible expenditure**

- (1) Within the framework of the measure, eligible expenditure shall include such expenditure of the recipient or of the partners involved in implementing the project which are directly required for carrying out the eligible operations specified in subsections 5 (1)-(4) and achieving the objectives of the project (incl. 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).
- (2) The following restrictions have been imposed on the expenditure to be financed:
  - 1) the purchase of an immovable may form not more than 10% of the total volume of the eligible expenditure of the project;
  - 2) the staff and overhead costs of the project may form not more than 7% of the total volume of the eligible expenditure of the project (it may cover the applicant's public utility, communications and transport costs and office supplies related to the project as well as the wages and salaries related to project management). The staff and overhead costs of the project must be based on the actual project implementation costs and be 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;
  - 3) the expenditure of structural design work, geotechnical and geodetic explorations or expert assessments of construction designs may form up to 10% of the total volume of the eligible expenditure of the project.
- (3) The following shall be non-eligible expenditure:
  - 1) membership fees of organisations;
  - 2) penalties, legal costs, fines for delay, interest, currency exchange fees, costs of financial transactions (incl. contract fees, bank transfer fees);

- 3) costs related to services of insurance companies;
- 4) insurance premiums, except comprehensive, motor third party liability, property, travel, health, occupational safety, employer's liability insurance premiums and insurance premiums related to remuneration;
- 5) benefits in the case of release from office and termination of an employment contract;
- 6) representation costs and gifts (incl. souvenirs and keepsakes);
- 7) expenditure incurred with regard to additional benefits of the project staff and support paid in addition to remuneration;
- 8) expenditure arising from procurements or service provision if the procurement organisation or service provision causes expenditure to the project without creating any surplus value to it;
- 9) other expenditure not related to eligible operations and not justified and insignificant from the point of view of implementing the project;
- 10) expenditure compensated for earlier from the state budget, European Union or foreign assistance grants.

(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) Eligible expenditure shall not include transactions between associated persons in the meaning of § 8 of the Income Tax Act, except if this is strictly necessary from the point of view of implementing the project.

(6) The eligibility period of a project shall commence as of registration of an application or as of a later term established by a resolution on approval of the application. The maximum duration of the eligibility period of a project shall be 36 months. The final date of project eligibility may not be later than 31 August 2015.

(7) The expenditure to be supported, except the expenditure of structural design work, geotechnical and geodetic explorations, expert assessments of construction designs or purchase of immovable property, may include only such eligible expenditure incurred after registration of the 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.

(8) With regard to the expenditure of structural design work, geotechnical and geodetic explorations, expert assessments of construction designs or purchase of immovable property the resolution on approval of the application may provide a date of commencement of eligibility which is up to 36 months earlier than the date of registration of the application or than a later term established by a resolution on approval of the application, but not earlier than 1 January 2007. If EE adopts a resolution on denial of the application, the expenditure incurred by the applicant shall not be covered from the assistance.

(9) The minimum amount of assistance per project shall be EEK 1,000,000. The maximum amount of assistance per project shall be EEK 50,000,000. In the case of operations specified in subsection 5 (2) the maximum amount of assistance per project shall be EEK 25,000,000.

(10) The total amount of assistance allocated by resolutions on approval of the assistance during the period until 31 December 2010 cannot exceed EEK 70,000,000 per recipient.

### **§ 7. Rate of assistance and self-financing and duration of project**

(1) The rate of assistance shall be up to 85% of the eligible expenditure of the project.

(2) Self-financing shall form, in total, not less than 15% of the eligible expenditure of the project.

(3) Self-financing shall mean the recipient's or cofinancier's financial contribution to the project. Self-financing shall include only the eligible expenditure incurred by the recipient or cofinancier. Self-financing shall not be included in the assistance and the assistance cannot be used for self-financing either.

(4) The eligible cofinancier's contribution shall not include the contribution made by natural persons and companies which are not under control of public sector.

