Issuer: Minister of Economy and Industry

Type of act: regulation

Type of text: original text-full text

In force from: 12.01.2026

In force until: In force

Publication citation: RT I, 09.01.2026, 41

See digital stamp

Support for experimental development in the defence industry

Passed 07.01.2026 No. 1

This 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 *ÜSS2021_2027*).

Chapter 1

General provisions

§ 1. Scope of regulation

(1) This Regulation governs the grant of support to implement intervention 21.1.6.11 “Support for experimental development in the defence industry” under measure 21.1.6.1 “Increasing the RD&I intensity and knowledge transfer capacity of defence enterprises” under specific objective (a)(vii) “Increasing industrial capacity to enhance defence capabilities by prioritising dual-use capabilities” of policy objective 1 “Smarter Estonia” of the programme specified in clause 1 (1) 1) of ÜSS2021_2027 (hereinafter the *Programme*).

(2) Government of the Republic Regulation No. 55 of 12 May 2022 “General conditions for the allocation and use of resources from the programmes of the European Union Cohesion Policy and Internal Security Policy Funds for the period 2021–2027” (hereinafter *Single Regulation*) applies to the application for, grant, use and recovery of support, subject to the specific provisions set out in this Regulation.

(3) Support is granted as state aid within the meaning of subsection 30 (1) of the Competition Act or de minimis aid within the meaning of subsection 33 (1) of the Competition Act as follows:
1) support granted for the activities listed in clauses 6 (1) 1) to 3) of this Regulation constitutes aid for research and development projects within the meaning of Article 25 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, 26.6.2014, p. 1–78) (hereinafter the *General Block Exemption Regulation* or *GBER*);

2) support for the activities listed in clause 6 (1) 4) of this Regulation constitutes innovation aid for small and medium-sized enterprises within the meaning of Article 28 of the General Block Exemption

Regulation or de minimis aid within the meaning of Commission Regulation (EU) No 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 the *de minimis Regulation*).

(4) Aid granted in accordance with the GBER is subject to the GBER and Section 34^2 of the Competition Act. Aid granted in accordance with the *de minimis* Regulation is subject to the *de minimis* Regulation and Section 33 of the Competition Act.

(5) Aid granted in accordance with the *de minimis* Regulation shall not exceed the ceiling laid down in Article 3 (2) of that Regulation. Support granted as de minimis aid shall respect the cumulation rules laid down in Article 5 of the *de minimis* Regulation. For the purposes of calculating the amount of de minimis aid, enterprises which are linked within the meaning of Article 2 (2) of the above Regulation shall be deemed to be a single enterprise.

(6) This Regulation does not apply:

1) to a beneficiary of de minimis aid or of aid under the GBER to which a recovery order has been issued on the basis of a previous decision of the European Commission declaring the aid unlawful and incompatible with the internal market, and which has not been complied with;
2) to a beneficiary of de minimis aid in the cases listed in Article 1 (1) of the *de minimis* Regulation;
3) to a beneficiary of aid under the GBER in the cases listed in Article 1 (2) to (6) of the GBER;
4) to undertakings in difficulty within the meaning of Article 2 (18) of the GBER, with the exception of a start-up undertaking which is an unlisted small enterprise within five years of registration and which has not taken over the activities of another enterprise, distributed profits or been formed through a merger, or a growth company which is an undertaking with an average annual rate of return of at least 20 per cent over the three financial years preceding the application and which had at least ten employees at the beginning of the three-year period and the share capital of which does not include any share premium;
5) in the cases listed in Article 7 of Regulation (EU) 2021/1058 of the European Parliament and of the Council on the European Regional Development Fund and on the Cohesion Fund (OJ L 231, 30.6.2021, p. 60–93).

