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## **Support for development of new products, practices, processes and technologies**

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The regulation is enforced under subsection 67 (2) of the European Union Common Agricultural Policy Implementation Act.

### **Chapter 1 General Provisions**

#### **§ 1. Scope of application of regulation**

The regulation establishes the conditions and procedure for granting and using the support for development of new products, practices, processes and technologies (hereinafter the support) to be granted within the scope of the activity “Support for development of new products, practices, processes and technologies” of Measure 16 “Cooperation” of the “Estonian Rural Development Plan 2014-2020”.

#### **§ 2. State aid**

(1) Supporting the implementation of a project specified in subsection 5 (1) that is aimed at the processing of non-agricultural products from agricultural products and the processing of forestry products and forest management is *de minimis*aid pursuant to Commission Regulation (EU) 1407/2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis*aid (OJ L 352 24 December 2013, pp 1-8) (hereinafter *de minimis*aid) and it is government by the provisions of said regulation and § 33 of the Competition Act.

(2) If a recipient of the *de minimis*aid specified in subsection (3) has exceeded the rate of *de minimis*aid, supporting the implementation of the project specified in subsection 5 (1) is state aid granted to research and development projects within the meaning of Article 25 of Commission Regulation (EU) 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 June 2014, pp 1-78).

(3) A recipient of state aid or *de minimis*aid within the meaning of subsection 2 (1) of the Competition Act, an undertaking is a company, including a non-profit association or member of a non-profit association or member of the working group of the European Innovation Partnership (hereinafter the EIP), who participates themselves or whose employee, shareholder, member or member of a managing body participates in the supported activities.

### **Chapter 2**

# Requirements for receipt of support, rate and size of support

## § 3. Applicant

(1) The following can apply for support:

- 1) an undertaking for the purposes of the Commercial Code;
  - 2) a non-profit association;
  - 3) in the case of a cross-border cooperation project, the member of the operational group authorised to represent the EIP operational group that complies with the requirements set out in subsection 4 (4).
- [RT I, 03.08.2016, 5 - entry into force 06.08.2016]

(2) Two or more of the persons specified in subsection (1) (hereinafter the applicant) may apply for support for the same activity jointly. In this case, all of the applicants must comply with the requirements for the receipt of support.

## § 4. Requirements for applicant

(1) If the applicant is an undertaking specified in clause 3 (1) 1), its main area of activity in the previous financial year according to the Commercial Register must be one of the following according to Annex 16 “Classification of Economic Activities (EMTAK)” (hereinafter EMTAK 2008) to Minister of Justice Regulation No 59 “Procedure for submission of documents to court” of 28 December 2005:

- 1) growing of non-perennial crops (EMTAK 2008, Section A, Subsection 011);
- 2) growing of perennial crops (EMTAK 2008, Section A, Subsection 012);
- 3) plant propagation (EMTAK 2008, Section A, Subsection 013);
- 4) animal production (EMTAK 2008, Section A, Subsection 014);
- 5) mixed farming (EMTAK 2008, Section A, Subsection 015);
- 6) support activities to agriculture and post-harvest crop activities (EMTAK 2008, Section A, Subsection 016);
- 7) silviculture and other forestry activities (EMTAK 2008, Section A, Subsection 021);
- 8) gathering of wild-growing non-wood products (EMTAK 2008, Section A, Subsection 023);
- 9) manufacture of food products (EMTAK 2008, Section C, Sub-section 10);
- 10) manufacture of beverages (EMTAK 2008, Section C, Sub-section 11).

