



Norway Grants ‘Green ICT’ programme

Reporting guide for main call projects

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Contents

Introduction	3
General reminder	3
Public procurement duty (procurement of items and services)	4
Cost verification	6
Staff costs	6
Travelling and accommodation expenses	10
Outsourced services	12
Information requirements and communication costs	12
External auditing expenses	13
Machinery and equipment	14
Materials and fixtures	16
Obtaining patents and other immaterial assets	16
Non-eligible costs	16
Annex 1 Procurement plan	18
Annex 2 Summary of travel costs	19
Annex 3 Certificate of second-hand machinery or equipment	21

INTRODUCTION

These guidelines have been compiled as a supporting material for main call projects financed under the Norway Grants 'Green ICT' programme. It contains an overview of how eligible expenses (staff costs, postings, services, travel costs, etc.) should be reflected in interim and final reports.

Programme website:

<https://www.eas.ee/norratoetus/> (in Estonian)

<https://www.eas.ee/norwaygrants/> (in English)

GENERAL REMINDER

Before submitting your report, make sure that:

1. The expenses in the report are in accordance with the project budget. Eligible expenses are the expenses outlined in the budget as submitted alongside the project application and which are approved in the project agreement.
2. The expenses must have been incurred during the project's eligibility period. Monitor the time of the activities forming the basis of the expenses and the dates of invoices. Expenses are considered to have been incurred if the invoice for the expenses is submitted and paid and the work is done, the merchandise is delivered, or the service is provided during the period of eligibility of the project.
3. Expenses may, as an exception, be considered eligible if the invoice is submitted during the last month of the eligibility period and paid within 30 calendar days of the end date of the eligibility period (including salaries and taxes associated with salaries). In this case, the activities forming the basis of the expenses must be performed during the period of eligibility of the project. Pay attention to circumstances in the final report whereby taxes associated with staff costs may not fit within the aforementioned 30-day period (solution: staff cost taxes for the last month of the reporting period should be paid to the EMTA's advance payment account).
4. All invoices are paid from the bank account of the project promoter and/or their partner.
5. Interim reports on the main call may be submitted every 3-6 months. Interim and final reports include expenses and activities of both the project promoter as well as their partners.
6. **The Norwegian partner does not submit expense and payment documents to Enterprise Estonia.** Norwegian partner's cost verification results with a report compiled by an independent auditor who has reviewed the expenses checklist and verified the eligibility of the expenses, as well as their connection to project activities in the partner's budget. When submitting the expenses of the Norwegian partner, **convert the expenses into euros** according to the exchange rate for the month during which the cost declaration is submitted to EAS. **Use the exchange rates of the European Central Bank:**

http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/inforeuro_en.cfm

7. Companies may apply for the reimbursement of VAT on any expenses incurred in foreign countries. Thus, VAT payers registered in Estonia are eligible for reimbursements from Norwegian VAT payers. Note: reimbursed VAT is only an eligible expense if, according to legal acts regulating VAT, it cannot be deducted from the project as input VAT, reimbursed or otherwise compensated.
8. Submit your project report on the EAS e-service site (aken.eas.ee).
9. Submit an accounting statement in which all project expenses are individually listed along with your application for payment.

PUBLIC PROCUREMENT DUTY (PROCUREMENT OF ITEMS AND SERVICES)

According to the Public Procurement Act, the strictest procurement duty is applied to project promoters whose projects have been granted with 50% or more (project grant rate). The main call has a grant of up to 50%, which means that public procurement duty must only be taken into account if the project is subsidised by 50% or if the procurement duty arises from the specific nature of the company (e.g. businesses with involvement in the public sector). In most cases, projects receiving grant through the Green ICT main call must follow paragraph 3 of the Public Procurement Act (the general principles of public procurements), which states that the procedure via which goods/services are purchased must be transparent and verifiable and follow the principles of equal treatment.

I The project promoter is not a procurer according to the Public Procurement Act (meaning project's grant rate is less than 50%)

In the case of transactions performed under the public procurement limit, at least three tenders from independent providers, along with a description of the terms of reference of the tender, must be submitted alongside the application for payment if the transaction without VAT is worth 20,000 euros or more or according to the procurement procedure set by the project promoter.