§ 2. Definitions

For the purposes of this Regulation, the following definitions apply:
1) ‘medium-sized enterprise’ means an enterprise meeting the criteria set out in Article 2 (1) of Annex I to the GBER;
2) ‘project plan’ means an action plan covering the activities necessary for the implementation of the project, broken down into work packages and their clearly measurable results, a description of the novelty of the activities, a market analysis, a marketing and operational plan, a description of the intellectual property strategy and a plan for its protection, the project budget and its justification, a description of the project team and a forecast of the economic performance of the undertaking;
3) ‘industrial research’ means novel research within the meaning of Article 2 (85) of the GBER, carried out to obtain new knowledge and having a defined practical application and an economic operator as a client that will use the new knowledge for commercial purposes;
4) ‘large enterprise’ means an enterprise not meeting the criteria set out in Article 2 (2) of Annex I to the GBER;
5) ‘research and development organisation’ means a knowledge dissemination organisation within the meaning of Article 2 (83) of the GBER;
6) ‘research and development’ means a systematic activity based on a person’s creative freedom, the

aim of which is to acquire, through research, new knowledge about man, nature and society and their interaction and to apply that knowledge;
7) 'feasibility study' as defined in Article 2 (87) of the GBER means the evaluation and analysis of the potential of a project, which aims at supporting the process of decision-making by objectively and rationally uncovering its strengths and weaknesses, opportunities and threats, as well as identifying the resources required to carry it through and ultimately its prospects for success;
8) 'experimental development' means experimental development as defined in Article 2 (86) of the GBER;
9) 'market terms' means market terms as defined in Article 2 (39a) of the GBER;
10) 'effective collaboration' means collaboration as defined in Article 2 (90) of the GBER;
11) 'small enterprise' means an enterprise meeting the criteria set out in Article 2 (2) and (3) of Annex I to the GBER;

§ 3. Objective and result of granting support

(1) The objective of support is to contribute to the enhancement of the research, development and innovation capacity of undertakings in the implementation of defence-related projects.

(2) The award of support shall result in the development of an internationally competitive new or substantially modified technology, product or service.

(3) Support shall contribute to the achievement of the following output indicators of the Programme:
1) supported undertakings;
2) undertakings receiving support;
3) supported undertakings primarily involved in the promotion of dual-use and defence capabilities.

(4) Support shall contribute to the achievement of the following performance indicators of the Programme:
1) private sector investment that complements public support;
2) small and medium-sized enterprises with higher added value per employee.

(5) The activities of the projects supported under the Regulation must contribute to achieving the objectives of the "Research and Development, Innovation and Entrepreneurship Development Plan 2021–2035" approved by Government of the Republic Decision of 15 July 2021 and the goal "Estonia's economy is strong, innovative, and responsible" and its sub-goal "The Estonian economy is innovative and knowledge-based" of the long-term national development strategy "Estonia 2035", approved by Estonian Parliament Decision of 12 May 2021 (hereinafter *the Estonia 2035 Strategy*), and comply with the horizontal principles set out in Article 9 of Regulation (EU) 2021/1060 of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy (OJ L 231, 30.6.2021, p. 159–706).

(6) Compliance with the underlying principles of the Estonia 2035 Strategy and the achievement of its goals in a manner that contributes to balanced regional development, gender equality, equal opportunities, accessibility and environmental and climate objectives shall be assessed when deciding on the award of the support on the basis of the following indicators, compliance with which shall be ensured by the applicant on the basis of the explanatory guidance published on the website of the implementing body:

1) GDP per capita generated outside the Harju County compared to the EU-27 average;
2) resource productivity.

§ 4. Implementing agency and implementing body

(1) The Estonian Ministry of Economic Affairs and Communications is the implementing agency.

(2) The Estonian Business and Innovation Agency is the implementing body.

§ 5. Conditions for cooperation projects

(1) The conditions for the implementation of the project, the sharing of costs, risks and results, the dissemination of results, the conditions of remuneration of the partner, and the use and allocation of intellectual property rights created as a result of the cooperation project shall be agreed in a cooperation agreement between the beneficiary and the partner. The remuneration to be paid to the partner must at least correspond to the market terms for the intellectual property rights generated by the partner's activities.

(2) In a cooperation project, the beneficiary shall not receive indirect state aid through the research and development organisation pursuant to the cooperation conditions if at least one of the conditions specified in point 29 of Communication from the Commission 2022/C 414/01 of 28 October 2022 "Framework for State aid for research and development and innovation" (OJ C 414, 28.10.2022, p. 1–38) is fulfilled.

