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Terms and conditions of and procedure for the provision of support services to creative enterprises, the implementation of their development plans and support for the growth of their export capacity

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The Regulation is established on the basis of subsection 10 (2) of the [2021–2027 European Union Cohesion and Internal Security Policy Funds Implementation Act](#) (hereinafter referred to as the *Act2021_2027*).

Chapter 1 General provisions

§ 1. Scope of regulation and application

- (1) The Regulation is established for the implementation of interventions no. 21.1.3.21 “Supporting the development plans of ambitious SMEs active in the cultural and creative sectors and enhancing the export capacity of SMEs with growth potential” and no. 21.1.3.22 “Provision of support services (incubation, accelerator and development services) for the development of the cultural and creative sectors” of measure no. 21.1.3.2 “Cross-sectoral development of culture, cooperation and internationalisation” of the special objective (a) (iii) “Enhancing the sustainable growth and competitiveness of SMEs and creating jobs in SMEs, including through productive investments” of policy objective no. 1 “Smarter Estonia” of the “Programme for Cohesion Policy Funds 2021-2027”.
- (2) The Regulation establishes the terms and conditions of and procedure for the application for support, the assessment of applicants and applications and the grant and use of support for the provision of support services to creative enterprises, the implementation of their development plans and the growth of their export capacity.
- (3) The supported activities contribute to the subtarget “The economy of Estonia is strong” of the objective “The economy of Estonia is strong, innovative and responsible” of the Estonian long-term strategy “Estonia 2035”.
- (4) The supported activities contribute to the sub-objective “The role of culture and creativity in the development of society is valued” of the sectoral development plan “Culture Development Plan 2021-2030” and to the service “Implementation of the creative industries policy” of the activity “Shaping and implementation of the creative industries policy” of the measure “Cross-sectoral development of culture, cooperation and internationalisation” of the programme “Cultural programme” of the performance area “Culture and sport”.
- (5) The activities supported take into account the horizontal principles referred to in Article 9 of Regulation (EU) no. 2021/1060 of the European Parliament and of the Council and the fundamental principles referred to in the development strategy “Estonia 2035”.
- (6) The activities supported comply with the ‘do no significant harm’ principle within the meaning of Article 17 of Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.06.2020, pp. 13-43).

§ 2. Application of state aid rules

- (1) The support granted under the Regulation constitutes state aid within the meaning of section 30 or de minimis aid within the meaning of section 33 of the Competition Act.
- (2) If support is granted as de minimis aid within the meaning of Article 3 of Commission Regulation (EU) 2023/2831 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid (OJ L, 2023/2831, 15.12.2023) (hereinafter referred to as the *De Minimis Aid Regulation*), the provisions of said Regulation and section 33 of the Competition Act are followed.
[RT I, 02.02.2024, 10 – entry into force 05.02.2024, applied retroactively as of 1 January 2024].
- (3) The total amount of de minimis aid provided to one enterprise together with any previously granted de minimis aid may not exceed 300,000 euros over a period of three years.
[RT I, 02.02.2024, 10 – entry into force 05.02.2024, applied retroactively as of 1 January 2024]
- (4) Upon the calculation of de minimis aid, enterprises related according to Article 2(2) of the De Minimis Aid Regulation are considered a single enterprise.
- (5) The granting of support as state aid is subject to Articles 18, 19, 25, 28, 29 or 31 of 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 (OJ L 187, 26.06.2014, pp. 1-78) (hereinafter referred to as the *Block Exemption Regulation*) and to the provisions of section 34² of the Competition Act. Support may be granted as state aid to a project that includes the activities referred to in clauses 7 (1) 1) and 2).
- (6) The rules for cumulation of aid granted for various purposes laid down in Article 5 of the De Minimis Aid Regulation are taken into account when granting de minimis aid and those laid down in Article 8 of the Block Exemption Regulation are taken into account when granting state aid.
- (7) Documents regarding the granting and receipt of de minimis aid and state aid are retained for ten years from the date on which the last aid is granted under the Regulation.
- (8) The Regulation does not apply in the cases provided for in Article 1(2), (3), (4) and (5) of the Block Exemption Regulation and Article 1(1) of the De Minimis Aid Regulation.
- (9) The Regulation does not apply to an enterprise that is subject to an outstanding recovery order following a decision of the European Commission or judgment of the European Court of Justice declaring the aid granted by Estonia illegal, misused or incompatible with the common market.