(2) If the applicant is a person specified in clause 3 (1) 1) or 2), they must comply with the following requirements:

- 1) the sales revenue received by the applicant for marketing the products they have produced or processed either jointly or separately exceeded 4,000 euros in the financial year immediately preceding the year when the application is submitted;
- 2) the applicant's debt ratio, i.e. the loan capital indicator, which is calculated by dividing the sum of liabilities by the sum of total assets, was not higher than 0.7 in the financial year immediately preceding the year when the application is submitted;
- 3) the applicant's capital adequacy ratio, which is calculated by dividing the sum of current assets by the sum of current liabilities, was higher than in the financial year immediately preceding the year when the application is submitted;
- 4) the applicant does not have any national tax arrears or the payment of their national tax arrears has been deferred and in the case of deferral of tax arrears, the tax arrears the due date of which has passed have been paid in the prescribed amount;
- 5) no punishment data about the applicant have been entered in the Criminal Records Database as of the date following the deadline for submission of applications for the commission of offences stipulated in §§ 66<sup>1</sup>, 66<sup>2</sup> or 66<sup>6</sup> of the Animal Protection Act, §§ 45, 46, 47 or 47<sup>1</sup> of the Consumer Protection Act, § 37 of the Fertilisers Act, §§ 120, 120<sup>1</sup>, 125, 126, 126<sup>1</sup> or 126<sup>6</sup> of the Waste Act, §§ 53<sup>1</sup>, 53<sup>2</sup>, 53<sup>3</sup>, 53<sup>5</sup> or 53<sup>6</sup> of the Food Act, §§ 33, 34 or 35 of the Feedingstuffs Act or §§ 52<sup>2</sup>, 55<sup>1</sup>, 364, 365, 372 or 375 of the Penal Code;
- 6) the applicant or a partner specified in subsection 6 (1) have not received or are not applying for support for the expenses at the same time from state budget or other European Union or foreign funds or for other non-returnable state aid;
- 7) the applicant has repaid any refundable sums previously received from the state budget or other external resources of the European Union when due or, in the case of deferral of repayment of support, has made the repayments in the prescribed amount;
- 8) no liquidation proceedings have been initiated against the applicant and the applicant has not been declared bankrupt with a court judgment;
- 9) the annual reports for the two financial years immediately preceding the year when the application of a legal entity is submitted must be accessible in the Commercial Register by the time the application is submitted.

(3) In the event of an applicant that is a non-profit association, the main area of activity of at least three of the members belonging solely to its composition must be an area of activity specified in subsection (1) and these members must comply with all of the requirements established in clauses (2) 1) and 2).

(4) If the applicant is an EIP operational group specified in clause 3 (1) 3), it must comply with the objectives stipulated in Article 55 and the requirements stipulated in Articles 56(1) and (2) and Article 57(1) and (3) of Regulation (EU) No 1305/2013 of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC)

No 1698/2005 (OJ L 347, 20 December 2013, pp 487-548) and the members of the EIP operational group must comply with the requirements stipulated in clauses (2) 3)-7). The undertakings that are members of the EIP operational group must comply with the requirements stipulated in subsection (2).  
[RT I, 03.08.2016, 5 - entry into force 06.08.2016]

(5) The debt ratio stipulated in clause (2) 2) may be higher than 0.7 in the case of an applicant that processes plant produce whose higher debt ratio is the result of ordinarily large current liabilities, which comprise more than 50 per cent of the applicant's liabilities and arise from the seasonal purchase of the input required for their operations. The current liabilities that are similar in size to the respective liabilities of previous years, which is confirmed by the annual reports of the two financial years immediately preceding the year when the application is submitted, are deemed to be ordinarily large.

(6) Upon calculation of the ratios stipulated in clauses (2) 2) and 3), the value of the ratio is rounded to two decimal places.

(7) A recipient of *de minimis* aid must also comply with the following requirements:

- 1) the *de minimis* aid granted during the current financial year and the two financial years immediately preceding the current year may not exceed the upper limit of *de minimis* aid, which is 200,000 euros, with the aid to be granted within the scope of this support;
- 2) the rules for cumulation of *de minimis* aid granted for the various purposes in Article 5 of Commission Regulation (EU) No 1407/2013 are considered upon the grant of support.

(8) Upon the grant of *de minimis* aid, the undertakings related to each other pursuant to Article 2(2) of Commission Regulation (EU) No 1407/2013 are deemed to be one undertaking.

(9) A state aid recipient may not be an undertaking in difficulty within the meaning of Article 2(18) of Commission Regulation (EU) No 651/2014.