(3) The remuneration paid to a research and development organisation for the intellectual property rights generated as a result of its activities shall meet the market terms if such remuneration enables the research and development organisation to derive full economic benefit from the intellectual property rights in question and if at least one of the conditions referred to in point 30 of the Communication referred to in subsection 2 above is fulfilled.

(4) If the intellectual property rights resulting from the research or their value on market terms are not clear before the implementation of the cooperation project, the beneficiary shall ensure that the amount of the remuneration provided for in subsection 3 is determined on the basis of costs. The cooperation agreement must contain a provision whereby the parties shall review the amount of the remuneration after the research has been completed and, if necessary, revise it on the basis of the intellectual property rights resulting from the research and their value on market terms.

Chapter 2

Eligible activities, conditions for the award of support, eligibility of costs and rate of support

§ 6. Eligible activities and conditions for the award of support

(1) Support shall be granted for the following project activities contributing to the achievement of the objectives, results, outcome and output indicators referred to in section 3:
1) industrial research;
2) experimental development;
3) a feasibility study for the activities referred to in clause 1 or 2;
4) application for initial protection of intellectual property related to the activities referred to in clause 1 or 2.

(2) Activities referred to in clauses 3 and 4 of subsection (1) shall be supported if they are carried out in conjunction with industrial research or experimental development.

(3) Support shall also be granted for the implementation of industrial research and experimental development projects in effective cooperation, where effective cooperation is established:
1) between independent undertakings, at least one of which is an SME, or the project is carried out in at least two Member States of the European Union or in a Member State of the European Union and a State party to the Agreement on the European Economic Area and no single undertaking bears more than 70 per cent of the eligible costs; or
2) between an undertaking and at least one research and development organisation which bears at least ten per cent of the eligible costs and has the right to publish the results of its research.

(4) Support shall be granted for activities complying with the "do no significant harm" principle, which do not result in significant harm to environmental objectives 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, 22.6.2020, p. 13–43).

§ 7. Eligibility of costs

(1) Eligible costs are the costs necessary for the activities referred to in clauses 6 (1) 1) to 3):
1) the personnel costs related to the project in accordance with clauses 16 (1) 1) to 6) and subsection 16 (4) of the Single Regulation and Article 25 (3) (a) of the GBER;
2) the costs of contractual research, knowledge and patents purchased or licensed from external sources on market terms and the costs of consultancy and similar services used exclusively for the project;
3) the costs of the purchase or rental of tools and equipment during the period of eligibility of the project, in proportion to their duration of use in the project;
4) the costs of materials and supplies.

(2) The costs of patents and other intangible assets necessary for the activities referred to in clause 6 (1) 4), except the cost of acquisition, validation and protection of trademarks.

(3) Only costs paid by bank transfer and directly linked to the project are eligible.

(4) Further to the costs listed in section 17 of the Single Regulation, the costs of transactions between project partners are not eligible.

§ 8. Eligibility period of the project

(1) The period of eligibility of a project is the period specified in the decision granting the application, during which the activities of the project begin and end and the costs necessary for carrying out the project are incurred.

(2) The period of eligibility of a project begins from the date of submission of the application to the implementing body or from a later date specified in the application and determined in the decision granting the application, but no later than four months after the date of the decision granting the application, and ends on the date specified in the decision granting the application, but no later than on 31 October 2029.

(3) The applicant for support must not commence project activities or undertake commitments for the implementation thereof before submitting an application to the implementing body.

(4) The eligibility period of a project is up to 36 months.

(5) The beneficiary may apply for an extension of the eligibility period by up to six months for good reason and provided that the result to be achieved remains relevant to the objectives of this Regulation

and the project and that the project activities are completed by 31 October 2029 at the latest. In the case of an extension, the eligibility period may exceed the duration of the eligibility period set out in subsection 4.

(6) A project ends once the implementing body has approved the final report and made the final payment to the beneficiary.

§ 9. Amount and percentage of support

(1) The minimum amount of support per project is 250,000 euros and the maximum amount of support per project is 3,000,000 euros.