§ 3. Definitions

For the purposes of the Regulation:

- 1) creative industries are an economic sector based on individual and collective creativity, skills and talent, where sales revenue is generated and jobs are created through the creation of intellectual property, with creative enterprises at the core of the processes. The fields of creative industries include architecture, audiovisual work, design, performing arts, publishing, art, cultural heritage, entertainment software, music and advertising;
- 2) an area related to creative industries is an economic sector that is located at the creation, production, distribution, intermediation and availability links in the value chain of cultural and creative processes, and where the main input that creates added value comes from the creative industries;
- 3) a creative enterprise is a company registered in Estonia, as referred to in subsection 2 (1) of the Commercial Code, which, according to the Commercial Register, is active in one or more areas of the creative industries or related areas;
- 4) a beneficiary is a creative micro-, small or small and medium-sized enterprise (hereinafter referred to as an *SME*) which receives nonmonetary support with respect to the activity indicated in clause 7 (1) 3) and for which the support service provider provides support services. The beneficiary may also be an SME partner involved in the implementation of the project activities, but they do not have to be a partner of the project;
- 5) an SME is an enterprise that meets the criteria set out in Annex 1 to the Block Exemption Regulation;
- 6) a partner is a legal person, institution or international organisation referred to in the application who participates in the implementation of the project of the activity referred to in clause 7 (1) 3) and in the achievement of the objectives and results of the project and thereby incurs costs;

- 7) a support service is a business incubation or development service;
- 8) a business incubation service, i.e. incubation for start-up creative enterprises, is the provision of support services facilitating networking, including cross-regional and cross-sectoral collaboration, tailored to the needs and specificities of target groups, including advisory, training and mentoring services, the development of business ideas, teams, business models, products and services, finding of funding opportunities and investors to help start-ups with growth potential move to the next stages of development. Incubation is divided into pre-incubation and main incubation. For the purposes of the Regulation, the implementation of business accelerators aimed at start-ups in the creative industries or related areas is also considered a business incubation service;
- 9) a start-up creative enterprise is a company registered in Estonia, as referred to in subsection 2 (1) of the Commercial Code, that has been entered in the Commercial Register no earlier than 36 months prior to joining the project activities;
- 10) a development service is the provision of support services to creative enterprises to support their sustainable growth, export capacity and ability to attract investment, helping them to develop business models, products, services and business processes, enter new or expand in existing external markets, participate in research and development, engage in innovation and raise private capital;
- 11) a development plan is a set of activities and objectives, including interim objectives, which has been drawn up by a creative enterprise and has an impact on its development, including activities funded by the creative enterprise's own funds, bank loans, various financial instruments, funds under the Regulation and other public funding.

§ 4. Purpose and outcome of granting support

(1) The aim of the support is to link the potential of the creative industries and related areas to entrepreneurship, by encouraging the growth of enterprises with new, ambitious and sustainable business models, increasing the export capacity of creative enterprises and creating added value for other economic sectors through the development of business models, products and services, sales and marketing via the creative industries.

(2) As a result of the use of the support:

- 1) projects involving activities indicated in clauses 7 (1) 1) and 2) facilitate the growth of the support recipient's export sales revenue and added value;
- 2) projects involving the activity indicated in clause 7 (1) 3) facilitate the growth of the support recipient's sales revenue, export sales revenue or added value.

(3) The support will contribute to the achievement of the target level of the performance indicator 'SMEs with higher value added per employee' from the list of measures by means of the activities referred to in subsection 7 (1).

(4) A project involving activities referred to in subsection 7 (1) must contribute to the achievement of the target level of at least one output indicator referred to in subsection (5) and one performance indicator referred to in subsection (3), and must be aimed at achieving the results indicated in subsection (2).

(5) The support contributes to the achievement of the target level of the 'enterprises to be supported' output indicator from the list of measures referred to in section 4 of the Act2021_2027 and:

- 1) projects involving activities indicated in clauses 7 (1) 1) and 2) contribute to the 'enterprises to be supported with support' output indicator;
- 2) projects involving activities referred to in clause 7 (1) 3) contribute to the 'enterprises receiving nonmonetary support' output indicator and projects involving the provision of business incubation services additionally contribute to the 'new enterprises to be supported' output indicator.

(6) The following indicators are used to monitor the achievement of the objectives indicated in subsection 1 (3) and the upholding of the fundamental principles of the strategy "Estonia 2035" in a way that promotes balanced regional development, equal opportunities, accessibility and gender equality:

- 1) gross domestic product per capita generated outside Harju County compared to the average of the 27 Member States of the European Union;
- 2) measure of caring and cooperativeness;
- 3) accessibility indicator;
- 4) gender equality index.

§ 5. Implementing authority and implementing body

(1) The implementing authority is the Ministry of Culture (hereinafter referred to as the *implementing authority*).

