

TERMS AND CONDITIONS AND PROCEDURES FOR THE GRANT OF LARGE INVESTOR

Introduction of contents: The terms and conditions and procedures for the grant of large investor (hereinafter the “Procedures”) regulate the processing of applications to be submitted to Enterprise Estonia (hereinafter “Enterprise Estonia”) (“Ettevõtluse Arendamise Sihtasutus” in Estonian), and financing by means of grant.

Objective: To describe the requirements applied to the application and the applicant, the processing of application, and the payment of grant.

Related documents:

1. Annex 1. Selection method
2. Annex 2. Application form
3. Annex 3. Final report form

Table of contents

1. SCOPE OF APPLICATION OF ACT	3
2. SCOPE OF APPLICATION	3
3. TERMS.....	4
4. OBJECTIVES OF ALLOCATING A GRANT	5
5. ACTIVITIES TO BE SUPPORTED	5
6. ELIGIBLE AND NON-ELIGIBLE COSTS.....	5
7. ELIGIBILITY PERIOD OF PROJECT.....	6
8. AMOUNT AND PROPORTION OF A GRANT	7
9. APPLYING FOR A GRANT	7
10. REQUIREMENTS FOR APPLICANT	7
11. OBLIGATIONS OF APPLICANT.....	8
12. REQUIREMENTS FOR APPLICATION.....	8
13. PROCESSING OF APPLICATION	9
14. REGISTRATION AND REVIEW OF APPLICATION.....	10
15. TERMS AND CONDITIONS FOR DECLARING APPLICANT AND APPLICATION COMPLIANT WITH REQUIREMENTS.....	10
16. SELECTION CRITERIA AND PROCEDURE FOR ASSESSING APPLICATION 11	
17. CONDITIONS AND PROCEDURE OF APPROVAL OR REFUSAL TO APPROVE AN APPLICATION.....	12
18. AMENDMENT AND CANCELLATION OF GRANT AGREEMENT	13
19. CONDITIONS FOR THE PAYMENT OF GRANT	14
20. PROCEDURES FOR SUBMITTING FINAL REPORT AND REPORT FORMS	15
21. OBLIGATIONS OF PROJECT PROMOTER.....	15
22. RIGHTS OF THE PROJECT PROMOTER	16
23. RIGHTS OF ENTERPRISE ESTONIA	17
24. OBLIGATIONS OF ENTERPRISE ESTONIA	17
25. APPEAL PROCEDURE AGAINST DECISIONS OF ENTERPRISE ESTONIA .	18

1. Scope of application of Act

- 1.1. The Procedures shall establish the terms and conditions for supporting the fixed asset investments of large investor. The budget of allocating grants consists of financial resources that are specified in the state budget and established in the agreement on budgetary appropriation, which has been entered into between the Ministry of Economic Affairs and Communications and Enterprise Estonia.

2. Scope of application

- 2.1. The grant shall be granted to an undertaking corresponding to the requirements of large investor and having a project which has been targeted to the achievement of objectives established in the Procedures.
- 2.2. The grant to be allocated to a large investor means regional investment aid within the meaning of Article 14 of European Commission Regulation (EU) No. 651/2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (hereinafter the “*General Block Exemption Regulation*” or “GBER”), and it shall be subject to the provisions of this Regulation and section 34² of the Competition Act.
- 2.3. The grant shall not be allocated in cases established in Article 1 (2)–(5) and Article 13 of the GBER:
 - 1) primary agricultural production;
 - 2) processing and marketing of agricultural products where the aid is granted under the conditions provided in Article 1 (3) (c) of the GBER;
 - 3) hunting and harvesting of wild products;
 - 4) fisheries and aquaculture sector;
 - 5) shipbuilding sector;
 - 6) coal sector;
 - 7) steel sector;
 - 8) synthetic fibres sector;
 - 9) transport sector;
 - 10) granting aid to the projects contingent upon the use of domestic over imported products;
 - 11) granting aid to a beneficiary that has closed down the same or a similar activity in the European Economic Area in the two years preceding its application for regional investment aid or, at the time of the aid application, has concrete plans to close down such an activity within a period of up to two years after the initial investment (for which aid is requested) is completed in the area concerned;
 - 12) granting aid to an undertaking which is subject to an outstanding recovery order following a previous Commission decision declaring an aid illegal and incompatible with the internal market, and this order has not been performed on time;
 - 13) granting aid to an undertaking, which is an undertaking in difficulty within the meaning of Article 2 (18) of the GBER.