(2) The maximum percentage of support for the activities referred to in clause 6 (1) 1) or 3) is:
1) 70 per cent of eligible costs if the applicant is a small enterprise;
2) 60 per cent of eligible costs if the applicant is a medium-sized enterprise;
3) 50 per cent of eligible costs if the applicant is a large enterprise.

(3) The maximum percentage of support for the activities referred to in clause 6 (1) 2) is:
1) 45 per cent of eligible costs if the applicant is a small enterprise;
2) 35 per cent of eligible costs if the applicant is a medium-sized enterprise;
3) 25 per cent of eligible costs if the applicant is a large enterprise.

(4) The maximum percentage of support for the activities referred to in clause 6 (1) 4) is:
1) 50 per cent of eligible costs if the support is granted in line with Article 28 of the GBER;
2) 80 per cent of eligible costs if the support is granted in line with the *de minimis* Regulation.

(5) The maximum percentage of support for the activities referred to in clauses 6 (1) 1) and 2) shall be increased by 15 percentage points if the project involves effective cooperation and the condition referred to in Article 25 (6) (b) (i) of the GBER is fulfilled, but shall not exceed 80 per cent of the eligible costs.

(6) Other non-repayable support from the state, local authority, an institution or fund of the European Union or other external funds shall not be considered as self-financing.

Chapter 3

Additional requirements for the applicant, partner and application

§ 10. Requirements for the applicant and partner

(1) The applicant and the partner must meet the following requirements:
1) the applicant is a company registered in the Estonian Commercial Register;
2) the partner is a legal entity or a research and development organisation registered in a Member State of the European Union, a Member State of the European Economic Area, a country associated to European Horizon – the EU Framework Programme for Research and Innovation, a country of the North Atlantic Treaty Organisation or the Swiss Confederation (hereinafter collectively referred to as a *foreign country*);
3) no compulsory winding-up, liquidation or bankruptcy proceedings have been opened in respect of the person having dominant influence over the applicant or partner.

(2) If the partner is a legal person or a research and development organisation of a foreign country, the requirements of clause 3 above and of Article 3 (2) of the Single Regulation shall apply subject to the legislation of the country in which the partner is registered.

§ 11. Requirements for applications

The application must contain the following information:
1) the name and registration number of the applicant and, if a partner is involved, those of the partner;
2) information on whether the applicant is a small, medium-sized or large enterprise;
3) the place of implementation of the project, specifying the municipality;
4) the name of the project, the amount of support requested, the project budget, the start and end dates of implementation, the objectives and the expected results of the project;
5) if a partner is involved, a form containing the partner's details and signed by the partner's authorised representative;
6) the activities contributing to the achievement of the strategic objectives and underlying principles and indicators of the Estonia 2035 Strategy, broken down by the relevant horizontal principles referred to in subsection 3 (6);
7) the amount of the research and development investment planned by the applicant and the partner undertaking, the sales revenue generated by the new or substantially modified technology, product or service and the number of research and development personnel employed by the undertaking in the financial year preceding the year of application, the year of application for support and five years after the end of project implementation;
8) the income statement and balance sheet of the applicant and the partner undertaking as of the calendar quarter preceding the application;
9) a project plan which has received a positive preliminary assessment during the preliminary consultation;
10) information on any support and external aid previously granted to the project or project activity from one or more other measures or other local authority, state budget, European Union or external aid funds;
11) confirmation of self-financing by the applicant and the partner;
12) a declaration that the project will not infringe the fundamental rights laid down in the Charter of Fundamental Rights of the European Union and will be carried out in accordance with the "do no significant harm" principle;
13) a power of attorney, if the person representing the applicant or the partner acts on the basis of authorisation.

Chapter 4

Application for support

§ 12. Application for support

(1) Support may be applied for on a rolling basis until the budget funds are exhausted or the application period ends.

(2) The implementing body shall announce the beginning, end and suspension of the receipt of applications and the support budget on its website in coordination with the implementing agency.