(2) The implementing body is the Estonian Business and Innovation Agency (hereinafter referred to as the *implementing body*).

§ 6. Filing challenges

(1) Upon contestation of an act or decision of the implementing body, except for a decision taken on the basis of an audit report, challenge proceedings must be completed on the basis of sections 31 and 32 of the Act2021_2027 before filing a grievance to an administrative court.

(2) A challenge related to application for support is settled by the implementing authority and a challenge related to the use of the support is settled by the implementing body.

Chapter 2

Supported activities, eligibility of costs and proportion of support

§ 7. Supported activities

(1) Support will be granted to a project that fulfils the objective of the support and contributes to the achievement of the results, and under which:

1) ambitious creative enterprises with growth and export potential implement strategic development plans, including implement new business models that create higher added value, develop products, services or technologies with higher added value and launch them on the market, and develop organisational processes, including sales, marketing, production and service processes or human resources; or

2) creative enterprises with growth potential develop their export capacity, including gather information and contacts, participate in international outreach and marketing events and trade fairs, training and development programmes, develop products and services and enter new foreign markets or increase sales in existing target markets; or

3) support service providers provide support services that support the development of creative entrepreneurship, based on the market failures, demand and potential of the region or sector.

(2) The applicant may not commence project-related activities or assume obligations for carrying out activities referred to in subsection (1) before submitting an application to the implementing body.

§ 8. Eligibility of costs

(1) A cost that is justified, appropriate, necessary and efficient with respect to achieving the target levels of output and performance indicators referred to in subsections 4 (2), (4) and (5) and carrying out the activities approved by the decision granting the application, and meets the conditions of the Regulation and complies with section 15 of the Government of the Republic Regulation no. 55 of 12 May 2022 “General conditions for the allocation and use of resources from the operational programmes of the European Union Cohesion and Internal Security Policy Funds for the period 2021-2027” (hereinafter referred to as the *Combined Regulation*), is eligible.

(2) The personnel costs of a project are calculated on the basis of actual costs as follows:

1) in the case of a project involving activities referred to in clauses 7 (1) 1) and 2), in accordance with the provisions of clauses 16 (1) 1), 4), 5) and 6) and subsections (2)-(4) of the Combined Regulation;

2) in the case of a project involving activities referred to in clause 7 (1) 3), in accordance with the provisions of clauses 16 (1) 1), 4) and 5) and subsections (2)-(4) of the Combined Regulation.

(3) Indirect costs of a project are calculated on the basis of a flat rate in accordance with Article 21(1) and (3)-(6) of the Combined Regulation.

(4) For projects involving activities referred to in clause 7 (1) 1), eligible indirect costs are 7% of the eligible costs of the project on the basis of a flat rate.

- (5) For projects involving activities specified in clause 7 (1) 2), eligible indirect costs are 7% of the eligible costs of the project on the basis of a flat rate.
[RT I, 13.09.2024, 11 – entry into force 16.09.2024, applied retroactively as of 23 October 2023]
- (6) For projects involving the activity referred to in clause 7 (1) 3), eligible personnel costs are up to 30% of the eligible costs of the project and, on the basis of a flat rate, indirect costs are 5% of the eligible costs of the project.
- (7) Under the Regulation, costs related to the performance of obligations arising from section 2 of Government of the Republic Regulation no. 54 of 12 May 2022 “Informing the public of the grant of funds from the cohesion fund and the internal security policy fund from 2021-2027” are eligible.
- (8) The cost of acquisition of tangible and intangible assets is eligible only in the case of a project involving an activity referred to in clause 7 (1) 1) and if it:
- 1) is aimed at the development of new products or services or products or services with higher added value; or
 - 2) is intended for the manufacture of new products with higher added value; or
 - 3) is directly linked to the provision of new services with higher added value;
 - 4) constitutes up to 30% of the total eligible costs of the project.
- (9) If the support is state aid referred to in subsection 2 (6), the definition of eligible costs shall, in addition to the provisions of subsections (1)-(8), follow the rules on eligibility of the relevant category of aid in the Block Exemption Regulation.
- (10) In addition to the ineligible costs referred to in section 17 of the Combined Regulation, the following costs are not eligible:
- 1) the cost of acquiring intangible and tangible assets, except in the case referred to in subsection (8);
 - 2) the cost of buying and renting a means of transport;
 - 3) the cost of establishing a distribution network outside Estonia;
 - 4) income tax arising from transactions between associated persons within the meaning of section 8 of the Income Tax Act;
 - 5) the cost of transactions entered into between associated persons provided for in clauses 8 (1) 1)-7) of the Income Tax Act;
 - 6) the cost of representation and gifts;
 - 7) an expense the cost of which, excluding VAT, is less than 50 euros in a cost document;
[RT I, 02.02.2024, 10 – entry into force 05.02.2024];
 - 8) costs paid in cash.
- (11) Under the Regulation, costs related to target markets within and beyond the European Union in line with Article 63(3) and (4) of Regulation (EU) 2021/1060 of the European Parliament and of the Council are eligible, except for the cost indicated in clause (10) 3).