3. Terms

- 3.1. **“E-service”** – a portal located on the website of Enterprise Estonia, through which applicants can submit required documents to Enterprise Estonia.
- 3.2. **“Project”** – a single action or set of actions aimed at achieving a certain objective and defined in time and space for which the grant is applied or used for.
- 3.3. **“Project plan”** – a consolidated document that covers all aspects of the project with its preparation guidelines being published on the website of Enterprise Estonia.
- 3.4. **“Fixed assets”** – both tangible and intangible assets. Tangible fixed assets are tangible assets, which are used by an undertaking to manufacture products, provide services, and which the undertaking plans to use over a longer period than one year. Intangible fixed assets are non-monetary assets without physical substances distinguishable from other assets, which an undertaking plans to use over a longer period than one year.
- 3.5. **“Investment”** – an investment in tangible or intangible fixed assets with regard to the establishment of a new undertaking or a production unit of the new production area of the existing undertaking.
- 3.6. **“Smart specialisation areas”** – using information and communications technology horizontally through other sectors, health technologies and services, and more efficient use of resources.
- 3.7. **“Large investor”** – a company entered in the commercial register (hereinafter the *“large investor”*), whose principal activity belongs to the areas of activity indicated in section C “Manufacturing” of EMTAK 2008 (hereinafter *“manufacturing”*) or whose project for which the grant is applied belongs to the areas of activity of section C “Manufacturing” of EMTAK 2008. The consolidated turnover of large investor, its parent undertaking or a group, where the large investor belongs to, was at least 100 million euros during the financial year preceding the submission of application.
- 3.8. **“Application”** – a formal written statement with documents to apply for a grant.
- 3.9. **“Grant agreement”** – an agreement that has been entered into between the project promoter and Enterprise Estonia to use the grant.
- 3.10. **“Tallinn urban area”** – City of Tallinn and rural and urban municipalities directly bordering it: Maardu urban municipality and Harku, Saue, Saku, Kiili, Rae, Jõelähtme, and Viimsi rural municipalities.
- 3.11. **“Applicant”** – a person who has submitted an application to receive a grant.
- 3.12. **“Project promoter”** – a person whose application for receiving a grant has been approved.
- 3.13. **“Relocation”** – the transfer of the same or similar operation or part thereof from one company of the contracting party to the Agreement of the European Economic Area (hereinafter “EEA”) (original company) to another company located in other contracting party to the EEA Agreement in which the supported investment is made (the supported company). Relocation takes place when the product or service has at least partially the same purpose in the original and supported company, and corresponds to the requirements and needs of the same type of consumer, and jobs are lost in one company of the aid recipient in the EEA in the same or similar area of activity.

4. Objectives of allocating a grant

4.1. The objectives of allocating a grant include the following:

- 4.1.1. to direct new investments with high added value to the manufacturing sector in order to promote the smart specialisation areas;
- 4.1.2. the active involvement of large investors in the economy of Estonia through technology investments, which contribute to the growth of productivity and export potential of an undertaking, the increase of the added value of products, the opening of new market opportunities, and create conditions for the establishment of higher value adding jobs.

4.2. Among other things, the following results shall be achieved through the objectives of allocating a grant:

- 4.2.1. the investments increase in the manufacturing sector;
- 4.2.2. the project promoter's production potential targeted at export increase as a result of technology investments;
- 4.2.3. the conditions are created for the emergence of jobs with added value;
- 4.2.4. the productivity of undertakings grows.

5. Activities to be supported

5.1. The grant shall be allocated to a project with its activities contributing to the objective of allocating a grant, which has been established in the Procedures.

5.2. The grant shall be allocated for investments in new tangible and intangible fixed assets.

6. Eligible and non-eligible costs

6.1. All supported costs must be justified, reasonable, transparent and described in detail, and also documented.

6.2. Upon verification of eligible costs and own financing, only costs paid on the basis of original accounting documents and by bank transfer shall be taken into account.

6.3. Transactions between the applicant or persons and suppliers holding shares in the applicant or persons holding shares in the supplier, who are defined as associated persons in section 8 of the Income Tax Act, are not considered as eligible costs.

6.4. Eligible costs are:

- 6.4.1. the acquisition costs of the new tangible fixed assets required in the production process of the applicant. Upon purchasing an immovable property (land and building), the acquisition and restoration of the new immovable property shall be eligible for the applicant.
- 6.4.2. the configuration and set-up costs included in the purchase price of the tangible fixed assets provided in the previous clause;
- 6.4.3. the transport costs of the assets provided in clause 6.4.1 of the Procedures and the insurance costs required for the transport of assets;

- 6.4.4. The costs of intangible assets shall arise from the purchase of new tangible assets if these are included in the fixed assets of the applicant and remain related to the project for which the grant is allocated, these are used only in the undertaking that receives the grant, these are considered to be depreciable assets and purchased under market conditions and from a third person not related to the purchaser. The undertaking's shares and units shall not be considered supported intangible fixed assets.
- 6.5. The ownership of the purchased new tangible and intangible fixed assets must be transferred to the applicant within the eligibility period of the project.
- 6.6. Value added tax is not eligible cost.
- 6.7. Upon refusal to approve the application, the application shall be obligated to cover the costs incurred.