(3) As soon as the amount of the support requested in pending applications for which no decision has been taken to grant or reject the application equals the available balance of the support budget, the implementing body shall suspend the acceptance of applications and process the pending applications in the order in which they were submitted. Applications will continue to be accepted once funds become available or if funds are added to the support budget.

§ 13. Preliminary consultation

(1) Prior to applying for support, the applicant shall undergo a preliminary consultation with the implementing body.

(2) In the course of the preliminary consultation, the applicant shall e-mail a project plan using the form provided by the implementing body along with the documents specified in clauses 11 4), 7), 8) and 11) above. During the preliminary consultation, the implementing body shall explain the basis for the award of support, draw attention to any technical or substantive shortcomings of the proposed project and make recommendations and suggestions to remedy the shortcomings.

(3) In the course of the preliminary consultation, the implementing body shall make a positive preliminary assessment of the project plan if the project plan meets the objective and the result specified in section 3.

(4) The implementing body shall not be bound by a positive preliminary assessment when granting an application.

Chapter 5

Processing of applications

§ 14. Processing of applications

(1) The time limit for processing an application is 40 working days from the date of submission of the application to the implementing body. The date of submission is the date on which the applicant submits the application in the e-support environment.

(2) In the case referred to in subsection 6 (2) of the Single Regulation, the implementing body may extend the time limit for processing the application by up to ten working days.

(3) The implementing body shall reject an application without assessing its merits if:
1) the applicant has not remedied deficiencies within the time limit referred to in subsection 2;
2) the applicant, the partner or the application does not comply with at least one of the requirements laid down in the Regulation and the non-compliance cannot be remedied;
3) the application contains incorrect or incomplete information or the applicant is unlawfully influencing the decision.

§ 15. Constitution of selection board

(1) Applications will be assessed by experts and a selection board. The initial assessment of applications is carried out by at least two experts.

(2) The implementing body shall publish the composition of the selection board on the website of the implementing body before the receipt of applications, after prior coordination with the implementing authority.

(3) The members of the selection board and the experts shall declare their impartiality and independence from the applications and applicants to be assessed. If a member of the selection board or an expert is involved in the preparation of an application or is related to an applicant or a partner, they shall inform the implementing body of the conflict of interest and withdraw from the assessment without delay.

§ 16. Assessment of applications, selection criteria and methodology

(1) A project described in the application submitted for the implementation of the activities referred to in clauses 6 (1) 1) to 4) are assessed on the basis of the following selection criteria referred to in

subsection 7 (1) of the Single Regulation, weighted as follows in relation to the total score:
1) the project's consistency with sectoral development plans, its impact on the achievement of the specific objective of the Programme and the objectives of the measure – 20 per cent of the total score;
2) the economic justification of the project and the applicant's commercial capacity to carry out the project – 35 percent of the total score;
3) the technological justification of the project and the applicant's technological capacity to carry out the project – 30 percent of the total score;
4) the consistency of the project with the defence industry areas approved for the application round – ten percent of the total score;
5) consistency of the project with the underlying principles and objectives of the Estonia 2035 Strategy – five percent of the total score.

(2) The application will be assessed on a scale of 0 to 4, 0 being unsatisfactory and 4 being excellent. The total score awarded to an application will be the weighted average of the points awarded based on the selection criteria.

(3) If the points awarded by the experts are equal to or higher than the thresholds set out in clauses 17 (1) 1) to 3), the application will be additionally assessed by a selection board, which has the right to modify the weighted average points awarded by the experts.

(4) Applications are assessed on the basis of the assessment methodology approved by the implementing body. The implementing body draws up the assessment methodology based on the selection criteria listed in subsection 1. The assessment methodology shall be coordinated with the implementing authority and the agencies referred to in subsection 48 (1) of the Single Regulation before its approval.

(5) The implementing body shall publish the assessment methodology on the website of the implementing body prior to the starting date for the receipt of applications.

§ 17. Grant and rejection of applications

(1) An application shall be granted if it meets all the requirements laid down in this Regulation and the following conditions:
1) it has obtained a total score of at least 2.50 on the basis of the selection criteria set out in subsection 16 (1);
2) it has obtained a total score of at least 2.50 on the basis of the selection criteria set out in clauses 16 (1) 1) to 4);
3) it has obtained a total score of at least 2.00 on the basis of the selection criteria set out in clause 16 (1) 5);
4) the amount of the requested support does not exceed the support budget.