§ 9. Project eligibility period

- (1) A project’s eligibility period is the time frame stipulated in the decision to grant the application during which project activities start and end and expenses necessary for carrying out the project are incurred.
- (2) The project eligibility period begins as of the date of submission of the application or as of a later date specified in the application and provided for in the decision to grant the application and ends on the date specified in the application and provided for in the decision to grant the application, but not later than on 31 October 2029.
- (3) The eligibility period of a project is up to 24 months.
- (4) The support recipient may apply for an extension of the project eligibility period in accordance with the procedure set out in section 23 and provided that the project eligibility period does not exceed the deadline set out in subsection (2), if exceptional and/or unforeseen circumstances beyond the control of the support recipient have occurred during the implementation of the project. In the case of an extension of the eligibility period, the eligibility period of the project may exceed the duration indicated in subsection (3).

(5) If an application for the extension of the project eligibility period is approved, the end of the project eligibility period is deemed to be the date set out in the decision amending the decision to grant the application.

§ 10. Limit and proportion of support

(1) The maximum amount of the support applied for is:

- 1) 100,000 euros per project in the case of a project involving activities set out in clause 7 (1) 1);
- 2) 50,000 euros per project in the case of a project involving activities set out in clause 7 (1) 2);
- 3) 150,000 euros per applicant in one application round in the case of a project involving activities set out in clause 7 (1) 3).

(2) The maximum proportion of the support as de minimis aid within the meaning of the De Minimis Aid Regulation is 70% of the total eligible costs.

(3) The maximum proportion of the support as state aid within the meaning of the Block Exemption Regulation is:

- 1) in the case of aid provided under Article 18, 50% of the eligible costs;
- 2) in the case of aid provided under Article 19, 50% of the eligible costs;
- 3) in the case of aid provided under Article 25, 50% of the eligible costs for industrial research, 25% for experimental development and 50% for feasibility studies. In the case of industrial research or experimental development, the proportion of aid may be increased by 10% for medium-sized enterprises and 20% for small enterprises. In the case of feasibility studies, the proportion of aid may be increased by 10% for medium-sized enterprises and 20% for small enterprises;
- 4) in the case of aid provided under Article 28, 50% of the eligible costs, which may be increased to 70% of the eligible costs for the activities referred to in subsection 7 (1), if the total amount of aid for innovation advisory and support services does not exceed 220,000 euros per enterprise over any three-year period;
- 5) in the case of aid provided under Article 29, 50% of the eligible costs;
- 6) in the case of aid provided under Article 31, 50% of the eligible costs, which may be increased to 60% of the eligible costs for the activity referred to in subsection 7 (1) for medium-sized enterprises and to 70% for small enterprises.

(4) The amount of self-financing must cover the part of the eligible costs that the support does not.

(5) In the case of the activity referred to in clause 7 (1) 3), the financial contribution of beneficiaries must constitute at least half of the self-financing.

Chapter 3

Requirements for applicants, partners and applications

§ 11. Requirements for applicants and partners

(1) Support for the activity referred to in clause 7 (1) 1) can be requested by an SME creative enterprise:

- 1) that has been active in the creative industries or a related area for at least the last three financial years preceding the submission of the application;
- 2) that has at least two full-time employees at the time of submitting the application;
- 3) that has a clear ambition to grow or bring new or significantly improved products or services to the market;
- 4) that has an annual sales revenue, excluding subsidies and donations, of at least 200,000 euros, of which at least 20,000 euros is export sales revenue, from activities in the creative industries or related areas, based on the last approved annual report available in the Commercial Register; or
- 5) that has an annual sales revenue, excluding subsidies and donations, of at least 300,000 euros from activities in the creative industries or related areas, based on the last approved annual report available in the Commercial Register.

(2) Support for the activity referred to in clause 7 (1) 2) can be requested by an SME creative enterprise that has an annual sales revenue, excluding subsidies and donations, of at least 50,000 euros from activities in the creative industries or related areas, based on the last approved annual report available in the Commercial Register.

(3) Support for the activity referred to in clause 7 (1) 3) can be requested by a legal person in private law registered in Estonia who has the knowledge, skills and experience required to provide support services, access to national and international networks and expertise, appropriate infrastructure and/or technological capabilities and cooperation partners in Estonia and abroad.