7. Eligibility period of project

- 7.1. The eligibility period of the project is a period determined in the decision to approve the application during which the project activities start and end, and when the costs required for the implementation of the project occur. The eligibility period of the project shall start from the date of submitting the application to Enterprise Estonia or from a later date indicated in the application and established in the decision to approve the application, and shall end on the date established in the decision to approve the application. The duration of the eligibility period of a project is up to 24 months. This deadline may be extended in justified cases either upon request of the project promoter, or if it is necessary for achieving the results of the project according to the estimate of Enterprise Estonia.
- 7.2. It is not allowed to start any activities related to the project or enter into commitments to carry out these activities (for example, confirming an order, accepting an offer, entering into a contract or an agreement, making a pre-payment, using a service, entering into an instrument of delivery and receipt, etc.) before submitting the application to Enterprise Estonia.
- 7.3. The extension of the eligibility period of the project may be requested if any exceptional circumstances beyond the control of the project promoter have emerged. Once the request to extend the period of the project has been approved, the date that has been established in the decision to amend the decision to approve the application shall be considered as the end of the duration of the project.
- 7.4. The project promoter may request the termination of the project before the date provided in the decision to approve the application if all project activities have been carried out or any circumstances beyond the control of the project promoter emerge, which do not enable to continue with the project.
- 7.5. The supported costs may include only such eligible costs that emerge from the commencement date of project, which cannot be earlier than the date on which the application has been submitted to Enterprise Estonia, until the end date of project.
- 7.6. The costs shall be calculated on an accrual basis. The preparation date of the expense receipt shall be considered to be the day of the occurrence of the expense.
- 7.7. The project shall be considered to be completed after the final report has been approved by Enterprise Estonia and the final payment has been made to the project promoter.

8. Amount and proportion of a grant

- 8.1. The amount of the applied grant is 1 000 000 (one million) euros.
- 8.2. The proportion of a grant is up to 10% of the project's eligible costs.
- 8.3. The share of own financing of the project must cover such part of the eligible costs of the project which is not financed from the grant.
- 8.4. If the project is also financed from other funds of the state, local government, the European Union and its Member States, the proportion of the project's financing from the above-mentioned funds must not exceed the financing limit established in clause 8.2.

9. Applying for a grant

- 9.1. The grant shall be applied for on an ongoing basis. The grant shall be allocated to the applicant once.
- 9.2. Before applying for the grant, the applicant must have pre-consultation. During pre-consultation, Enterprise Estonia shall assess the compliance of the planned project with the objectives of allocating a grant, and it also shall assist the applicant in preparing the application and the documents submitted with the application. The prerequisite for applying for a grant is a project plan that has been positively assessed by Enterprise Estonia. The project plan that has been submitted by the applicant during pre-consultation must include the following information:
 - 9.2.1. the strategic objective of the undertaking;
 - 9.2.2. a short description of the activity to be performed;
 - 9.2.3. the expected result of activity;
 - 9.2.4. the budget volume and source of funding of the activity, setting out whether the activity is funded from the undertaking's own resources, the applied grant in the basis of these Procedures or other public funds by indicating a specific funding source;
 - 9.2.5. the deadline for the performance of the activity;
 - 9.2.6. a natural person or structural unit responsible for the activity;
 - 9.2.7. expected long-term and strategic impact of the activity on the applicant's activities.
- 9.3. The assessment given to the project plan during pre-consultation shall be valid for six months from the moment it is given.
- 9.4. Enterprise Estonia shall notify about the beginning, end, and suspension of the acceptance of application with a press release and on its website.
- 9.5. The application is submitted by the representative of the applicant in a digitally signed form through the e-service of Enterprise Estonia.