(10) State aid is not granted to an undertaking which is subject to an outstanding recovery order following a previous Commission decision declaring the aid illegal and incompatible with the internal market pursuant to Article 1(4)(a) of Commission Regulation (EU) No 651/2014.

## **§ 5. Supported activities**

(1) Support may be applied for the following activities aimed at the production and processing of agricultural products, the processing of forestry products, forest management and the processing of non-agricultural products from agricultural products (hereinafter jointly the project):

- 1) implementation of projects for the development of new products, practices, processes and technologies in the agricultural, food or forestry sectors, including pilot projects;
- 2) implementation of product development projects in the agricultural, food or forestry sectors, including pilot projects;
- 3) distribution of the outcomes of the project activities specified in clauses 1) and 2).

(2) Activities related to the testing of products or technologies in the conditions in which they have not been implemented before are supported within the scope of a pilot project. The pilot project stage precedes the commercial implementation of a product or technology and may follow the development of new products, practices, processes and technologies or a product development project.

(3) The project outcomes may also be distributed on a cross-border basis.

(4) AN EIP working group may apply for support for funding a cross-border EIP cooperation project in which it participates as an EIP operational group partner and where the expenses of the cross-border working group are covered by two different regions. In such a case, the EIP operational group must determine its participation in the project as the lead partner or a partner of the cross-border cooperation project specified in subsection (5).

(5) The lead partner of a cross-border cooperation project is the person that coordinates the implementation of the entire cross-border project and the activities of the partners, thereby guaranteeing that the planned project activities take place according to the agreed schedule and budget. If an EIP operational group participates in a cross-border cooperation project as a lead partner, it may apply for coverage of the expenses of the entire project. Upon participation in the cross-border cooperation project of an EIP operational group, the Estonian partner can only apply for support for covering the expenses of its local activities.

(6) Support shall not be granted for the following activities:

- 1) manufacture, processing and marketing of timber construction materials, products of the furniture industry and tobacco products;
- 2) separate research activities which have no practical output for the undertaking applying for support;
- 3) the information actions and demonstration activities that overlap with the information actions supported on the basis of Article 14 of Regulation (EU) No 1305/2013 of the European Parliament and of the Council;

4) activities or purchases where support for covering their expenses has been applied for within the scope of other projects.

## **§ 6. Requirements for project**

(1) Support for the implementation of a project may be applied for if the applicant has included at least one research and development institution registered and operating in at least one European Union Member State or a state that has an effective association agreement with the European Union, that has previous research and development experience and the means, premises and qualified staff necessary for the implementation of the project, as a partner in the planning and implementation of the project on the basis of a contract (hereinafter partner).

(2) The planning and implementation of the project activities must take place in cooperation between the applicant and the partner. Distribution of the outcomes of the project is mandatory irrespective of whether or not the applicant applies for coverage of the expenses related to the distributions of the project outcomes.

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(3) An applicant who has the right to apply for support at the rate stipulated in subsection 9 (1) or (2) must indicate in the application whether the project activity is related to the implementation of new products, practices, processes and technologies in the agricultural, food or forestry sector, including the relevant surveys or the implementation of product development projects or both of the above.

(4) If the applicant has exceeded the rate of *de minimis* aid stipulated in subsection 2 (2), the aid to be granted for the applicant in respect of the project is state aid and the applicant must indicate in the application whether they are applying for support for the development of new products, practices, processes and technologies in the agricultural, food or forestry sector or for product development.

(5) The following data must be disclosed about the project:

- 1) title of the project;
- 2) contact details of the applicant's representative;
- 3) contact details of the applicant;
- 4) contact details of the project partner or partners;
- 5) brief summary of the project, including the objective, main activities and practical outcomes of the project;
- 6) keywords;
- 7) status of the project;
- 8) source of funding of the project;
- 9) period of the project;
- 10) geographic location of the project where the project activities shall mostly be taking place;
- 11) in the case of a completed project, the final report of the project, including a detailed description of the outcomes of the project;
- 12) total budget of the project.

(6) The implementation of the project may not start earlier and the documents proving the implementation of the project may not be issued earlier than on the day following the day when the application was submitted.