(5) The calculation of the duration of the project shall commence as of registration of an application or as of a term established on the basis of subsection 6 (6). The maximum duration of the projects shall be 36 months. The final term of a project may not be later than 31 August 2015.

## Chapter 3

### APPLICATION FOR ASSISTANCE, REQUIREMENTS FOR APPLICATIONS AND APPLICANTS

### **§ 8. Requirements for applicants and cofinanciers**

(1) Within the framework of the measure, applicants can be the following:

1) local governments;

2) foundations and non-profit associations (incl. religious associations in the meaning of subsection 2 (1) of the Churches and Congregations Act) if the operations planned in the project are the operations specified in the articles of association of the organisations;

3) state authorities as managers of the visitor objects specified in clause 5 (1) 1);

4) public universities if the project operations support fulfilment of the objectives of the measure.

(2) With regard to the operations specified in subsection 5 (2) applicants can be only local governments.

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

1) the applicant does not have any unstaggered tax arrears;

- 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) if assistance is applied for the project or for single operations of the project from several measures or other state budget, European Union or foreign assistance funds at the same time, the applicant shall submit the respective information;
- 4) the applicant shall certify the existence of the required funds for self-financing in accordance with the rates and conditions provided for in § 7;
- 5) the applicant has sufficient experience and knowledge for implementing the project;
- 6) if the applicant is a local government, it must have the applicable development plan in accordance with subsection 37 (3) of the Local Government Organisation Act. If local governments submit a joint project, all local governments must have an applicable development plan;
- 7) the applicant must be an owner or a possessor or 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. In case a joint project involves several legal persons, the applicant must be the owner of at least one of the objects of infrastructure to be established or renovated under the project. In the case of land and construction works whose owner is the state an agreement must be concluded between a local government and the state which provides, inter alia, the obligation to preserve the object created, renovated or organised under the project for the objective specified in the project during not less than five years as of the expiry of the project eligibility period;
- 8) the applicant need not be the owner or possessor or 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 if in the case of a joint project involving several local governments the applicant is a foundation or a non-profit association whose operations specified in the articles of association include implementation of joint projects of local governments and if the local governments participating in the project are cofinanciers. The foundations or non-profit associations must be formed by county governments, county unions of municipalities or local governments.

(4) With regard to the cofinancier the provisions established with respect to the applicant and specified in clauses (3) 1)-4) shall be applied.

(5) Within the framework of the measure the following applicants shall not be supported:

- 1) foundations intermediating national assistance;
- 2) State Nature Conservation Centre.

## **§ 9. Submission of and requirements for applications**

(1) To receive assistance, an application shall be submitted to EE on the application form attached as an annex to the Regulation. The project included in the application must comply with the objectives of the measure provided for in the Regulation and other requirements of this section. The operations included in the project must be eligible in accordance with the requirements of §§ 5 and 6.

(2) The receipt of applications shall be commenced upon resolution of the Minister for Regional Affairs. The suspension of receipt of applications shall be decided and disclosed by EE in agreement with the Minister for Regional Affairs.

(3) The application must include, inter alia, the following documents:

- 1) a project specification;
- 2) a project budget;
- 3) a project schedule;
- 4) documents certifying self-financing of the project;
- 5) background information about the applicant and the cofinancier(s) (not required in the case of local governments or state authorities);
- 6) a curriculum vitae (CV) of the project manager;
- 7) 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;
- 8) 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 not less than 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;
- 9) project implementation report submission schedule along with the forecast payments.