(4) The applicant and the partner must comply with the conditions laid down in the Regulation and in subsection 3 (2) of the Combined Regulation.

§ 12. Obligations of applicant

(1) In addition to the requirements laid down in subsection 2 (3) of the Combined Regulation, the applicant undertakes to:

- 1) undergo pre-consultation before applying for support;
- 2) provide additional information in the required format within 10 working days at the request of the implementing body;
- 3) allow the implementing body to verify the compliance of the application and the applicant with the requirements, including by carrying out an on-site inspection, where necessary;
- 4) perform other obligations stipulated by legislation.

(2) In order to apply for support for the activity specified in clause 7 (1) 3), the applicant must submit a description of the project by the deadline specified in the schedule of the application round.

§ 13. Requirements for application

(1) Support may be requested for only one of the activities referred to in subsection 7 (1) at a time.

(2) The application must comply with the provisions of subsection 4 (1) of the Combined Regulation and contain, in addition to the declarations provided for in subsection 4 (2) of said Regulation, the following declarations, information or documents:

- 1) general information about the applicant, including their business name, description of their main activities and financial indicators;
- 2) in the event of involvement of project partners, their general information and role in the project;
- 3) the action plan and schedule of the project;
- 4) details of the project, including its name, objective, expected output and performance indicators with target levels and impact, the place of implementation of the project, the budget per activity, the total cost of the project, the amount of support requested and the amount of self-financing;
- 5) a description of the project team, including CVs of the project manager and team members;
- 6) a copy of the applicant's articles of association if these are not available in the Commercial Register;
- 7) a copy of the last annual report certified by a person authorised to represent the applicant (along with the auditor's decision in the case of an applicant subject to the obligation of carrying out an audit) if the report is not available in the Commercial Register and if the applicant has been active for at least six months in the last completed financial year preceding the application;
- 8) the applicant's balance sheet and income statement for the current financial year, as of the end of the quarter preceding the submission of the application;
- 9) if support is requested for an activity referred to in clause 7 (1) 1) or 2), the applicant's cash flow forecast for the two financial years following the end of the eligibility period of the project;
- 10) if support is requested for an activity referred to in clause 7 (1) 1), a development plan signed by the applicant and implementing body as a result of pre-consultation;
- 11) if support is requested for an activity referred to in clause 7 (1) 3), a project plan which must include, *inter alia*, information on the development vision, mission, objectives, expected results, target group, market situation, including regional or sectoral market failures, specific characteristics, demand, potential and marketing strategy, the action plan, schedule and financing plan for implementing the project plan together with an estimate of the achievement of objectives related to the output, results and impact;
- 12) if partners are involved, a copy of the partnership or consortium agreement between the applicant and the partner(s) involved in the project;
- 13) a power of attorney, if the person authorised to represent the applicant acts on the basis thereof.

(3) If the applicant has applied for support for a project or parts thereof at the same time from several measures or other state budget, local government, European Union or foreign assistance funds, they must provide information on this.

Chapter 4

Applying for support

§ 14. Opening of application round

- (1) The budget and schedule of the application round is approved by the implementing authority.
- (2) The implementing body announces the opening of an application round and its deadline and budget on its website at least 14 calendar days before the opening date of the application round.
- (3) Applicants may apply for new support for the activities referred to in subsection 7 (1) after the completion of a previous project involving the same activities.

§ 15. Submission of an application

- (1) Applications for support for the activities referred to in clauses 7 (1) 1) and 2) are accepted on an ongoing basis.
- (2) Applications for support for the activity referred to in clause 7 (1) 3) are accepted in rounds.
- (3) Support can be requested on the basis of one application in one application round.
- (4) With respect to the activities referred to in clause 7 (1) 3), applications are submitted by the deadline communicated in accordance with subsection 14 (2).
- (5) The application must be submitted by a person authorised to represent the applicant in the e-support environment referred to in subsection 21 (3) of the Act2021_2027 (hereinafter referred to as the *e-environment*). In the event of failures in the e-environment, the deadline for the submission of applications will be calculated in accordance with subsection 5 (2) of the Combined Regulation.