## **§ 7. Eligible and ineligible expenditure**

(1) The eligible expenditure of a project with the expenses incurred to mark the eligible site comprise:

- 1) the labour costs related to the implementation of the project;
- 2) non-productive investments which cover the lease, rental or hiring of software, testing and research tools and equipment to the extent in which they are used for the project during the time of its implementation;
- 3) expenses of outsourced research and development services, technical information and patents purchased or licenced at the market price and expenses of consultations and other similar activities directly related to the implementation of the project;
- 4) additional indirect costs to the extent of up to 15 per cent of the direct staff costs of the project on the basis of a simplified cost model provided that the recipient of the support is not a recipient of state aid;
- 5) the expenses related to the dissemination of the project results, including the expenses related to the references to the funding source;
- 6) travel costs within the territory of the European Union, which are related to the distribution of the outcomes of the project or are essential for the implementation of the project;
- 7) eligible cooperation expenses of a cross-border EIP cooperation project in the case of an EIP operational group that participates in a cross-border project as the lead partner;
- 8) the other expenses directly related to the supporting activities and necessary for carrying out the activities which are necessary for the implementation of the project activity comply with the expenditure listed in Article 61 of Regulation (EU) No 1305/2013 of the European Parliament and of the Council and have not been listed as ineligible expenditure in this regulation.
- 9) [Repealed -RT I, 03.08.2016, 5 - entry into force 06.08.2016]

(2) The applicant's labour costs as set out in clause (1) 1) may not exceed 12 per cent of the value of the eligible expenditure.

(3) If the tools and equipment specified in clause (1) 2) are not used for the project during its lifetime, only the depreciation costs that correspond to the duration of the project and are calculated according to the generally accepted accounting principles are deemed to be eligible.

(4) All eligible expenditure must be justified, clear and described in detail, economically practical and necessary for achieving the objective of the project. The applicant guarantees the expedient and sustainable use of the support funds.

(5) The following expenditure is not eligible:

- 1) costs of investments made in production or processing equipment or facility;
- 2) costs of investments made in technology if the technology can be used or made usable in industrial applications or for commercial purposes;
- 3) costs of purchase and rental of standard software, computing equipment and means of communication;
- 4) costs incurred to purchase used equipment;
- 5) costs related to entry into contracts, interest, insurance and similar;
- 6) lease, rent or hire payment after the completion of the project;
- 7) customs, import and other duty that is compensated for, offset and deleted in another manner and that does not comprise a part of the Estonian taxation system or that is a disproportionately large outgoing for any part of the project;
- 8) training expenses, including the expenses of training trips;
- 9) cash payment, service fee for a banking transaction, interest, guarantee payment and other expense related to a financial service;
- 10) costs of purchase and rental of land and an existing building;
- 11) costs incurred in payment for legal and accounting services and costs of the technical feasibility study;
- 12) advertising expenses;
- 13) state fee, notary's fee;
- 14) fine, financial punishment and procedure expenses in the case of litigation;
- 15) sumptuary expenses within the meaning of § 63 of the General Part of the Civil Code Act and other economically inexpedient expenses;
- 16) costs associated with environmental impact assessment or the preparation of a detailed plan;
- 17) other expenses not related to the implementation of the planned project or activity.

(6) Non-monetary (in-kind) contributions may be used as self-financing of eligible costs.

(7) Value added tax is eligible pursuant to Article 69(3)(c) of Regulation (EU) No 1303/2013 of the European Parliament and of the Council of laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006 (OJ L 347, 20 December 2013, pp 320-469). [RT I, 03.08.2016, 5 - entry into force 06.08.2016]

## **§ 8. Requirements for tender**

(1) If the cost of a purchased single service or work, tangible or intangible asset without value added tax exceeds 5,000 euros, the applicant, the beneficiary or the partner must have obtained at least three comparable tenders about the expense with a list of the technical conditions of the tender, which refer to the technical specification (hereinafter tender).