10. Requirements for applicant

- 10.1. An undertaking that is compliant with the requirements of large investor and entered in the Estonian commercial register may apply for the grant.
- 10.2. The applicant should comply with the following requirements:
 - 10.2.1. the applicant's tax arrears or payment in arrears inclusive of interests shall not exceed 100 euros or these have been rescheduled. Upon postponement of tax arrears, the taxes

must be paid according to the schedule. The applicant must have duly complied with the Taxation Act and the obligation to submit tax declarations established in taxation laws;

- 10.2.2. the shareholders or partners of the applicant, who are legal persons and whose total shareholding exceeds 5% of share or unit capital, except for publicly quoted undertakings, must be registered either in Estonia or on a territory that is not considered as a low tax rate territory within the meaning of the Income Tax Act, or in a Member State of the European Union or in a country which has a valid association agreement with the European Union;
- 10.2.3. the applicant or a person having control over the applicant is not subject to liquidation, compulsory dissolution or bankruptcy proceedings, and no bankruptcy decisions have been made with regard to this person;
- 10.2.4. the applicant has the required funds for the own financing of the project in accordance with the limits and terms and conditions established in clause 8 of the Procedures.
- 10.2.5. If the applicant has previously received a grant through Enterprise Estonia from budgetary, the European Union or foreign aid resources, which have been subject to recovery, the repayments must have been made.

11. Obligations of applicant

11.1. The applicant shall be obligated:

- 11.1.1. to provide additional information about the applicant and the application in the required form and by due date upon the request of Enterprise Estonia;
- 11.1.2. to enable to verify the application and the applicant's compliance with the requirements, including to carry out on-the-spot inspection;
- 11.1.3. to immediately notify Enterprise Estonia about any changes or circumstances in the information provided in the application, which may influence the decision-making process with regard to the application;
- 11.1.4. to prove the availability of the specified own financing or other funds or documents upon request of Enterprise Estonia;
- 11.1.5. to immediately inform in writing about the approval of decision to transfer the applicant or its part or any items or rights related to it;
- 11.1.6. to enable to verify the compliance of the applications and the applicant, including to carry out on-the-spot inspection;
- 11.1.7. to fulfil the obligations established in other legislation and submit information to Enterprise Estonia about the factors that may influence the decision-making process with regard to the application.

12. Requirements for application

12.1. The application must comply with the objectives of allocating a grant and the following requirements:

- 12.1.1. the application has been submitted in the specified manner and form;
- 12.1.2. the project that has been included in the application complies with the objectives and results of allocating a grant, which have been established in clause 4 of the Procedures;

- 12.1.3. the grant is applied for the eligible costs provided in clause 6.4 of the Procedures;
- 12.1.4. the applied grant corresponds to the grant amount and proportion established in clauses 8.1 and 8.2 of the Procedures, and the budget of the project provides for the required own contribution;
- 12.1.5. the activities of the project included in the application shall be completed within the period of the project's eligibility;
- 12.1.6. the information provided in the application is complete and correct;
- 12.2. The following documents are added to the application:
 - 12.2.1. a copy of the latest financial year of the applicant (in the case of an applicant with an obligation to carry out an audit with the auditor's report) if the report is not available in the commercial register;
 - 12.2.2. the current balance sheet of the financial year and income statement of the applicant, as of the quarter preceding the submission of the application;
 - 12.2.3. the scheme of the applicant's group members and the consolidated economic indicators of the group;
 - 12.2.4. the applicant's business plan, which must include cash-flow forecasts;
 - 12.2.5. the applicant's project plan, which has been positively rated by Enterprise Estonia;
 - 12.2.6. the CVs of the project manager and the members of the project team;
 - 12.2.7. detailed calculations of expenses and the copies of their base documents, including terms of reference, price offers, price lists, and budgets;
 - 12.2.8. an authorisation document if the applicant's legal representative acts on the basis of authorisation;
 - 12.2.9. the applicant's confirmation that during the two years preceding the submission of the application, relocation has not taken place to a company receiving the initial investment under the requested grant, and that the applicant undertakes not to be engaged in relocation within two years after the initial investment has been made on the basis of the applied grant.

13. Processing of application

- 13.1. Enterprise Estonia shall perform the following operations with regard to the applicant and the application submitted by the applicant: registering application, reviewing or returning without reviewing, requesting for explanations and additional information or the additions or amendments of applications, carrying out on-the-spot inspection, declaring the application and the applicant compliant or non-compliant, assessing the compliant application and applicant, approving the application and entering into the grant agreement or refusing to approve the application.
- 13.2. During the processing of the application, Enterprise Estonia may request explanations and additional information about the details provided in the application, and the improvement or amendment of the application from the applicant if Enterprise Estonia finds that the application is not clear enough, and at the same time indicating which circumstances require additional explaining, improvement or additional information.
- 13.3. The deadline for processing the application shall be up to 30 working days of the registration date of the application. Upon emergence of additional circumstances,

Enterprise Estonia shall have the right to extend the processing of application up to 10 working days by informing the applicant.