(4) Depending on the nature of the project the following shall be attached to the application:

- 1) a list of experts participating in the project and their curriculum vitae (CVs);
- 2) a cooperation agreement between the partner organisations participating in the project;
- 3) permits, incl. the building permit, and approvals required for implementing the project;
- 4) the environmental impact assessment in accordance with the Environmental Impact Assessment and Environmental Management System Act;
- 5) 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 and in the case of national cultural monuments documentation in accordance with the requirements imposed in Regulation No. 9 of the Minister of Culture of 30 June 2003 Conditions and Procedure for Preparation of Conservation, Restoration, Repair and Construction Designs of Monuments and Construction Works Located in Heritage Conservation Area and Conduct of Prior Studies Therein and Procedure for Preparation of Special Conditions of Heritage Conservation;
- 6) 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 and in the case of national cultural monuments construction design in accordance with the requirements of Regulation No. 9 of the Minister of Culture of 30 June 2003 Conditions and Procedure for Preparation of Conservation, Restoration, Repair and Construction Designs of Monuments and Construction Works Located in

## Heritage Conservation Area and Conduct of Prior Studies Therein and Procedure for Preparation of Special Conditions of Heritage Conservation;

- 7) an analysis for assessment of the profitability and feasibility of the project;
  - 8) documents certifying the right of ownership or use of the object, whose value is to be increased, during the project eligibility period and not less than five years as of the expiry thereof;
  - 9) public use agreements in the case of investments in objects belonging to companies, profit-making authorities and private persons (hiking trails, observation towers, opening of views, etc.);
  - 10) in the case of purchasing construction works and used equipment the seller's certificate of the following: no internal or European Community grants have been provided with regard to the construction works as well as the used equipment during the previous 10 and 7 years, respectively, and a certificate of the real estate appraisal;
  - 11) any additional documents and information required by EE.
- (5) The application shall be submitted in writing on paper or electronically in the digitally signed format. If the application is submitted on paper, an electronic application form, project, project budget and schedule shall be attached in addition.
- (6) The assets which are in the ownership of non-profit associations and foundations and are related to the project cannot be encumbered with a mortgage.

## Chapter 4

### PROCESSING OF APPLICATIONS

#### **§ 10. Registration of applications, declaration of conformity of applications and applicants**

- (1) The applications shall be accepted on a continuous basis in the order they are received.
- (2) The applications shall be processed and the resolution on approval or denial of the application shall be adopted by EE.
- (3) All applications shall be registered. If an applicant submits two or more applications at a time, it must put the applications in order.
- (4) The period of processing of applications shall be, as a rule, up to 65 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 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.
- (5) EE shall verify the conformity of applications and applicants to the requirements specified in §§ 5-9.
- (6) An application or an applicant is not conforming if any of the following circumstances exist:

- 1) the requirements imposed on the applicant or application in § 15 of the Structural Assistance Act for 2007-2013 or in this Regulation 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 fails to eliminate the deficiencies in the application during the term set out on the basis of subsection (8).
- (7) EE shall be entitled to require submission of missing additional information. The applicant shall be required to reply to all the questions asked with regard to the application and permit verification of compliance of the application and the applicant to the requirements.
- (8) If any inaccuracies are detected upon verification of conformity of the application and the applicant, the applicant shall be notified thereof immediately and a term shall be set out for elimination of the deficiencies. As a rule, up to 10 business days shall be granted for eliminating the deficiencies and the term of processing of the application shall extend by the number of the days.
- (9) 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 five business days specifying the reasons for denial of the application.

## **§ 11. Assessment and approval of applications**

- (1) 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 (4). The assessment criteria shall be disclosed on the website of EE.
- (2) To assess applications, EE shall involve experts.
- (3) The applications conforming to the requirements shall be assessed by the assessment committee which consists of experts and whose membership shall be disclosed on the website of EE. The assessment results shall be summed up separately in two assessment blocks. An assessment shall be deemed positive if the results of both assessment blocks exceed the threshold provided for in subsection (5).
- (4) The application assessment criteria in the assessment blocks shall be as follows:
  - 1) in the first assessment block the following shall be taken into consideration upon assessment: project priority, which forms 25% of the maximum summary grade; project impact on achievement of the results of the measure, which forms 50% of the maximum summary grade and project sustainability, which forms 25% of the maximum summary grade;
  - 2) in the second assessment block the following shall be taken into consideration upon assessment: project preparation quality, which forms 40% of the maximum summary grade; the justification and quality of the project budget, which forms 30% of the maximum summary grade and project feasibility and security with organisational resources, which forms 30% of the maximum summary grade;

(5) The application shall be assessed on a 0-4 scale. The maximum summary grade awarded upon assessment of the application shall be formed of the weighted average of the grades awarded on the basis of the assessment criteria specified in subsection (4) separately with regard to both assessment blocks. The assessment of the application shall be deemed positive if the summary grade awarded upon assessment of both assessment blocks is not less than 2.5.