(2) If the cost of a purchased single service or work, tangible or intangible asset without value added tax does not exceed 5,000 euros or if there is only one provider of the service or work or seller of assets in the relevant area, the applicant, the beneficiary or the partner must have obtained at least one tender about the expense or prepared a calculation of the estimated cost of the project by cost types.

(3) The tender must include the applicant's name, the tenderer's name, the tenderer's contact details, the date of issue of the tender, the term of validity of the tender and the cost of the planned activity with value added tax and without value added tax.

(4) The tender selected by the applicant, recipient or partner may not be unreasonably high in comparison with the price usually paid for a similar expense.

(5) The selected tender must be objectively justified and if the applicant, the recipient or the partner have not selected the cheapest tender, the reasons for doing so must be presented.

(6) The price of each purchased service, work or asset must be separately indicated in the tender.

(7) If the applicant, the recipient or the partner have not received the required number of tenders, the reasons for this must be presented.

(8) The applicant, the recipient or the partner and the tenderer and their shareholder, member or member of a managing body may not have holdings in each other's commercial undertakings or belong to each other's management board or supervisory board.

(9) The tenderer or a shareholder, member or member of a managing body of the tenderer may not have a holding in the commercial undertaking of another tenderer or belong to the management board or supervisory board of another tenderer.

## **§ 9. Rate and size of support**

(1) Support is granted to the extent of 90 per cent of eligible expenditure.

(2) If the *de minimis*aid stipulated in subsection 2 (1) is granted, the rate of support per applicant is up to 90 per cent of eligible expenditure, but not more than the 200,000 euros per recipient of *de minimis*aid stipulated in clause 4 (7) 1).

(3) If the applicant specified in clause 3 (1) 1) has exceeded the rate of *de minimis*aid, the support rates are as follows:

1) if support is applied for in respect of a project related to the development of new products, practices, processes and technologies, including the relevant applied research, then up to 50 per cent for a large undertaking, up to 60 per cent for a medium-size undertaking and up to 70 of the eligible expenditure of the project for a small undertaking.

2) if support is applied for in respect of a project related to product development, then up to 25 per cent for a large undertaking, up to 35 per cent for a medium-size undertaking and up to 45 of the eligible expenditure of the project for a small undertaking.

(4) It is possible to obtain support at a rate that exceeds the support rate set forth in clauses (3) 1) and 2) by 15 per cent, but not more than 80 per cent of the eligible expenditure of the project if one of the following conditions has been met:

1) the project covers efficient cooperation between undertakings at least one of whom is a small or medium-size undertaking within the meaning of Article 2(2) of Commission Regulation (EU) No 651/2014, the project is implemented in at least two Member States or a Member State and a state party to the Agreement on the European Economic Area and none of undertakings is covering more than 70 per cent of eligible expenditure;

2) the project covers efficient cooperation between the undertaking and at least one organisation engaged in the distribution of scientific research and knowledge, which covers at least 10 per cent of eligible expenditure and has the right to publish the results of its research;

3) the outcomes of the project are widely distributed at conferences, in publications, in depositories with open access or via free or open-source software.

(5) The maximum size of support is 350,000 euros of eligible expenditure per project.

(6) If two or more applicants apply for support jointly, each applicant may apply for support at the rate stipulated in subsection (1) or (2) if they comply with the requirements stipulated in subsection (1) or (2), or at the rate stipulated in subsection (3) if they do not comply with the rules stipulated in subsection (1) or (2).

## **Chapter 3 Applying for support**

### **§ 10. Submission of applications and deadline for submission of applications**

(1) In order to receive support, the applicant must submit an application that can be electronically processed with Microsoft Excel software or is in writing and the documents proving the data presented therein to the ARIB by the established deadline (hereinafter jointly application).

(2) The applicant must also submit the project plan specified in § 12 to the ARIB.

(3) The ARIB announces the deadline for submission of applications in the official publication *Ametlikud Teadaanded* and on its website. The ARIB may also launch calls for proposal solely for cross-border EIP cooperation projects.

(4) The ARIB prepares the forms of the application and project plan to be submitted in order to receive support and publishes them on its website.