! When purchasing goods and/or services, terms of reference are to be submitted to EAS which provide a clear, precise and complete description of project needs. Deadlines by which tenders must be submitted should be based on the complexity of the terms of reference (store goods/standard solution e.g. two days; more substantive tenders will require a longer period of time). If the choice is not made for the cheapest offer, the terms of reference must also include the **assessment criteria** of offers. The assessment criteria set must be in proportion to the items stated in the terms of reference (e.g. qualifications). The assessment criteria must be objective, which means they cannot be "previous cooperation", "must have had fulfilled 25 analogous orders", "experience of structural funds/Norway grants", etc.

In addition to the terms of reference, proof of issuing tender invitations (to at least three suppliers), tenders received and the procedure via which the winning tender was chosen, and the chosen tender must be submitted to EAS as goods/service purchase documents.

II The project promoter is a procurer as stated in the Public Procurement Act

The project promoter must submit a **procurement plan** to EAS if their grant rate is 50 or if they are a procurer according to the Public Procurement Act. The plan must outline all procurements (the purchasing of goods or services) reflected in the application documents and project plan.

Procurement of both **good and services** is based on the following principles:

- If purchasing goods and/or services does not require more than 30,000 EUR (excluding VAT), the transaction is treated as a direct purchase (a procurement under the threshold of a simple procurement) according to the Public Procurement Act.
- When making a direct purchase, entering into a transaction of purchasing single-type goods and services starting from 20,000 EUR excluding VAT, the project promoter must submit three comparable tenders from providers independent of one another and terms of reference of the tenders for all expenses.
- If three separate and independent tenders cannot be submitted or the cheapest tender is not chosen, a note on the reasons for this must be added.
- If an applicant for a project grant has established a procurement procedure in their company, they must act in accordance with the procurement procedures established in the project promoter's company in purchasing goods and services.

In the case of the purchasing of good and services, the project promoter must submit the following documents in their final report:

- Tenders (including correspondence with providers; if possible, submit e-mails in .msg format) and terms of reference or the company's procurement procedure.
- Purchase agreements for any goods or services (if such agreements exist).
- Acts of delivery and receipt (if stated in the contract).
- Copies of any invoices and payment orders.
- Proof of existence of goods/services (a survey, project plan, etc. must be added to the final report as an annex).

EAS:

- Makes sure that project promoters and/or partners have fulfilled their procurement duties as stated in the programme (fulfilling the commitment to obtain three tenders and forward the terms of reference with said quotes or submit a procurement procedure).
- Makes sure that a contract is entered into between the service provider/vendor and the project promoter.
- Makes sure that the contract is signed.
- Checks the validity of the contract.
- Makes sure that the cost noted in the contract is in accordance with the cost noted on the invoice.
- Makes sure that the act of delivery and receipt states the same job as agreed upon in the contract and procurement documents.
- Ascertains the existence of the procured goods/services. EAS may perform an inspection of the company to ascertain this.

If any procurement obligations are not met, EAS has the right to not pay the grant either partially or in full.

COST VERIFICATION

STAFF COSTS

The salaries of project team members along with government taxes (staff costs) are eligible costs for main call projects. **The salaries of project team members must be in accordance with the salaries for similar positions in the project promoter's institution. This means that the salaries may not be raised for the duration of the project (i.e. paying the members of the project team e.g. the average salary in the sector).** Staff costs for individuals who are affiliated with the project part-time can be calculated as a certain percentage of the gross sum of staff costs monthly, depending on the time worked on the project, thus negating any need to register time worked in a separate system (a table of working hours). If the employer employs an employee part-time and fixed this in an employment contract, directive, job description or other regulative document, they do not need to submit a table of working hours as proof of staff costs.

P.S. According to state aid rules, the work of all members of a project team must be directly related to the realisation of the subsidised project. Thus, the salary of a team member whose only task is to write project reports cannot be counted as eligible staff costs. Writing reports is also not eligible as a service (e.g. hiring someone from a consultation firm to do this).

Time worked on the project must be stated in an employment contract, directive, job description or other regulatory document **as a set percentage** (e.g. spent 50% of their working time working on the project), not as an interval (e.g. up to 100%). The aforementioned interval is neither correct, nor does it fulfil the goal of simplicity.

The reflection of staff costs takes place on the EAS e-service site as part of expenses in the application for payment via the gross method for all workers monthly (or over a longer period) as consolidated lines. A consolidated line reflects the payroll, meaning the salaries of all employees and all taxes withheld from their salaries (income tax and the employee's unemployment and pension insurance contributions) and the employer's taxes (the employer's unemployment insurance premium and social tax) must be presented every month in a consolidated line, or the payroll for the entire reporting period must be presented as one consolidated line. The prerequisite for submitting a consolidated line is the filling-in of an assistive table for the calculation of salaries.