(6) With regard to the applications which do not receive positive assessment in accordance with the assessment methods specified in subsection (1) EE shall adopt a resolution on denial of the application.

(7) To observe the correctness and justification of the verification of conformity to the requirements of the application 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 (1) and 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 or adopt a position with regard to the correctness and justification of the assessment procedures.

(8) 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.

(9) The applications subject to approval upon the proposal of the measure committee shall include the applications whose assessment results exceed the threshold established in subsection (5) provided that the amount of financing thereof does not exceed the budget for the financing of applications relating to the measure.

(10) EE shall adopt a resolution on 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 (1). In such an event the respective procedure shall be carried out again with regard to the application.

(11) 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. The resolution on denial of the application shall specify reasons for the denial. The resolution on 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) 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 five business days as of the adoption of the resolution.

## **§ 12. Amendment or repeal of resolution 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 operations 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 31 August 2015;
- 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 31 August 2015;
- 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 to use the assistance under the prescribed conditions;

- 6) the recipient submits an application for repeal of the resolution on approval of the application.

### **§ 13. Submission and review of challenges**

A challenge may be submitted against a resolution on the basis provided for in § 34 of the Structural Assistance Act for 2007-2013 and the challenge shall be reviewed in accordance with the procedure provided for in the Administrative Procedure Act.

## Chapter 5

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

### **§ 14. Conditions for making payments of assistance**

- (1) The assistance shall be paid to the recipient.
- (2) Payment of the assistance shall be made on the basis of the ratio of the assistance and the project cost and the amount of the payable assistance cannot exceed the amount of assistance specified in the resolution on approval.
- (3) The recipient shall submit a respective application for payment of the assistance (hereinafter payment claim), a copy of the accounting source documents approved by the recipient's signatory and copies of the documents certifying payments being made.
- (4) The payments shall be made in accordance with the procedure provided for in Regulation No. 15 of the Minister of Finance of 1 March 2007 Conditions and Procedure for Payment of Structural Assistance for 2007-2013 after approval by EE of the project implementation interim or final report in accordance with the actual certified eligible expenditure recorded in the payment claim attached to the report.
- (5) Payments on the basis of unpaid expense receipts can be made only in the case of the recipients specified in subsection 6 (1) of 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 procedure provided for in the regulation of the Minister of Finance.
- (6) Payments on the basis of partially paid expense receipts can be made only in reasoned cases 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.
- (7) The recipient may submit a payment claim every three months or less often.
- (8) EE shall process payment claims not later than within 16 business days after EE has approved the interim or final report submitted by the recipient and has received a payment claim from the recipient. Payment of assistance shall be made to the recipient in the case of correct information on the 5<sup>th</sup> 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.

- (9) 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 assistance is applied for in order to cover non-eligible expenditure;
  - 3) the project is related to repayment until final refund of the reclaimable amount.

### **§ 15. 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;
- 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 operation 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 operations 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, 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 § 5 of the Structural Assistance Act for 2007-2013;
- 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 not less than 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 ensure discharge by the partner(s) involved in implementation of the project of the obligations imposed in the cooperation agreement specified in clause 9 (4) 2) and by other relevant orders in clauses 1), 2), 5), 8)-11) and 13)-20);
- 22) to refund the assistance reclaimed by the implementing agency in the amount and by the due date specified in the resolution on reclamation of the assistance;
- 23) to discharge any other obligations provided for in legislation.