(5) The applicant or the person with the right to represent the applicant signs the application with a digital signature if the application is submitted electronically or with a handwritten signature if the application is submitted on paper.

### **§ 11. Requirements for applications**

The applicant submits an application to the ARIB, which includes the following data:

- 1) contact details of the applicant;
- 2) contact details of the applicant's representative;
- 3) legal format or type and area of activity of the applicant;
- 4) size of the company;
- 5) description of the activity or project;
- 6) title of the activity or project;
- 7) contact details of the partner;
- 8) the other parties included in the project;
- 9) scope and type of the planned activity;
- 10) the start and end dates of the project;
- 11) budgetary cost of the project;
- 12) representations and warranties of the applicant and the partner about the claims and liabilities submitted to the applicant;
- 13) in the case of a cross-border EIP cooperation project, confirmation of the financing decision of the other state, if any;
- 14) data about sales revenue;
- 15) the place where the project shall be carried out.

## **§ 12. Requirements for project plan that is part of application**

- (1) The applicant submits a project plan to the ARIB, which includes the following data:
  - 1) brief description of the activities of the project;
  - 2) terms of reference of the project;
  - 3) work schedule of the project;
  - 4) time schedule of the project;
  - 5) solution path of the project and used methodology;
  - 6) expected outcomes of the project;
  - 7) the parties expected to be included in the project and their division of work upon the implementation of the activities of the project;
  - 8) calculation of the budget of the project;
  - 9) plan for distributing the outcomes of the project;
  - 10) in the case of participation in a cross-border EIP cooperation project as the lead partner and application for coverage of cooperation expenses, the total budget of the project, the budgets of the partner or partners and the support to be applied for or successfully applied for in another state;
  - 11) in the case of an EIP operational group, a description of the ways in which the objectives of the EIP shall be achieved, productivity shall be promoted and resources shall be sustainably managed, and a confirmation that the outcomes of the project shall primarily be distributed via the EIP network.
- (2) The project plan submitted for covering the expenses related to cross-border cooperation must also include an overview of the division of activities, allocation of work and the budget between the Estonian and international parties. If the other state has made a financing decision, the respective confirmation must be submitted to the ARIB.

## **§ 13. Requirements for documents that are part of application**

- (1) The applicant submits the following documents to the ARIB with the application:
  - 1) the confirmation of the partner participating in the planned project that they comply with the requirements established for receiving the support and that they and the tenderer and their shareholder, member or member of a managing body do not have holdings in each other's commercial undertakings and do not belong to each other's management board or supervisory board, and that they agree to participate in the planned project and implement the activities described in the project plan;
  - 2) copies of the documents that prove the partner's compliance with the requirements stipulated in clauses 4 (2) 4) to 8);
  - 3) [Repealed -RT I, 03.08.2016, 5 - entry into force 06.08.2016]
  - 4) copy of the contract specified in subsection 6 (1);
  - 5) confirmation of the applicant and the partner that they are not applying for and have not applied for funding for covering the expenses to be covered by the support from other sources of financing.
- (2) An applicant whose financial year ends less than 60 working days before the last day of the deadline for submission of applications announced pursuant to subsection 10 (1) submits an annual report.
- (3) If two or more applicants apply for support jointly, the applicants shall submit an application jointly, but each applicant participating in the project submits the documents specified in subsection (1) separately with the application. An EIP operational group must submit the internal procedures of the working group and the list of the members of the operational group as additional application documents.
- (4) In the case of a cross-border EIP cooperation project, which includes a financier from another European Union Member State, the partner that applies for support as an EIP partner must prove to the managing authority

that it participates in an EIP operational group co-financed by another region. The applicant submits the confirmation of the financier of another region that the applicant's activity as a partner in the cross-border cooperation project forms a significant part of the activities of the cooperation project.

(5) An application submitted by an EIP operational group must include a description of the ways in which the objectives of the EIP shall be achieved, productivity shall be promoted and resources shall be sustainably managed, and a confirmation that the outcomes of the project shall primarily be distributed via the EIP network.