Chapter 5

Processing of applications

§ 16. Processing of applications

- (1) The term for processing applications for support for the activities referred to in clauses 7 (1) 1) and 2) is up to 30 working days from the submission of applications. Applications will be reviewed in the order in which they are submitted.
- (2) The term for processing applications for support for the activity referred to in clause 7 (1) 3) is up to 42 working days from the closure of the application round. The application will not be reviewed if it is not submitted by the deadline.
- (3) The implementing body may, while processing an application, require explanations and additional documents about the data presented in the application or require the supplementation or amendment of the application if it finds that it is not clear enough or that it contains omissions, indicating thereby which circumstances need to be additionally explained or supplemented or where additional information is required. A requirement related to an omission is deemed met when the omission is eliminated.
- (4) The implementing body may grant the applicant up to 10 working days to eliminate the omissions referred to in subsection (3).
- (5) The implementing body will make the decision to deny an application without assessing the application substantively if the applicant has not eliminated the omissions during the term specified in subsection (4).

§ 17. Declaration of compliance of applicant, partner and application

- (1) The implementing body declares the applicant and partner compliant if they meet the requirements set out in section 11 and the applicant performs the obligations set out in section 12.
- (2) The implementing body declares the application compliant if all of the requirements set forth in section 13 have been met.

§ 18. Formation of assessment committee

- (1) In order to select projects, the implementing body forms an assessment committee, the membership of which is coordinated with the implementing authority prior to opening the application round.
- (2) The implementing body has the right to include additional experts in the assessment process, whose expert opinions are taken into consideration by the assessment committee when evaluating projects.
- (3) Members of the assessment committee and experts must confirm their neutrality and independence from the projects, applicants and partners under assessment. If there is a relation between them, the person is obligated to remove themselves under the terms and conditions and pursuant to the procedure provided for in section 10 of the Administrative Procedure Act.

§ 19. Assessment of projects, selection criteria and selection method

- (1) Applications declared compliant are assessed on the basis of the following selection criteria and proportions which comply with the provisions of section 7 of the Combined Regulation:
 - 1) compliance of the project with the field-specific development plan “Culture Development Plan 2021-2030” and the fundamental principles and objectives of the Estonian long-term development strategy “Estonia 2035” and the project’s impact on the achievement of the special objective of the operational programme and the objectives of the measure – 30% of the maximum total score;
 - 2) justification of the project – 25% of the maximum total score;
 - 3) cost-effectiveness of the project – 20% of the maximum total score;
 - 4) ability of the applicant and partners to implement the project – 25% of the maximum total score.
- (2) Applications are assessed in accordance with the selection methodology approved by the implementing body. The implementing body will compile the assessment methodology on the basis of the selection criteria set out in subsection (1). The implementing body obtains the approval of the implementing authority with respect to the selection methodology before approving it.
- (3) The implementing body publishes the selection methodology on its website at the latest on the starting date of the receipt of applications or on the day of announcement of the application round.
- (4) Projects are assessed on the basis of the selection criteria indicated in subsection (1) on a scale of 0 to 4.
- (5) The scores awarded by the evaluators are added together and the sum obtained is multiplied by the proportion of the corresponding selection criterion referred to in subsection (1), resulting in a score for each criterion. The maximum total score given in the evaluation of the application is the weighted average of the scores of the selection criteria listed in subsection (1). In the case of application in rounds, a ranking list is established on the basis of the total scores.
- (6) In the case of application in rounds, the project that has a larger self-financing rate is preferred in the event of equal total scores. If the self-financing rate is equal, preference shall be given to the application with a higher score for the selection criterion referred to in clause (1) 2).

§ 20. Terms and conditions of and procedure for granting an application

- (1) Applications which have been declared compliant and meet the following requirements are subject to approval:
 - 1) they have a total score of at least 2.50 on the basis of the selection criteria listed in subsection 19 (1) and
 - 2) they have not received a score lower than 2.00 in any of the selection criteria provided for in subsection 19 (1).
- (2) The decision to grant an application will specify the rights and obligations of the support recipient and the terms of use of the support. In addition to the provisions of subsection 8 (4) of the Combined Regulation, the

decision contains a reference to the De Minimis Aid Regulation if the support is granted as de minimis aid, or a reference to the Block Exemption Regulation and the type of aid if the support is granted as state aid.

(3) The decision to grant an application is sent to the applicant via the e-environment within five working days of the adoption of the decision.

§ 21. Terms and conditions of and procedure for refusing an application

(1) The application will be rejected in the cases indicated in subsection 7 (2), and in subsections 8 (2) and (3) of the Combined Regulation.

(2) In addition to subsection (1), the implementing body may reject an application if evaluating the information submitted in the application and collected in the course of processing the application in aggregate indicates that the objectives of the project can be achieved without the support.

(3) The decision to refuse the application is made on the basis of clause 8 (2) 5) of the Combined Regulation with respect to applications under processing whose monetary volume exceeds the available balance of the budget for funding applications, and which cannot be partially granted pursuant to the provisions of subsection 9 (1) of the Combined Regulation.