- 13.4. From the moment, when the applied amount of the registered application for which decisions on the approval or refusal to approve the application have not been made becomes equal to the available balance of the budget allocated for the financing of the application, the applications shall be processed in the order these have been submitted.
- 13.5. Enterprise Estonia shall have the right to suspend the submission of application if the balance of the funding subsidiary budget of the Procedures becomes equal with the volume of the applications being processed but still undecided. Enterprise Estonia shall notify the suspension of the submission of application with a press release and on its website.

14. Registration and review of application

- 14.1. The application shall be registered and reviewed in Enterprise Estonia. The deadline for reviewing the application shall be three working days of the registration of the application. During the review of the application, it is verified whether the application has been duly completed and received with all required annexes.
- 14.2. If the application does not need further specification or if any circumstances provided in clause 16.4 of the Procedures arise, the applicant shall be notified about the registration of application or such circumstances within three working days of reviewing the application.
- 14.3. If any insufficiencies are detected upon verifying the compliance of the application, the applicant shall be notified about this and up to 10 working days shall be given to eliminate these insufficiencies, and this extends the deadline of processing the application.
- 14.4. Enterprise Estonia shall make the decision on refusal to approve the application without essentially assessing the application if the applicant has failed to eliminate the insufficiencies within the term provided in clause 14.3 of the Procedures.

15. Terms and conditions for declaring applicant and application compliant with requirements

- 15.1. The compliance of the applicant and application shall be verified by Enterprise Estonia.
- 15.2. The applicant shall be considered compliant if all requirements of the applicant, which are established in clauses 2.3 and 10 of the Procedures, have been fulfilled.
- 15.3. The application shall be considered compliant if all application requirements established in clause 12 of the Procedures have been fulfilled.
- 15.4. The application shall not be considered compliant if at least one of the following circumstances occurs:
 - 15.4.1. the application does not comply with the requirements established in clause 12 of the Procedures and the insufficiencies cannot be eliminated within the term established on the basis of clause 14.3 of the Procedures;
 - 15.4.2. the application contains incorrect or incomplete information or if the applicant affects the decision-making by fraud or threat or other illegal manner;
 - 15.4.3. the applicant does not enable to verify the compliance of the application or carry out on-the-spot inspection;

- 15.4.4. the applicant has failed to eliminate the insufficiencies in the application within the term established on the basis of clause 14.3 of the Procedures;
- 15.4.5. the area of activity of the project belongs among the fields excluded in clause 2.3.
- 15.5. Upon declaring the application and applicant compliant, Enterprise Estonia shall make a decision on declaring the application and applicant compliant. Upon refusal to declare the application and applicant compliant, Enterprise Estonia shall make a decision on refusal to declare the application compliant without essentially assessing the application.

16. Selection criteria and procedure for assessing application

- 16.1. The application that has been declared compliant shall be assessed according to the selection criteria. Enterprise Estonia shall have the right to form selection committees, which give advice for the assessment of application, and involve independent experts for the assessment of application. The formation and membership of the selection or assessment committees shall be coordinated with the Ministry of Economic Affairs and Communications. The selection or assessment committees shall not be formed without the consent of the Ministry of Economic Affairs and Communications.
- 16.2. The assessment method of the application shall be published on the website of Enterprise Estonia.
- 16.3. The application is evaluated on a scale of 0–4. The maximum total score given during the assessment shall be formed on the basis of the weighted average scores of assessment criteria.
- 16.4. The application shall not be subject to approve if the total score given during its assessment remains below 2.5 or if the score of at least one criterion provided in clauses 16.6.1–16.6.3 remains below 2.0.
- 16.5. These compliant applications shall be subject to approval, which have been rated with a minimum total score of 2.5 on the basis of assessment criteria, and at least 2.0 with regard to the assessment criteria of clauses 16.6.1–16.6.3.
- 16.6. The assessment criteria of the application and their proportions shall be the following:
 - 16.6.1. Impact of the project on achieving the grant objectives – 30% of total score.
Among other things, the criterion shall assess the link between the objectives of project and the objectives of allocating a grant;
link to the strategic objectives of the applicant;
the project's technological impact, the novelty of technology in Estonia;
impact on the growth of the applicant's added value;
impact on the growth of productivity and export;
the feasibility of the objectives of the project.
 - 16.6.2. The applicant's capability to achieve the project's objectives – 35% of total score.
Among other things, the adequacy, competence, and motivation of the team that has been involved in the project of the applicant shall be assessed for the implementation of the project under the criterion;
the applicant's sectoral competence and experience;
the production capacity and the availability of additional resources;
the availability of economic and marketing competence required for the commercial implementation of the results achieved with the project;
the applicant's financial capability and the availability of resources required for own financing;

the feasibility of the objectives of the project;
the significance on the applicant's business activities.