The following project-related staff costs are considered eligible:

1. employee salaries if they are working for the project on the basis of an employment contract or a contract under the law of obligations;
2. other staff costs described in the programme (see business travel below).
3. holiday pay is not an eligible cost.

! It is important to know that, due to the public procurement duty, contracts under the law of obligations (authorisation agreements and contracts for services) are also procurement objects, which means that work done under such contracts must be procured according to the terms of the Public Procurement Act. In such a case, the project promoter has a duty to ensure that the Public Procurement Act allows them to conduct these procurements. When needing to involve experts from within a company, where applicable, be guided by the Public Procurement Act exception concerning internal

transactions if you meet the requirements stated in the paragraph (§12 of the Public Procurement Act).

! The staff costs of a member of the management board are only considered eligible if the project promoter's sole field of activity is to implement the granted project and/or if the member of the board works for the project part-time. In the latter case, the staff costs of the member of the board are only partially eligible if the member of the board has signed an additional employment contract in order to take part in the project.

Evidencing staff costs

A zip folder must be included with the application for payment of the project with **employment contracts** and their **annexes** for all employees (if the project expenses include staff costs). **This can be done by clicking on ‘Other authentication documents’.** The zip folder must be named in a way that makes its contents apparent. The files in the zip folder must be named in a way that references the name of the individual about whom the file bears information. The file name of the payroll and table of working hours (if applicable) must include the name of the worker about whom the payroll is compiled and whose working hours the table reflects.

Submitting a payroll for several employees to the application for payment as one consolidated line

- In the field *Document name/number* insert ‘Payroll, period, year’, e.g. ‘Payroll July-October 2020’.
- In the field *Last day of accounting period* choose the last day of the period that compensation of the payroll is being applied for, e.g. 31.10.2020.
- The *Employer* field is filled in automatically, with both the project promoter's and their company's names shown.
- The *Employer registry code* is filled in automatically with the registry code of the project promoter. The *Employer country* is also filled in automatically.
- If your project has a partner, then choose the correct partner in the *Partner* field whose expenses are being declared therein.
- Under *Payroll*, include the entire eligible payroll from the assistive table for the calculation of salaries if you are declaring the payroll of the entire accounting period as one consolidated line.
- Under *Documents*, submit the assistive table for the calculation of salaries that explains how the sums on the payroll consolidated line arose.
- *Other authentication documents* are employees’ tables of working hours and payrolls. Your project's first application for payment must include the employment contracts of all employees working on the project, annexes to them and work descriptions/directives.
- The *Description of expense* field is to be filled in with the same information in the Document name/number field. If needed, you may add additional clarifications here.
- The eligible *Payroll* field is filled in automatically with the payroll sums already submitted. This field is open to changes if any amendments are necessary.
- Staff costs should then be classified under the correct Action and Expense types.
- Next, any payments concerning the payroll should be submitted (payment of salaries and payments to the Taxes and Customs Board). If the payrolls of several employees are presented in a consolidated line, then there is no single payment order, since there were many payments to different recipients. Payment order information may be presented in a consolidated line. Such a line has been created for this, and the *Document name/number* and *Last day of accounting period* fields filled in automatically. Sums are also filled in

automatically in such a way that the submitted payroll can be paid and the eligible sum of the payments matches the eligible payroll sum. These sums can be changed, if necessary.

- As the payment *Document*, upload an account statement, a zip file of several payment orders, etc.
- Payment orders can all be submitted on separate lines. In this case, delete the automatically filled-in data and fill in the number, date and sums of the payment order with the requisites of the specific payment orders. The button ‘Add a payment order’ lets you add additional payment orders.

Example of submitting staff costs when presenting the payrolls of several workers as one consolidated line:

The screenshot shows a web application interface for submitting staff costs. The main form is titled 'Personalikulu'. At the top right, there are summary statistics: Abikõlblik (100 000,00), Omafinantseering (50 010,07), Toetus (49 989,93), and Mitteabikõlblik (0,00). Below this, there are several input fields for document details: 'Dokumendi nimetus/number' (Palgafond august - oktoober 2020), 'Arvestusperioodi viimane päev' (31.10.2020), 'Töandja' (redacted), 'Töandja registrikood' (redacted), and 'Töandja riik' (Eesti). There are also fields for 'Partner', 'Palgafond' (100 000,00), 'Dokument (1)' (A, .Palgaf...), and 'Muud tõendusdokumendid' (LISAN FAILI). Below this, there is a section for 'Abikõlblikud kulud (1)' with a table for cost details. The table has columns for 'Kulu kirjeldus', 'Kulu tüüp', 'Palgafond', 'Kulu tegevus', 'Kulu liik', and 'Teetuse määr'. The data row shows: 'Palgafond august-oktoober 2020', 'Tegevuskulud', '100 000,00', 'Tootearendus (GE-TAI)/ Product development (GE-TAI)', 'Tootearendus (GE-TAI)/ Product development (GE-TAI)', and '49,989931 %'. At the bottom, there is a section for 'Maksekorraldused (1)' with a table for payment order details. The table has columns for 'Dokumendi nimetus/number', 'Arvestusperioodi viimane päev', 'Kogusumma', 'Abikõlblik summa', and 'Dokument (1)'. The data row shows: 'Palgafond august-oktoober 2020', '31.10.2020', '100 000,00', '100 000,00', and 'MK_ Pal...'. There are also buttons for 'Lisan abikõlbliku kulu' and 'Lisan maksekorralduse'.

Please bear the following in mind when drawing up your report:

- If any member of the project team **was a full-time employee of the project promoter's company/organisation before the start of the project** and the promoter wishes to submit their salary as a project-related expense, their work on the project must be fixed in an employment contract and additional confirmation that the employee has been assigned to the project team must be submitted. The employee's employment contract (or an annex thereto) should be submitted as proof. In addition to the foregoing, the employee's table of working hours should also be submitted to evidence staff costs if a member of the project team fulfils other tasks in the company (excluding cases where the employer has assigned the employee to work part-time on the project and fixed this in their employment contact, a directive, their job description or any other document regulating their work – in which case submitting the table of working hours is not necessary).

Note: The start and end of the work that an employee does for the project must be in accordance with the project period marked in the project agreement (the table of working hours should be filled in from the start of the project's eligibility period, which cannot be before the positive decision of the board of EAS or any later date marked on the application).

- If an employee works on the project **full-time**, all of their salary-related expenses can be added to project expenses (filling in a table of working hours is not necessary). Note: Holiday pay is not eligible, and if paid, it should be discounted from the project's eligible costs. **An employment contract and job description must be submitted along with the project report** and must set out that an employee's tasks **are solely project-related**. A job description is not necessary if the information contained therein is stated in the employment contract. Note: A project-related employment contract or annexes thereto must not be signed before the project's eligibility period (which is provided in the project agreement entered into between EAS and the project promoter).
- If an employee is **assigned additional project-related tasks**, these must also be reflected in the employment contract (or an annex thereto). Regarding overtime, the Working and Rest Time Act must be observed, according to which an employee must not work for more than 48 hours on average per week over a four-month accounting period, including overtime.
- If a contract under the law of obligations (e.g. a **contract for services or an authorisation agreement**) is entered into, the table of working hours need not be filled in. As proof of staff costs, the signed agreement must be submitted to EAS as well as the legal **instrument of delivery and receipt**, which includes an overview of completed work. **Concerning work done under a contract for services or authorisation agreement, documentation evidencing the correct conducting of a public procurement or the obtaining of three tenders must be submitted (three tenders).**

Non-eligible are:

- Expenses of project team members in the form of additional benefits not set out in law and other subsidies paid in addition to the salary.
- Holiday pay.

As proof of salary costs, the project promoter must **submit and preserve along with the application for payment**:

- an employment contract, a directive of appointing a public servant, a copy of an order or a contract under the Law of Obligations and its annexes that details the work of an employee on the project, their workload and salary;
- the payroll;
- in the case of additional costs, the appropriate directive from the management board or another base document from the company;
- copies of payment orders or an account statement and a statement from the e-EMTA's advance payment account (about paying salaries and taxes).

In the case of a **contract under the Law of Obligations**, the following must be submitted alongside the application for payment:

- a copy of the contract,
- copies of payment orders or bank statements;
- legal instruments of delivery and receipt;
- procurement documentation;
- invoices (if dealing with a legal entity).