## **§ 16. Rights of recipient**

The recipient shall be entitled:

- 1) to change the project budget or operations approved by the resolution on approval or partial 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 operations prescribed in the project do not change or if the budget line volume prescribed in the project budget for a specific operation changes on the account of another budget line volume not more than 10% and the objectives and operations prescribed in the project do not change. In such case EE must be notified of the changes in advance;
- 2) to obtain information and advice from EE related to discharge of the obligations specified in § 15.

## **§ 17. Obligations of EE**

EE shall be required:

- 1) to make the application and report forms and relevant instructional materials available on its website;
- 2) to immediately notify recipients of any amendments made to legislation governing use of the assistance;
- 3) to review the applications specified in clauses 14 3) and 4) not later than within 16 business days. In the case of amendments specified in clauses 15 6) and 7) (except extension of the project implementation term) before adoption of a resolution EE shall be required to ask for a proposal from the measure committee for approval, partial approval or denial of the amendment. An application for amendment shall be approved by amending the existing resolution on approval of the application;
- 4) to approve or reject the reports specified in clause 15 4) not later than within 21 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 15 4) and the payment claim specified in subsection 14 3);
- 5) after adoption of a resolution on approval of the application to make the following information available on its website: name of the recipient, name of the project receiving the assistance, amount of the assistance, total volume of the project objectives and operations of the project and project period;
- 6) not to disclose, in accordance with subsection 25 (6) of the Structural Assistance Act for 2007-2013, the information (except the information specified in clause 5)) or documents obtained about applicants in the course of processing;
- 7) to store the documentation related to the application and implementation of the projects not less than until 31 December 2025.

## **§ 18. 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, 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 decrease the assistance if the self-financing decreases below the amount specified in the project budget or the resolution on approval of the application;
- 4) to decrease the assistance payable for the following stage of the project by the expenditure incurred during the previous stage of the project and not being in conformity with the conditions of use of the assistance;
- 5) to reclaim the assistance if any such circumstances become evident due to which the implementation or continuation of the project cannot be considered expedient or it is or may prove to be impossible to implement or continue the project;

- 6) to reclaim the assistance if during implementation of the project the recipient has submitted false information or concealed any information;
- 7) to repeal the resolution on approval of the application if the recipient has not begun the project operations within 90 calendar days as of adoption of the resolution or the project commencement date if this is later;
- 8) to reclaim the assistance if the conditions of clauses 15 19)-21) have been violated within five years as of the expiry of the project eligibility period;
- 9) to reclaim the assistance if the recipient has violated any other obligations related to the project and provided for in legislation.

**Vallo REIMAA, Minister**

**Märt KRAFT, Secretary-  
General**

An annex to the Regulation has been published in the electronic *Riigi Teataja*<sup>2</sup>. Basis: Subsection 4 (2) of the *Riigi Teataja* Act and Resolution No. 17-1/0505738 of the State Secretary as of 29 June 2005.

Annex to Regulation No. 7 of the Minister for Regional Affairs  
of 22 October 2007 Conditions for the Measure  
“Strengthening of the Competitiveness of Regions”