- 16.6.3. The project's impact on Estonia – 20% of total score.
The presumed sustainability of the investment strategy of project shall be assessed within the framework of the criterion;
the project's impact on the region's general development;
the project's effects on the economic sector;
the additional employment options in the region;
the impact on potential cooperation partners in Estonia (subcontractors, suppliers, service providers);
the impact on direct and indirect taxes;
the impact on the increase of Estonian export;
the impact on the region's infrastructure;
the impact on the present situation in the sector.
- 16.6.4. the project's site is located outside of Tallinn urban area – 10% of total score. The objective associated with allocating the grant aims to ensure more balanced development of regions and facilitate investments outside the urban area of Tallinn. The criterion shall be assessed with a higher score than zero if the site of the applicant remains outside the urban area of Tallinn.
- 16.6.5. the project belongs to the smart specialisation areas – 5% of total score. A product, service and technology related to the smart specialisation areas contribute to increasing resource efficiency.

17. Conditions and procedure of approval or refusal to approve an application

- 17.1. Upon approval of the application, Enterprise Estonia shall make a decision to approve the application. Upon refusal to approve the application, Enterprise Estonia shall make a decision to refuse to approve the application. The application shall be subject to partial or full approval.
- 17.2. Partial approval of the application is allowed under the following circumstances:
- 17.2.1. the grant has been applied for activities or costs that are ineligible or insignificant or unjustified with regard to the implementation of the project;
- 17.2.2. ensuring own financing is not possible or realistic in the amount of the budget provided in the application;
- 17.2.3. the objectives of project can be also achieved with a partial grant;
- 17.2.4. the financial volume of the application exceeds the available balance of the programme's budget.
- 17.3. Refusal to approve the application is also justified in the cases where the objectives of project can be achieved without the grant or if the applicant has failed to eliminate any insufficiencies in the application by the time provided by Enterprise Estonia.
- 17.4. Enterprise Estonia shall enter into the grant agreement with the project promoter on the basis of the decision to approve the application. The grant agreement shall specify the rights and obligations of the project promoter and establish the terms and conditions, of

which the project promoter shall be notified in writing. Among other things, the grant agreement shall establish:

- 17.4.1. the project promoter;
- 17.4.2. the amount of grant;
- 17.4.3. the share and amount of own financing;
- 17.4.4. the commencement date of the project and the end date of carrying out the project activities;
- 17.4.5. the terms and conditions for implementing the project;
- 17.4.6. the commencement date of the project activities. The following activities shall be considered to mark the beginning of the project: entering into an agreement with the supplier of fixed assets, purchasing an immovable property, commissioning a construction project, entering into a construction agreement, commencing construction activities;
- 17.4.7. terms and conditions for the payment of grant;
- 17.4.8. the reporting periods, the deadlines and procedures for submitting reports;
- 17.5. If the evaluation of an application indicates that the application contains false information or there are any circumstances due to which the applicant or the application cannot be declared compliant or approve the application, a decision to refuse to approve the application shall be made.
- 17.6. If the grant agreement cannot be entered into within 20 working days of the moment the project promoter has received the decision to approve the application due to reasons arising from the project promoter, Enterprise Estonia shall deem the decision to approve the application invalid.

18. Amendment and cancellation of grant agreement

- 18.1. The grant agreement may be amended or cancelled at the initiative of Enterprise Estonia or on the basis of the corresponding application of project promoter.
- 18.2. The project promoter shall be obligated to previously (i.e. before the implementation of amendment) request the amendment of the project or the grant agreement from Enterprise Estonia if the project promoter requests to amend:
 - 18.2.1. the project activities, which result in the fact that the corresponding cost line in the budget of the project changes more than by 15%;
 - 18.2.2. the commencement date of the implementation of the project activities;
 - 18.2.3. the end date of the implementation of the project activities;
 - 18.2.4. the activities or objectives established in the project.
- 18.3. In cases not provided in the above-mentioned clause, the project promoter may amend the project by notifying Enterprise Estonia before making any amendments.
- 18.4. Upon amending the commencement or end date of the implementation of the project activities, it is required to take clause 7 of the Procedures into account.
- 18.5. Enterprise Estonia shall have the right to refuse to amend the project or the grant agreement if the requested amendment significantly influences the expected results and impact of the project or their compliance with the objectives of the Procedures.