EAS:

- Makes sure the salaries marked in the employment contracts are in line with average incomes in the project promoter's business for the same type of work. If necessary, EAS will also check the overall average salary for work of the same nature.
- Makes sure the **salaries noted in the employment contract are in accordance** with what is noted in the budget and list of expenses.
- In the case of work performed as part of contracts under the Law of Obligations, checks that the procurement of such contracts has been correct (procurement documentation);
- Checks the **validity of employment contracts** (dates of signing and ending).
- Checks whether the employment contract sets out the **employee's involvement in the project**.
- Checks whether the employee is working for the project **full-time or part-time**.
- Makes sure that the number, sum and date of the payment order are in accordance with the copy of the payment order submitted.
- Makes sure the **taxes calculated on staff costs are correct** and correspond to the margins set out in law.
- Makes sure that in the event of **incentives** having been paid from project resources, **there exists a base document** (directive or other document) forming the basis of their payment. It must be clear what the incentives were paid for as well as their connection to the project.

TRAVELLING AND ACCOMMODATION EXPENSES

The eligible project expenses for travelling and accommodation to find partners or promote cooperation between partners are stated in Annex 10 (implementing simplified reimbursements for travelling costs):

Eligible costs in the programme include those for airline tickets, accommodation and the organisation of meetings and conferences. These expenses are eligible for both Estonian and Norwegian partners.

1. The standard price of a unit of travelling expense in the case of foreign travel (Estonia - Norway - Estonia or Norway - Estonia - Norway) is 285 euros per passenger.
2. Accommodation costs are standardised to 135 euros per night in Norway and 100 euros per night in Estonia per traveller.

Travel costs are reimbursed based on the following principles:

1. Accommodation costs are reimbursed on the basis of unit costs, applying the proportion of subsidies applied to the project.
2. The unit price of travelling expenses encompasses all necessary expenses that are incurred when travelling from the location of the business to the destination country and back and all transport expenses in the location country (e.g. bus/train Tartu-Tallinn-Tartu and taxi to the airport) and destination country (from the airport to the destination and back and, if necessary, internal flights). Travel costs are reimbursed on the basis of unit costs, applying the proportion of subsidies applied to the project. In the case of a domestic business trip, travel costs are not reimbursed.

3. In justified cases, accommodation in the target country one night before an event, meeting or other function and one night after shall be reimbursed. The project promoter must submit a justification for this to EAS.
4. As proof of both travel and accommodation costs, the project promoter must submit a summary of the business trip using the form provided by EAS. This form is part of this document and contains information about the time the business trip took place, who attended it and what its purpose, activities and results were.
5. The project promoter does not need to submit expense and payment documents evidencing the expenses (invoices, payment orders, boarding passes, transport tickets, fuel receipts, etc.).
6. The document proving the business trip must be submitted alongside the interim or final report.
7. If necessary, the project promoter must submit additional documents or explanations to EAS about the travel programme, participants or other aspects of the business trip.

Eligible travelling costs in the project are as follows:

- "Transport and accommodation costs arising from sending employees implementing the project on business trips abroad and any daily allowances connected to such trips up to the extent of the national thresholds of the project promoter and their partners on condition that they are in accordance with the usual travel expense practices of the project promoter and their partner";
- Member of the project team working on the basis of an employment contract: transport and accommodation costs + allowance is eligible.
- In the case of an allowance, the payment order must include a separate expenditure line, the documents for which are the order given to go on the business trip and a payment order.
- Member of the project team working on the basis of a contract for services or authorisation agreement: transport and accommodation costs are eligible. The allowance is not paid.
- Business trip expenses must be directly linked to searching for partners and/or organising an information event, workshop or conference connected to the project.

The project promoter must submit the following documents along with their application for payment in order to evidence business trip expenses:

- A summary of the business trip on the EAS form.
- **Note:** When dealing with a standard unit price, the submitter of the expense/invoice indicated on the payment request must be marked as the name of the project promoter's company (themselves). Travel service providers or EAS as the submitter of the invoice are not to be marked in the report on travel costs.

EAS:

- Makes sure the business trip is connected to searching for partners or is in line with the project goals.
- Makes sure that all necessary documents have been submitted and that they comply with the requirements set for them.

- Makes sure that travel allowances are paid in accordance with the regulations set by the Government of the Republic of Estonia.
- Makes sure that the individual receiving the grant is an employee of the project promoter and/or partner (a member of the project team) and checks the nature of the employment contract on the basis of which the business trip costs (allowance) are to be paid to the employee.

OUTSOURCED SERVICES

Outsourced services are considered eligible if the seller of the goods or provider of the service is a private party, a legal person governed by public law or a self-employed entrepreneur.