**APPLICATION FORM OF THE MEASURE “STRENGTHENING OF THE  
COMPETITIVENESS OF REGIONS”**

**I INFORMATION IDENTIFYING THE APPLICANT**

|   |            |   |                    |
|---|------------|---|--------------------|
| <b>Name of applicant</b>  |            | <b>Legal form</b>                                 |                    |
|   |            | Local government (hereinafter <i>LG</i> )         |                    |
|   |            | Non-profit association                            |                    |
|   |            | a) under the control of public sector*            |                    |
|   |            | b) other  |                    |
|   |            | Foundation  |                    |
|   |            | a) under the control of public sector*            |                    |
|   |            | b) other  |                    |
|   |            | State authority                                   |                    |
|   |            | Public university                                 |                    |
| <b>Representative of applicant (if the applicant is an LG, specify the name of the local government body)</b> |            |   |                    |
|   |            |   |                    |
| <b>Registry code (in the case of an LG the registry code of the local government body)</b>                    |            | <b>VAT number if the applicant is a VAT payer</b> |                    |
|   |            |   |                    |
| <b>Postal address of applicant</b>  |            |   |                    |
|   |            |   |                    |
| <b>Telephone</b>  | <b>Fax</b> | <b>E-mail</b>                                     | <b>Web address</b> |
|   |            |   |                    |
| <b>Bank requisites of applicant</b>   |            |   |                    |
| <b>Legal person (to whose bank account the assistance is paid if the application is approved):</b>            |            |   |                    |
| <b>Bank account no.:</b>  |            |   |                    |
| <b>Representative person of applicant</b>   |            | <b>Project manager</b>                            |                    |
| <b>Name:</b>  |            | <b>Name:</b>                                      |                    |
| <b>Personal identification code**:</b>  |            | <b>Personal identification code**:</b>            |                    |
| <b>Position:</b>  |            | <b>Position:</b>                                  |                    |
| <b>Telephone:</b>   |            | <b>Telephone:</b>                                 |                    |
| <b>E-mail:</b>  |            | <b>E-mail:</b>                                    |                    |
| <b>Basis for representation:</b>  |            |   |                    |
| <b>Principal activity of applicant (if not an LG, a state authority or a public university)</b>               |            |   |                    |
|   |            |   |                    |

\* In the meaning of subsection 27 (1) of the Accounting Act

\*\* The personal identification code is required in order to formalise a proper administrative act in EE

**II INFORMATION IDENTIFYING THE PROJECT**

|                        |  |
|------------------------|--|
| <b>Name of project</b> |  |
|                        |  |

|   |  |
|---|--|
| <b>Date of commencement of project eligibility period</b>   | <b>Final date of project eligibility period (up to 36 months as of the date of commencement of the project, but not later than 31 August 2015)</b> |
|   |  |
| <b>Date of commencement of structural design work, geotechnical and geodetic explorations or expert assessments of construction designs</b> |  |
|   |  |
| <b>Project implementation area</b>  | <b>Location of project*** (name of county, local government, settlement)</b>   |
| City  |  |
| Rural area  |  |
| Islands   |  |
| Regionally non-specific   |  |

\*\*\*If the project is implemented in more than one location, specify all the locations

|  |                                  |                         |  |
|--|----------------------------------|-------------------------|--|
| <b>Derivation from development plans (development plan of a local government, county plan, thematic development plan, national development plan) (submit an extract from the respective document and a reference to the respective document)</b> |                                  |                         |  |
|  |                                  |                         |  |
| <b>Problem specification</b>   |                                  |                         |  |
|  |                                  |                         |  |
| <b>Summary of project objectives (specify the project objective and its anticipated impact)</b>  |                                  |                         |  |
|  |                                  |                         |  |
| <b>Summary of project operations</b>   |                                  |                         |  |
| <b>Operation (must coincide with the types of expenditure specified in the budget)</b>   | <b>Commencement of operation</b> | <b>End of operation</b> | <b>Result of operation (specify briefly the measurable result achieved as a result of the operation)</b> |
|  |                                  |                         |  |
|  |                                  |                         |  |
|  |                                  |                         |  |
| <b>Project beneficiaries (who, incl. direct and indirect, if possible in numbers; in which regard)</b>   |                                  |                         |  |
|  |                                  |                         |  |

### III PROJECT BUDGET

| <b>Project financing</b>           | <b>Amount (EEK along with VAT****)</b> | <b>% of the total cost of the project</b>     |
|------------------------------------|--|---|
| Total cost of the project          |  | 100%  |
| Assistance to be applied for       |  |   |
| Total self-financing               |  |   |
| Applicant                          |  |   |
| Cofinancier 1                      |  |   |
| Cofinancier 2                      |  |   |
| ...                                |  |   |
| Other contribution of cofinanciers |  | Not to be included in the project calculation |

**Project expenditure in terms of operations (a detailed budget) are to be submitted as an obligatory additional document on a form established by EE**