(2) An application shall be rejected if at least one of the following circumstances applies:
1) the applicant, partner or application does not comply with at least one of the requirements laid down in this Regulation;
2) the experts or the selection board have given the application a lower score than those set out in clauses 1 to 3 of subsection 1;
3) the application cannot be granted due to the exhaustion of the budget available for support or it cannot be partially granted;
4) the application contains incorrect or incomplete information or the applicant is unlawfully influencing the decision.

(3) The decision granting the application shall lay down the conditions for the implementation of the project and the deadlines and procedure for the submission of reports.

Chapter 6

Amendment and revocation of the decision granting an application

§ 18. Amendment of the decision granting an application

(1) If the amendment of the decision to grant an application consists in a change of the circumstances referred to in clauses 12 (2) 1) to 3) of the Single Regulation, the relevance and necessity of the amendment shall be verified before the decision is taken and, if necessary, taking into account the project selection criteria set out in subsection 16 (1), with the involvement of experts or the selection board as necessary.

(2) The implementing body has the right to refuse to amend a decision granting an application if the proposed amendment does not contribute to the achievement of the objectives of the project or the project activities are unlikely to be completed within the period of eligibility of the project and the amendment is not in conformity with the state aid rules.

(3) The implementing body shall decide on the amendment of the decision granting an application within 20 working days of receipt of the relevant request. If deficiencies are discovered or additional information is required during the processing of the amendment request, the beneficiary shall be informed immediately and shall be given up to ten working days to provide additional information, by which period the time limit for processing the amendment application shall be extended.

(4) The decision granting an application may be amended retroactively if it contributes to the achievement of the results of the project and the amendment is justified.

§ 19. Revocation of the decision granting an application

The decision granting an application shall be partially or fully revoked if:
1) the beneficiary fails to comply with the decision granting the application or does not use the support in accordance with the conditions laid down in this Regulation;
2) it is impossible to complete the project activities by 31 October 2029.

Chapter 7

Submission of reports and conditions for the payment of support

§ 20. Submission of reports

(1) The beneficiary shall submit interim and final reports to the implementing body under the conditions and within the time limits specified in the decision granting the application. If the time between the submission of the interim and final reports or the duration of the project is less than six months, only the final project report will be submitted. The implementing body establishes the report forms.

(2) The interim project report shall cover the achievement of the results set out in the project plan and assess the progress of the project, describe the work carried out and present the action plan for the next reporting period.

(3) The final project report shall contain a description of the project implementation and information on the achievement of the project results, including the work carried out, information on compliance

with the principles and achievement of the indicators of the Estonia 2035 Strategy and an assessment of the project performance and implementation.

(4) The implementing body shall approve or reject the interim and final reports within 30 working days of their respective submission to the implementing body. The implementing body shall have the right to request a report to be supplemented within a specified deadline.

(5) The implementing body may involve experts in the assessment of the interim and final reports. If an expert is involved, the time limit for processing the report will be extended by the time taken for the assessment. The implementing body shall inform the beneficiary of the involvement of an expert without delay.

(6) The beneficiary shall submit a follow-up report at the request of the implementing body and in the form established by it, within a maximum of three years after the end of the project. The follow-up report of the project includes information on the sales and exports of the new product or service and an assessment of the take-up of the project results.

§ 21. Conditions for the payment of support

(1) Support shall be paid based on the costs incurred pursuant to clause 27 (1) 1) of the Single Regulation.

(2) Only the costs incurred based on supporting documents shall be taken into account for the purposes of verifying eligible costs and self-financing. The total eligible costs per supporting document shall be at least 100 euros excluding VAT.

(3) The documents and evidence on which payment is based shall be submitted no more frequently than once in a calendar quarter.

(4) The final payment shall be made after the project activities have been carried out, the results have been achieved and the final report has been approved.