The following services are considered eligible under the main call:

- Product development and process innovation projects receiving state aid: the cost of research purchased at market price, analysis, technical knowledge (including certification services), access to data and licensed patents, software licence directly necessary for development and expenses for consultations directly related to development projects (including consultation services purchased from customers and expert fees) and other services of equal value.

If the project's grant rate is 50%, the project manager and/or the partner must observe the public procurement regulations in their country and the commitments set for procurers by the EU when purchasing goods or services. This includes organising an appropriate procurement, where necessary. In the case of transactions performed under the public procurement limit, at least three tenders from independent providers, along with a description of the terms of reference of the tender, must be submitted if the transaction without VAT is worth 20,000 euros or more or according to the procurement procedure set by the project promoter. If three separate and independent tenders cannot be submitted or the cheapest tender is not chosen, a note on the reasons for this must be added.

If the project grant percentage is under 50%, the project promoter and/or their partner must submit at least three comparable tenders from providers independent of one another along with a description of the terms of reference if the sum of the transaction without VAT is 20,000 euros or more. If three separate and independent tenders cannot be submitted or the cheapest tender is not chosen, a note on the reasons for this must be added.

As proof, EAS must receive all of the documents named in the section explaining public procurement duties and the contract entered into with the successful provider, to which an invoice and payment documents are added. EAS checks not only the invoices and payment documents, but also the procurement documentation as outlined in the procurement section (tenders).

INFORMATION REQUIREMENTS AND COMMUNICATION COSTS

With the goal of ensuring the transparent use of Norwegian grants and the fulfilment of communication requirements, an additional document in the form of the project's communication plan is compiled. This plan is a single document outlining the project's information activities, the activities outlined in which must be fulfilled by the project promoter

and their partners throughout the period of implementation of the project. All project promoters are obliged to disseminate information about the Green ICT programme and Norwegian financial mechanisms to as wide an audience as possible (at the local, regional and/or national levels), including to relevant interest groups. The project promoter must report to EAS on the fulfilment of the communication plan.

Expenses connected to the activities outlined in the communication plan and information requirements, including the organisation of information events for target groups, arranging meetings and seminars and translation costs are all eligible costs (under the de minimis aid). The aforementioned costs are tied to purchasing services (organising events and translation). When submitting expense and payment documentation, the project promoter must familiarise themselves with the information outlined in the public procurement section and submit proof that meets all requirements.

Information requirements and obligations:

- All main call projects must have a separate dedicated website in both Estonian and English.
- The website and all information materials must include the dual logo of EAS and the Norwegian financial mechanism (which is accessible on the programme website at www.eas.ee/norwaygrants).
- If the grant exceeds the 500,000-euro threshold, the project promoter must organise three information activities regarding the project's progress, accomplishments and outcomes, such as a seminar or conference involving the target demographic, including an opening or closing event for the project. If the grant remains under 500,000 euros, two information activities with a smaller reach are sufficient.
- EAS checks the fulfilment of the information requirements by checking interim reports before issuing the grant.

EAS also checks the fulfilment of the information requirements (such as using logos) during the cost verification, investigating the websites and public promotional materials (such as materials for organising events, the project website and solution-based labelling opportunities) of the project promoter and/or their partner.

EXTERNAL AUDITING EXPENSES

To provide evidence of the Norwegian partner's expenses, the project promoter must submit to EAS an eligibility audit report of their partner's expenses that has been carried out by an independent and certified auditor from the same country that the expenses were incurred in, as per the terms and conditions of the programme, local law and generally accepted accounting practice.

Auditing costs are eligible on the assumption that they have been planned in the project budget.

As proof of auditing expenses, the project promoter must submit the following documentation:

- auditing form of expense reports and cost check-list (Annex 7 to the main call programme procedure, Form for auditors for auditing expenses and Annex 7a, check-list).

- an auditor's invoice (outlining the content and volume of the work) and payment documentation (payment order or bank statement).
- If auditing costs come to more than 20,000 euros (excluding VAT), the requirements outlined in the section concerning public procurement duties must be followed and the terms of reference, three tenders and additional documents must be submitted to EAS.

The expenses of Norwegian partners should be entered as one line. Documents evidencing these expenses are an auditor's report and cost verification. The auditor's invoice must be inserted as a separate line, adding the documents proving the purchase of the service (three tenders and the procedure for choosing the winner if the cost is more than 20,000 euros excluding VAT).