- 18.6. The amendment of the project or the grant agreement shall be decided by Enterprise Estonia within 20 working days of the receipt of the corresponding application.
- 18.7. Enterprise Estonia may cancel the grant agreement if at least one of the following circumstances occurs:
- 18.7.1. there are circumstances with regard to which the application would not have been approved;
 - 18.7.2. the project promoter does not comply with the grant agreement or legislation, or does not use the grant according to the provided terms and conditions;
 - 18.7.3. the request of the project promoter to amend the grant agreement is not approved and it is not possible for the project promoter to continue using the grant according to the provided terms and conditions;
 - 18.7.4. the project promoter has purchased tangible or intangible assets in the course of the project, which do not correspond to the application. Enterprise Estonia shall have the right to assess the compliance of tangible or intangible assets with the application.
 - 18.7.5. the project promoter submits an application on renouncing the grant.
- 18.8. Upon receiving the request for cancelling the grant, Enterprise Estonia shall have the right to make a decision about terminating the grant agreement and declaring the decision to approve the application invalid within 20 working days.

19. Conditions for the payment of grant

- 19.1. The payments of grant shall be made to the project promoter according to the terms and conditions provided in the grant agreement.
- 19.2. The prerequisites for making a payment of grant include the implementation of project activities and making the corresponding costs (including own financing, value added tax, and ineligible costs).
- 19.3. The payments of grant shall be made on the basis of the final report and the request for payment submitted by the project promoter. Enterprise Estonia processes the documents up to 20 working days of their submission. If any insufficiencies are detected upon processing the reports, the project promoter shall be notified about this, and up to 10 working days shall be given to eliminate these insufficiencies, and this extends the deadline of processing the reports.
- 19.4. The payment of grant shall be made to the project promoter as a single payment during the implementation of project activities on the basis of expense receipts paid at the end of the eligibility period of the project, after the final report has been approved by Enterprise Estonia.
- 19.5. Enterprise Estonia may decide to partially or fully refuse to pay the grant if:
- 19.5.1. the submitted request for payment or expense receipts do not comply with set requirements;
 - 19.5.2. the submitted expense receipts do not correspond to the period, activities, and objectives of the project indicated in the application of the project;
 - 19.5.3. the activities that have been carried out do not correspond to the provided activities or their occurrence has not been proven;
 - 19.5.4. the pending recovery obligations in front of Enterprise Estonia have not been fulfilled.

20. Procedures for submitting final report and report forms

- 20.1. The project promoter shall submit the final report of the project by the due date established in the grant agreement.
- 20.2. The final report must include the description of the main activities of the whole project and information about the achievement of the outputs and results of the project.
- 20.3. The final report format shall be established by Enterprise Estonia, and it shall be made available through its website and e-service.
- 20.4. The project promoter shall submit the final report of the project to Enterprise Estonia through e-service in a form that is digitally signed by the representative of the project promoter.
- 20.5. The project promoter submits the follow-up reports after the implementation of the project upon request of Enterprise Estonia.

21. Obligations of project promoter

- 21.1. The project promoter shall be obligated:
 - 21.1.1. to carry out the project according to the deadlines and terms and conditions fixed in the application and the grant agreement;
 - 21.1.2. to ensure the specified own financing;
 - 21.1.3. to notify Enterprise Estonia in writing about the need to amend the project activities, the budget, and the deadlines;
 - 21.1.4. to use the grant in compliance with the submitted application and the grant agreement;
 - 21.1.5. to repay the grant in the amount and by due date provided in the recovery decision;
 - 21.1.6. to answer the questions about the project promoter and the implementation of the project submitted by Enterprise Estonia;
 - 21.1.7. to submit the required information and reports to Enterprise Estonia on time;
 - 21.1.8. to ensure that the costs of the supported project and the expense receipts and payment documents reflecting these are clearly distinguishable from other expense receipts and payment documents of the project promoter in the project promoter's accounting;
 - 21.1.9. to preserve the documents related to the application, the grant, and the performance of the project at least seven (7) years;
 - 21.1.10. to ensure the preservation and intended use of the assets required for achieving the project's objective at least within five years of the end of the eligibility period of the project. Tangible assets may be replaced with assets fulfilling the same function within five years of the end of the eligibility period of the project if tangible assets have outdated due to rapid technological changes provided that the undertaking retains the economic activities by means of replaced assets at least within five years of the end of the eligibility period of the project;
 - 21.1.11. to pay back the grant upon violation of the obligation of the preservation or intended use of the assets provided in clause 21.1.10 in accordance with the request of Enterprise Estonia proportionally for the period when the obligation was violated;