(5) The implementing body may decide to refuse the payment of part or all of the support if:
1) a cost item submitted does not correspond to the project's eligibility period, activities, eligibility requirements or the objective of the project as set out in the application;
2) the activity is not eligible for support or the implementation of the activity has not been evidenced;
3) the implementing body has not approved the interim or final report for the relevant reporting period;
4) the beneficiary has not repaid any amount of support being recovered;
5) the beneficiary fails to comply with the conditions laid down in this Regulation or otherwise deviates from those set out in the application or the decision granting the support;
6) the financial situation of the beneficiary has deteriorated to such an extent that the use of the support or the implementation of the project activities is jeopardised;
7) the beneficiary fails to comply with the obligation stipulated in clause 22 (2) 5).

(6) In order to evidence the costs incurred by a partner registered in a foreign country, the beneficiary shall submit to the implementing body an audit report on the eligibility of the partner's costs, carried out by an independent and certified auditor of the country where the partner is established, certifying that the partner's costs comply with the GBER or the *de minimis* Regulation, this Regulation, the legislation of the country of establishment and generally accepted accounting principles.

Chapter 8

Additional rights and obligations of the beneficiary and the implementing body

§ 22. Rights and obligations of beneficiary

(1) The beneficiary shall have the right to receive from the implementing body information and explanations relating to the requirements and obligations of the beneficiary as laid down in this Regulation.

(2) In addition to the obligations laid down in sections 10 and 11 of the Single Regulation, the beneficiary shall be obliged to:
1) use the support in accordance with the decision granting the application;
2) ensure the management and successful implementation of the project in accordance with the time limits and conditions set out in the decision granting the application;
3) retain the documents related to the application, the support and the implementation of the project for at least ten years from the date of the decision granting the application;
4) submit to the implementing body the cooperation agreement referred to in subsection 5 (1);
5) meet its duty to pay national taxes and contributions in such a manner that its tax and contribution arrears will not exceed 100 euros, or comply with an adjusted schedule for the payment thereof;
6) a large enterprise ensures compliance with the durability requirement under Article 65 of Regulation (EU) No 2021/1060 of the European Parliament and of the Council within five years and a small enterprise or a medium-sized enterprise within three years of making the final payment, if the durability requirement applies to the project.

§ 23. Rights and obligations of the implementing body

(1) The implementing body has the right to:
1) carry out checks of cost documents and project activities at the beneficiary's location;
2) examine the documents being drawn up during the preparation of the project and the execution of the work;
3) request the submission of additional data and documents on the duration, activities, objectives, results and costs of the project described in the application, proving the proper implementation of the project and the proper fulfilment of the beneficiary's obligations;
4) terminate the payment of support and recover all or part of the support if the beneficiary fails to comply with the conditions laid down in the ÜSS2021_2027 and the regulations issued on its basis or otherwise deviates from those set out in the application or the decision granting the support;
5) reduce the amount of support in proportion to the reduction in the cost of the project approved in the decision granting the application.

(2) In addition to the obligations set out in subsection 8 (2) of ÜSS2021_2027, the implementing body shall be obliged to:
1) inform the beneficiary of the decision taken with regard to it;
2) verify the implementation of the project;
3) monitor the budget balance and, if necessary, provide the implementing authority with a relevant overview;
4) retain the data on the granting of state aid and de minimis aid, together with the information and necessary supporting documents, for ten years from the date on which such aid was last granted;
5) prepare a monitoring report and a final report, confirm the accuracy of the data contained in the report and forward the report to the implementing agency;
6) provide the data necessary for reporting on the award and use of the support;
7) prepare and publish reports on the granting and use of the support;
8) inform the implementing authority of any obstacles to the use of the support.

Chapter 9

Objections

§ 24. Submission and handling of challenges

An act or decision of the implementing body can be challenged with the implementing body in accordance with the procedure laid down in section 31 of ÜSS2021_2027 before an appeal is lodged with the administrative court. The challenge shall be settled by the implementing body.

Chapter 10

Implementation of Regulation

[RT I, 26.06.2026, 1 – entry into force 29.06.2026]

§ 25. Implementation of Regulation

The amendment to subsection 22 (2), which entered into force in June 2026, applies as of 12 January 2026.