EAS checks:

- the terms of reference of auditing the expense reports and the existence of a check list and confirmation of its existence by the auditor (standard annex to the programme);
- compliance of invoice(s) and payment documents with expenses planned in the project budget and the correctness of tender procedures.

MACHINERY AND EQUIPMENT

In the case of aid for process and organizational innovation (GE-ORG, Art 29, (EU) No 651/2014) and product development (GE-TAI, Art 25, (EU) No 651/2014), eligible costs are all expenses incurred in purchasing new or used machinery and equipment or in renting or leasing them according to the actual rate of use of the machinery or equipment as part of the project. If the average lifespan of the machinery or equipment is longer than the project's eligibility period, then eligible costs are only those related to the use of machinery and equipment that are directly related to the implementation of the project which are incurred during the project's eligibility period. Calculations of these expenses are based on the **amortisation costs** of the same type of machinery or equipment on the basis of generally accepted accounting practice (e.g. if the machine's lifespan is 10 years and the project period is three years, the eligible expense of the machinery is 30% of its cost).

In the case of machinery or equipment purchased under lease contracts, the lease may not be longer than the amortisation calculation rate for the period on the basis of generally accepted accounting practice (e.g. if the cost of equipment is 100,000 EUR, the planned lease payment is 50,000 EUR, the project period is three years and the equipment's lifespan is five years, EAS will reimburse the lease payment in part: $(100,000:5)*3= 60,000$ euros).

The purchase, rent or lease of second-hand machinery and equipment can be filed under eligible costs if the following requirements are met:

- the seller or renter of the machinery and equipment issues proof that no monetary or other external assistance from the national budget or European Union was used for the purchase of the machinery (see proof of second-hand machinery or equipment);
- the purchase or rental price of the machinery or equipment must not exceed its market price, considering its reduced lifespan, and is smaller than the purchase or rental price of similar new equipment.

In the case of a lease, payments are reimbursed proportionally to the time from entering into the lease to the end of the project. Payments provided on the basis of a lease are eligible if the

lease is entered into during the eligibility period of the project and the leaser is a credit institution acting on the basis of and in accordance with the Credit Institution Act.

Interest on and contract costs related to leasing are not eligible expenses. As proof of lease expenses, **the following documents must be submitted** with the application for payment, depending on the method of reimbursing the expenses and the regulations governing the method:

- the lease contract and payment schedule;
- a legal instrument of transfer and receipt;
- invoices;
- copies of payment orders or a bank statement.

In Green Industry Innovation projects where activities are financed for investments (GE-REGI, regional aid (Art 14, (EU) No 651/2014) – investment projects) the cost of all purchased assets is eligible. Equipment purchased with such state aid must be retained under the ownership of the project promoter/partner for at least five years after the project and must be used to achieve the general goals of the project. Moreover, resources for the timely maintenance of the equipment must be planned for at least five years after the project. The equipment must be insured. In the case of large companies, the purchased assets must be new.

Under the aforementioned state aid, immaterial assets may also be eligible expenses if they meet the following requirements:

- the assets must only be used by the company receiving the grant;
- the assets must be depreciable;
- the assets must be purchased on market conditions from third-party sellers not linked to the purchaser;
- the assets must be added to those of the company receiving the aid and must remain
- tied to the project for which the aid is granted for at least five years (three years for VKE);
- immaterial asset costs in large companies must not account for more than 50% of all eligible expenses.

! Purchasing machinery and equipment is considered the procurement of goods, in regard to which the project promoter must submit the proof listed in the public procurement duty subsection (in the case of a purchase of over 20,000 euros (excluding VAT) three tenders, if the purchaser is not an obligated procurer, and additional documentation; in the case of a procurer, it is necessary to carry out the entire procurement procedure).

EAS:

- Makes sure that the purchase of the machinery/equipment is necessary and checks its links to implementing project goals.
- Checks whether the purchased machine/equipment is only used for activities related to the project or also in other main activities of the project promoter. If necessary, EAS will request additional documentation.
- Makes sure that the leasers or sellers of second-hand machinery and equipment have provided proper proof.
- Makes sure that the price of second-hand machinery is not higher than the market price.
- Checks that the machinery was purchased during the project period.

- Checks that interest and contract fees have not been included in cost reports.
- If the lifespan of the machinery is longer than the project period, makes sure that expenses are calculated in accordance with generally accepted accounting practice and that the expenses are marked in the expense list.
- Checks the fulfilment of the aforementioned requirements in the case of the purchase of immaterial assets.
- Checks that expenses are correctly reflected in the application for payment.
- Checks for the existence and correctness of procurement materials in accordance with the requirements stated in the Public Procurement Act.