(4) The decision to refuse the application is based on sections 56 and 57 of the Administrative Procedure Act.

(5) The decision to refuse the application is sent to the applicant via the e-environment within five working days of the adoption of the decision.

§ 22. Grant of application in part or with secondary condition

(1) An application may be granted in part on the basis of subsection 9 (1) of the Combined Regulation.

(2) The decision to grant an application can be made with additional conditions in accordance with the provisions of subsections 9 (2) and (3) of the Combined Regulation.

(3) On the basis of a decision to grant an application conditionally, the support recipient has no right to payments of the support. The support recipient's right to payments related to the support arises after the implementing body has ascertained the arrival or performance of the additional condition on the basis of the information submitted by the support recipient, unless it is possible for the implementing body to ascertain the information from an information system or data source.

Chapter 6

Amendment and annulment of decision to grant application

§ 23. Amendment of decision to grant application

(1) The decision to grant an application will be amended at the initiative of the implementing body or based on a corresponding written application from the support recipient under the terms and conditions and pursuant to the procedure laid down in sections 12 and 13 of the Combined Regulation.

(2) The support recipient may, without submitting an application for the amendment of the decision to grant the application, change the budget by type of cost up to 20% compared to what is specified in the decision to grant the application provided that the total volume of eligible costs and the proportion of the support do not change. The implementing body is notified of the change in a format that can be reproduced in writing before the change is made.

(3) The decision to grant an application may be amended until the end of the eligibility period of the project, but not after the end of the project activities.

(4) If the circumstances stipulated in clauses 12 (2) 1)-3) of the Combined Regulation change in the decision to grant the application, the relevance and necessity of the changes will be checked before a decision is made and, where necessary, it is done on the basis of the project selection criteria referred to in subsection 19 (1), involving experts or the assessment committee where necessary.

- (5) The implementing body has the right to increase the amount of the support under the conditions laid down in subsection 13 (1) of the Combined Regulation.
- (6) The implementing body has the right to refuse to change the decision to grant the application or approve any changes referred to in subsection (3) if the change requested could endanger the possibility of achieving the project's expected results or the possibility of the project being completed during its eligibility period.
- (7) The implementing body decides on the amendment of the decision to grant the application within 20 working days of receiving the respective application.
- (8) The decision to grant an application may be amended retroactively from the date of submission of the application for amendment to the implementing body if it helps to achieve the project results and the change is founded.
- (9) The decision to amend the decision to grant an application is sent to the applicant via the e-environment within five working days of the adoption of the decision.

§ 24. Annulment of decision to grant application

- (1) The decision to grant an application is declared fully or partly void in accordance with section 14 or subsection 37 (7) of the Combined Regulation.
- (2) The support recipient is required to repay the support received in accordance with the decision referred to in subsection (1).
- (3) In addition to the provisions of subsection (1), the implementing body annuls the decision granting an application in whole or in part in the following cases:
 - 1) the support recipient has not started to use the support within the deadline established in the decision to grant the application;
 - 2) the support recipient does not comply with the provisions of the decision to grant the application or does not use the support under the prescribed conditions;
 - 3) the support recipient has not implemented the project activities during one project reporting period;
 - 4) the project activities cannot be completed by 31 October 2029.

Chapter 7

Submission of reports and payment of support

§ 25. Submission of reports related to use of support

- (1) The support recipient submits an interim and final report concerning the implementation of the project to the implementing body via the e-environment.
- (2) The minimum duration of the reporting period is three months and the maximum duration is six months. The decision to grant an application may provide for a more frequent reporting procedure.
- (3) The support recipient submits the final project report within 30 calendar days of the end of the eligibility period of the project.
- (4) The deadlines for submitting the interim and final reports are set out in the decision granting the application.
- (5) The support recipient submits post-execution project reports at the request of the implementing body.
- (6) The implementing body has the right to require the support recipient to submit a follow-up report within two years of the end of the project.
- (7) At least the following must be reflected in the interim and final reports:
 - 1) the data on the project specified in the decision to grant the application, including the project name, number and the name of the support recipient;
 - 2) the project's reporting period;

- 3) information on the progress of the project, the achievement of objectives and the implementation of the action plan, including the activities carried out, their results, justification of the differences between planned and actual activities and results;
- 4) information on the achievement of the target levels of the output indicators set out in subsection 4 (5);
- 5) the support recipient's assessment of the implementation of the project and its effectiveness;
- 6) the assessment of support services by the beneficiaries in the case of receiving support for the activity referred to in clause 7 (1) 3);
- 7) the support recipient's confirmation regarding the correctness of data and the date of the submission of the report.