- 21.1.12. to enable access to the person exercising supervision to the premises and territories related to the performance of the project and owned, rented or otherwise used by the project promoter;
- 21.1.13. to hand over all information and documents related to the performance of the project to the auditor and the person exercising supervision within three working days of request;
- 21.1.14. to provide full assistance to quickly carry out the audit and monitoring;
- 21.1.15. to indicate in the manner provided by Enterprise Estonia that the grant has been obtained from the programme when using the grant. The use of grant should be public and transparent, therefore, it is required to notify the public and beneficiaries about receiving the grant. The project promoter shall inform the public about the receipt of grant on its website and with an information tag in the service rooms of the undertaking no later than by the moment of submitting the final report of the project. The project promoter shall also declare that it has received the grant when communicating with the media;
- 21.1.16. to immediately inform Enterprise Estonia about all changes or circumstances in the submitted information, which influence or may influence the performance of obligations by the project promoter, including any changes in the name, address, and legal or authorised representatives, restructuring, the starting of bankruptcy proceedings or the determination of a liquidator, the termination of activities also in case the above-mentioned amendments have been registered in the commercial register or disclosed through the mass media;
- 21.1.17. to immediately inform in writing about the high likelihood or inevitability of a negative result of the project, or about the dubious feasibility of continuing the project, which has occurred during the implementation of the project;
- 21.1.18. to immediately inform in writing the approval of decision to transfer an undertaking or its part and any items or rights related to these, which serve as the basis for the implementation of the project during the implementation of the project.
- 21.1.19. to immediately inform in writing about any changes among the owners of the project promoter exceeding 5%, except for the undertakings having their securities issued on the regulated securities market, during the performance of the project;
- 21.1.20. to ensure the compliance of the documents serving as the basis for the payment of grant and the eligibility of costs,
- 21.1.21. to perform other obligations established in legislation.

22. Rights of the Project promoter

22.1. The Project promoter has the right:

- 22.1.1. to amend the budget or activities of the project approved with a decision to approve or partially approve the application without submitting the request to amend the grant agreement to Enterprise Estonia, however, by previously notifying Enterprise Estonia about these amendments in writing if the volume of budget line established for a specific activity changes in the budget of the project at the expense of the volume of another budget line not more than 15%, and the objectives and activities provided with the project do not change;

- 22.1.2. to obtain information and advice from Enterprise Estonia, which is related to the performance of the obligations provided in these Procedures.

23. Rights of Enterprise Estonia

23.1. Enterprise Estonia shall have the right:

- 23.1.1. to carry out the audit and supervisory operations;
- 23.1.2. to inspect the use of the grant and own financing;
- 23.1.3. to request the submission of additional information and documents about the duration, activities, objectives, and costs of the project included in the application, verifying the required implementation of the project and the required performance of the obligations of the project promoter;
- 23.1.4. to reduce the amount of grant if the submitted report shows that the project promoter has partially or fully failed to perform any activities planned in the action plan or the underutilisation of the budget is more than 20%;
- 23.1.5. to suspend the payment of grant until the violation has been eliminated, if the project promoter violates any terms and conditions established in the Procedures or otherwise deviates from the application or the grant agreement;
- 23.1.6. to suspend the payments of grant to the project promoter with regard to the project related to recovery or all projects of the project promoter until the amount subject to recovery has been fully repaid;
- 23.1.7. to terminate the payment of the grant and request partial or full repayment of the grant if the project promoter violates any terms and conditions established in the Procedures or otherwise deviates from the application or the grant agreement;
- 23.1.8. to reduce the amount of the grant to be paid in proportion to the reduction in the own financing of the project promoter below the rate established in the grant agreement;
- 23.1.9. to refuse to pay the grant if the economic situation of the project promoter has deteriorated in a way that endangers the use of the grant or the performance of the project;
- 23.1.10. to stop the payment of grant and request partial or full recovery of grant if the applicant's project forecasts have not been fulfilled;
- 23.1.11. to require the recovery of the grant if the obligation of the preservation of assets or intended use established in clause 22.1.10 has been violated in proportion to the period when the obligation was violated;
- 23.1.12. to perform other operations established by legislation.

24. Obligations of Enterprise Estonia

24.1. Enterprise Estonia shall be obligated:

- 24.1.1. to make application and reporting formats and any relevant guidance materials available on its website;
- 24.1.2. to immediately notify the Project promoters about any amendments made to the documents governing the use of grant;

- 24.1.3. to make the following information available on its website after the grant agreement has been entered into: the name of project promoter, the name of project that receives the grant, the amount of grant, the total volume of the project;
- 24.1.4. to maintain the confidentiality of information that has become known during the processing of the grant application, except for the information provided in clause 24.1.3 of the Procedures and in cases established in legislation.
- 24.1.5. to forward the decisions to the applicant or the project promoter within 10 working days of making the decision.

25. Appeal procedure against decisions of Enterprise Estonia

- 25.1. A challenge may be filed to Enterprise Estonia with regard to the decision made on the application within 30 days of the date on which the decision became known or the date on which the person should have learned about the violation of its rights.