\*\*\*\* If the person who incurred the eligible expenditure is 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 compensated to the person in any other manner, the amounts shall be specified without the value added tax.

| <b>Other sources from which financing for the project or related project(s) has been applied for. Specify also the applications which have been submitted but with regard to which no financing resolutions have been adopted yet.</b> |  |  |  |
|--|--|--|--|
| <b>Support grantor (name of the organisation granting the support)</b>   | <b>Date of adoption of a resolution on receipt of support / date of submission if no resolutions have been adopted yet</b> | <b>Amount of support / amount of application if no resolutions have been adopted yet</b> | <b>Name of the supported/submitted project</b> |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

#### **IV PLANNED RESULTS OF PROJECT**

| <b>Planned results and impacts of project</b>  |             |                    |
|--|-------------|--------------------|
| <b>Visitor environment development projects</b>  |             |                    |
| <b>Indicator</b>   | <b>Year</b> | <b>Number/MEEK</b> |
| Number of new visitor and recreational objects (pcs) (by the end of the project)   |             |                    |
| Number of visitor and recreational objects qualitatively improved (pcs) (by the end of the project)  |             |                    |
| Number of launched and developed sustainable regular events (pcs) (by the end of the project)  |             |                    |
| Basic number of visitors to visitor and recreational objects and events upon submission of application and increase in the number (number of people) (1 year after the end of the project) |             |                    |
| Growth in the number of visitors to visitor and recreational objects and events (number of people) (3 years after the end of the project)  |             |                    |
| Number of new direct positions (1 year after the end of the project, pcs)  |             |                    |
| Number of new direct positions (3 years after the end of the project, pcs)   |             |                    |
| Number of new indirect positions (1 year after the end of the project, pcs)  |             |                    |
| Number of new indirect positions (3 years after the end of the project, pcs)   |             |                    |
| New investments in private sector as a result of projects (1 year after the end of the project, MEEK)  |             |                    |
| New investments in private sector as a result of projects (3 years after the end of the project, MEEK)   |             |                    |
| <b>Local business environment development projects</b>   |             |                    |
| <b>Indicator</b>   | <b>Year</b> | <b>Number/MEEK</b> |
| Number of companies who have benefited from projects (pcs) (by the end of the project)   |             |                    |
| Volume of developed industrial and business areas (ha) (by the end of the project)   |             |                    |

|  |  |  |
|--|--|--|
| Number of business infrastructure objects qualitatively improved (pcs) (by the end of the project)     |  |  |
| Number of created workshops (pcs) (by the end of the project)  |  |  |
| Number of artisans working in created workshops (pcs) (1 year after the end of the project)            |  |  |
| Number of artisans working in created workshops (pcs) (3 years after the end of the project)           |  |  |
| Number of visitors to created workshops (pcs) (1 year after the end of the project)                    |  |  |
| Number of visitors to created workshops (pcs) (3 years after the end of the project)                   |  |  |
| Number of new positions in private sector (1 year after the end of the project, pcs)                   |  |  |
| Number of new positions in private sector (3 years after the end of the project, pcs)                  |  |  |
| New investments in private sector as a result of projects (1 year after the end of the project, MEEK)  |  |  |
| New investments in private sector as a result of projects (3 years after the end of the project, MEEK) |  |  |

## V HORIZONTAL INDICATORS

**Project impact on the state of the environment (specify):**

**Project impact from the point of view of equal opportunities (specify):**

## VI OBLIGATORY ADDITIONAL DOCUMENTS

- 1) a project specification (on a form established by EE);
- 2) a project budget (on a form established by EE);
- 3) a project schedule (on a form established by EE);
- 4) documents certifying self-financing of the project;
- 5) background information about the applicant and the cofinancier(s) (not required in the case of local governments or state authorities);
- 6) a curriculum vitae (CV) of the project manager;
- 7) 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;
- 8) 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 not less than five years as of the expiry of the project eligibility period and shall not conduct with the property any transactions that give unjustified advantage to any person or authority during the aforementioned term and, upon letting the property, no net revenue is received from the investment object or a part of the investment object that has been established or renovated for the assistance;
- 9) a project implementation report submission schedule along with the forecast payments.