(8) In addition, the final project report must describe the contribution of the project to the indicators of "Estonia 2035" and the indicators of horizontal principles set out in subsection 4 (6).

(9) The implementing body approves the reports within 35 working days of their submission in the e-environment. The implementing body has the right to request that the report be supplemented.

(10) The forms for reports are established by the implementing body and published on its website.

§ 26. Payment of support

(1) The support is paid to the support recipient or the issuer of the invoice on the basis of section 27 and subsection 28 (3) of the Combined Regulation.

(2) Payment of support is based on the conditions laid down in subsections 24 (1) and (2) and sections 25-26 of the Combined Regulation, and the detailed terms and conditions and procedure for making payments provided in the Regulation and the decision to grant the application.

(3) The support will be paid on the basis of the interim or final report and a payment application.

(4) Advance payments are not allowed.

(5) The support recipient submits the documents and supporting evidence required for the payment to the implementing body via the e-environment.

(6) The prerequisites for the payment of support on the basis of actual costs are the following:

- 1) the implementation of project activities;
- 2) the incurrence and payment of eligible costs, including self-financing and VAT;
- 3) the submission of an interim or final report and a payment application for the corresponding reporting period by the support recipient to the implementing body and their approval by the latter;
- 4) the absence of tax arrears on the part of the support recipient and the partner, unless the tax arrears or payment arrears to the state including interest do not exceed 100 euros or they have been deferred.

§ 27. Suspension of processing of payments

The implementing body may partially or fully suspend the processing of the documents that constitute the basis for the payment of support in the cases provided for in section 33 of the Combined Regulation.

Chapter 8

Rights and obligations of support recipient and partner

§ 28. Rights and obligations of support recipient and partner

(1) The support recipient and the partner have the right to receive information and explanations from the implementing body on the requirements set forth in the Regulation and the obligations of the support recipient.

(2) The support recipient complies with the obligations referred to in section 10 of the Combined Regulation and:

- 1) complies with the Public Procurement Act and the obligation set out in subsection 11 (2) of the Combined Regulation, if they are a contracting authority or entity within the meaning of the Public Procurement Act

- (hereinafter referred to as the *PPA*) and use criteria giving priority to environmental protection and environmentally sustainable solutions when organising public procurement procedures;
- 2) ensures compliance with the requirements referred to in subsections 11 (3)-(7) of the Combined Regulation, if they are not a contracting authority or entity within the meaning of the PPA;
 - 3) upon receiving support for an activity referred to in clause 7 (1) 1), ensures that the assets acquired with the support are registered;
 - 4) upon receiving support for an activity referred to in clause 7 (1) 1), ensures that the assets acquired with the support are maintained and used for their intended purpose for a period of at least three years from the date of the final payment to the support recipient;
 - 5) upon receiving support for an activity referred to in clause 7 (1) 1), ensures that, by the end of the second financial year following the year in which the project eligibility period ends, there will be an increase in added value of at least 15% and an increase in export sales revenue of at least 15% compared with the financial year preceding the year in which the application is submitted;
 - 6) upon receiving support for an activity referred to in clause 7 (1) 2), ensures that, by the end of the second financial year following the year in which the project eligibility period ends, there will be an increase in sales revenue equal to at least twice the amount of the support and an increase in export sales revenue of at least 20% compared with the financial year preceding the year in which the application is submitted. The share of exports in the sales revenue of a support recipient starting to export as a result of the project must be at least 25% of the sales revenue by the end of the second financial year following the end of the project eligibility period;
 - 7) upon receiving support for an activity referred to in clause 7 (1) 3), collects information on the beneficiaries of the project, including their assessments of the support services provided by the support recipient and financial indicators before and after the use of the services; when providing support services, takes into consideration that their impact must be reflected in the growth of the beneficiaries' sales revenue, export sales revenue or added value; keeps records of the aid granted to the beneficiaries; informs the beneficiaries of the type, amount and conditions of the aid granted to them under the project and submits the relevant information to the implementing body together with the project reports;
 - 8) upon receiving support for an activity referred to in clause 7 (1) 3), charges service fees from the beneficiaries on the basis of the provisions of subsections 10 (4) and (5) and provides proof of receipt of such fees no later than upon the submission of the last payment application by means of a bank statement certified by a credit institution;
 - 9) immediately informs the implementing body in writing of any change in the ownership of the support recipient.
- (3) The partner must comply with the obligations laid down in subsections 10 (2) and (3) of the Combined Regulation.

Chapter 9

Financial corrections

§ 29. Financial corrections and repayment of support

The decision on financial correction is made and the support is repaid in accordance with the provisions of sections 28-30 of the Act2021_2027 and sections 34-38 of the Combined Regulation.