MATERIALS AND FIXTURES

The costs of materials and fixtures are eligible in cases of aid for process and organization innovation (GE-ORG, Art 29, (EU) No 651/2014) and product development (GE-TAI, Art 25, (EU) No 651/2014). The corresponding costs must be identifiable and have been granted for the project (i.e. been noted in the project budget). Materials and fixtures purchased for the project must be reflected in the expenses list. The project promoter and/or partner must submit invoices or payment orders for these expenses and, if applicable, explanations regarding fixtures purchased.

When purchasing materials and fixtures and evidencing expenses, the project promoter and/or partner must comply with the requirements set out in the section on **public procurement duty**.

EAS:

- Checks the relevance to the project of materials and fixtures purchased (requesting additional explanations, if required).
- Checks that invoices are properly reflected in the list of expenses.
- Checks that the total cost of machinery, equipment and fixtures is not more than 50% of the project's eligible costs.

OBTAINING PATENTS AND OTHER IMMATERIAL ASSETS

The expenses of obtaining, protecting and validating patents and other immaterial assets are eligible if they have been planned in the project budget (Obtaining, protecting and validating patents and other immaterial assets (GE-INNOABI, art 28, (EU) No 651/2014). These expenses can only be claimed by small and medium-sized companies; large companies may file such costs under de minimis aid.

Obtaining, protecting and validating patents and other immaterial assets can only be added to the project report if the project promoter follows the requirements of purchasing services (i.e. the section on public procurement duty).

NON-ELIGIBLE COSTS

Non-eligible costs are as follows:

- interest on loans, loan fees and overdue charges;
- financial transaction fees and other financial expenses;

- allocations to cover losses or other potential future obligations;
- losses from changes in exchange rates;
- expenses of purchasing property;
- expenses covered by other sources;
- fines, financial punishments and court costs;
- excessive and unjustified expenses;
- expenses under § 48 section 4 of the Income Tax Act treated as fringe benefits and fringe benefit tax;
- non-monetary contributions;
- expenses stemming from transactions by the project promoters and/or between partners;
- transactions between related parties as described in § 8 of the Income Tax Act.

VAT is only an eligible expense if, according to legal acts regulating VAT, it cannot be deducted from the programme as input vat, reimbursed or otherwise compensated.

ANNEX 1 Procurement plan

This procurement plan is an example. When filling it in, please use the .xls format (accessible on the programme's website at www.eas.ee/norwaygrants).

Prepared by:	
Contact details:	
Number and name of project:	
Name of applicant:	

	Object of procurement/short description	Company responsible/institution	Time of entry into contract (month and year)	Procurement conducted	(Presumed) cost excl. VAT	Type of procurement procedure	CPV codes
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
TOTAL COST:					€ 0.00		

ANNEX 2 Summary of travel costs

TRAVEL SUMMARY

Number (EUXXXXX) and name of project	
Name of project promoter	
Name of company (traveller)	
Number and name(s) of traveller(s)	
Time of travel	
Travel destination(s)	
Daily allowance rate and amount paid (per participating person, only for project team members working under employment contract)	

Contact details of partner(s) visited (incl. name of partner company and persons)

Main purpose of travel

Main outcomes and follow-up activities of travel

Explanation for overnight stay in country of destination before and/or after meeting or event

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ANNEX 3 CERTIFICATE OF SECOND-HAND MACHINERY OR EQUIPMENT

CERTIFICATE OF SECOND-HAND EQUIPMENT

Second-hand equipment seller
/name of seller, registry number/

address: (hereafter referred to as the **Seller**) provides notice that they are selling a basic material asset in their ownership that:

- 1) is named:
- 2) has the specification (code):
- 3) was manufactured by:
- 4) was manufactured on:

and that has been purchased (meaning the person from whom the seller purchased the equipment):

- 1) on the following date:
- 2) from the following individual/business:
/ name, registration number/

The seller has filled in a declaration for the second-hand equipment:

Name of contact person of seller:
contact telephone and e-mail:.....

The project promoter confirms that:

- 1) the equipment has documentation that confirms its technical capabilities and that it is in accordance with all norms and standards;
- 2) state aid has not been used to purchase basic assets in the past seven years;
- 3) the price of the basic asset does not exceed its market value and is lower than the price of similar, new equipment.

Seller's company, name of seller and signature:

Date _____ 20...