## VII SUPPLEMENTARY ADDITIONAL DOCUMENTS

Depending on the nature of the project the following shall be attached to the application:

- 1) a list of experts participating in the project and their curriculum vitae (CVs);
- 2) a cooperation agreement between the partner organisations participating in the project;

- 3) a cofinancier's consent for making inquiries to a competent body;
- 4) permits, incl. the building permit, and approvals required for implementing the project;
- 5) 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 and in the case of national cultural monuments in accordance with the requirements of Regulation No. 9 of the Minister of Culture of 30 June 2003 Conditions and Procedure for Preparation of Conservation, Restoration, Repair and Construction Designs of Monuments and Construction Works Located in Heritage Conservation Area and Conduct of Prior Studies Therein and Procedure for Preparation of Special Conditions of Heritage Conservation;
- 6) 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 and in the case of national cultural monuments construction design in accordance with the requirements of Regulation No. 9 of the Minister of Culture of 30 June 2003 Conditions and Procedure for Preparation of Conservation, Restoration, Repair and Construction Designs of Monuments and Construction Works Located in Heritage Conservation Area and Conduct of Prior Studies Therein and Procedure for Preparation of Special Conditions of Heritage Conservation;
- 7) an analysis for assessment of profitability and feasibility of the project;
- 8) documents certifying the right of ownership or use of the object, whose value is to be increased, during the project eligibility period and not less than five years as of the expiry thereof;
- 9) public use agreements in the case of investments in objects belonging to companies, profit-making authorities and private persons (hiking trails, observation towers, opening of views, etc.);
- 10) in the case of purchasing construction works and used equipment the seller's certificate of the following: no internal or European Community grants have been provided with regard to the construction works as well as the used equipment during the previous 10 and 7 years, respectively, and a certificate of the real estate appraisal;
- 11) any additional documents and information required by EE.

## VIII CONFIRMATION OF APPLICATION

By signature of the application I shall confirm the following:

- all the information presented in this application is correct and the submitted documents are effective and authentic;
- no liquidation proceedings have been commenced or bankruptcy orders have been issued with regard to the applicant or a person under whose control the applicant is;
- the applicant has the required funds to ensure the self-financing of the project in accordance with the requirements specified in section 7 and 14 of the Regulation;
- the applicant does not have any unstaggered tax arrears with regard to the state taxes;
- if the applicant has received from EE earlier any assistance from the state budget funds or in accordance with the procedure provided for in the Structural Assistance Act for 2004-2006 or the Structural Assistance Act for 2007-2013 that has been subject to refund, the payments have been made in due course and in the required amount.

By signature of the application I shall grant my consent to EE for:

- making inquiries to a competent body;
- exercising/realising/ensuring the rights with regard to the applicant which arise from the Structural Assistance Act for 2007-2013 and legislation issued on the basis thereof.

### Please notify of the resolution

|   |  |                  |  |             |  |         |  |
|---|--|------------------|--|-------------|--|---------|--|
|   |  | by e-mail        |  |             |  | by post |  |
| <b>Name of representative person of applicant</b> |  | <b>Signature</b> |  | <b>Date</b> |  |         |  |

|  |  |  |
|--|--|--|
|  |  |  |
|--|--|--|

## IX REGISTRATION OF APPLICATION IN EE

|   |             |                  |
|---|-------------|------------------|
| <b>Registration number of application:</b>  |             |                  |
| <b>Date of registration of application:</b> |             |                  |
| <b>Code of field of intervention:</b>       |             |                  |
| <i>Name of employee</i>                     | <i>Date</i> | <i>Signature</i> |

---

<sup>1</sup> RTL = Riigi Teataja Lisa = Appendix to the State Gazette

<sup>2</sup> Riigi Teataja = State Gazette