## **Chapter 4**

### **Processing of applications**

#### **§ 14. Receipt of applications**

Upon the receipt of an application, the ARIB checks that all of the required documents exist and the application has been submitted within the deadline.

#### **§ 15. Verification of compliance of applicants and applications**

(1) The ARIB verifies the compliance of the received applications and the accuracy of the data presented therein, and the compliance of the applicant and the planned project with the requirements stipulated in European Union legislation, the European Union Common Agricultural Policy Implementation Act, the development plan and the regulation.

(2) In the case of a cross-border EIP cooperation project, the competent authority of the relevant state verifies the compliance of the activity of the cross-border cooperation project with the strategy and priorities of the development plan. Inspection of the activities of a cross-border EIP cooperation project shall be agreed between the competent authorities of the respective states.

(3) The ARIB submits a list of the applicants who are natural persons to the Tax and Customs Board (hereinafter TCB) after the last day of the deadline for submission of applications in order to obtain the data of their tax return Form E. The TCB sends the data of the tax return Forms E of said sole proprietors for the year immediately preceding and the second year immediately preceding the year when the application was submitted.

#### **§ 16. Assessment of applications and ranking of the applications**

(1) The ARIB forms an assessment committee for the assessment and ranking of applications.

(2) The ARIB assesses the applications that comply with requirements on the basis of the assessment criteria set forth in the annex by giving applications points on a scale from 0 to 4 for each assessment criterion. The total score received upon the assessment of applications is the arithmetic average of the points scored for each assessment criterion. In order to find the weighted average of points, the aggregate scores are multiplied by the proportions of the assessment criteria and the results are added up.  
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(3) If the applications are ranked, the application that received the greatest sum of points shall be considered the best.

(4) In the case of projects with equal indicators, the application where the self-financing of the project is greater shall be preferred.

(5) The applications that have received at least 40 per cent of the maximum sum of points from the assessment committee, whose aggregate score for each assessment criterion is at least one and whose amount of financing does not exceed the financing budget of the part of the measures and that can be financed within the scope of the budget shall be subject to be granted.

#### **§ 17. Grant and denial of applications**

(1) If the sum of financing of all the applications that comply with requirements does not exceed the budget for financing the supported activity and if all applications have scored at least 40 per cent of the maximum sum of points, i.e. at least eight points in total, all of the applications that comply with requirements shall be satisfied on the basis of clause 79 (1) 3) of the European Union Common Agricultural Policy Implementation Act.

(2) If the sum of financing of all the applications that comply with requirements exceeds the budget for financing the supported activity, the best applications that comply with requirements and have scored at least 40 per cent of the maximum sum of points, i.e. at least eight points in total, shall be granted on the basis of clause 79 (1) 2) of the European Union Common Agricultural Policy Implementation Act.

(3) An application complies with requirements if the applicant, the application and the supported activity comply with the requirements stipulated in European Union legislation, the European Union Common Agricultural Policy Implementation Act, the development plan and the regulation.



(4) If it is ascertained during the verification of the compliance of the application that the applicant, the application or the supported activity do not comply with the requirements set for receiving the support, the ARIB shall make the decision rejecting the application on the basis of subsection 79 (4) of the European Union Common Agricultural Policy Implementation Act.

(5) If satisfying the application in full is not justified due to the ineligible expenditure included in the application, the ARIB may make the decision to partially grant the application, reducing the sum of support by the amount of ineligible expenditure on the basis of subsection 79 (6) of the European Union Common Agricultural Policy Implementation Act.

(6) The ARIB makes the decision granting the application, the decision to partially grant the application or the decision rejecting the application within 100 working days of the closing date of submission of the application.

#### **§ 18. Notification about changes**

(1) As of the submission of the application until five years have passed from the payment of the last part of the support by the ARIB, the applicant or the beneficiary shall immediately inform the ARIB in writing about:

- 1) any changes in their contact details;
- 2) the transformation, merger and division of the undertaking and a transfer of the undertaking or a part thereof;
- 3) any changes in the parties participating in the implementation of the project and the partners named in the application and in the tasks for which they are responsible;
- 4) any changes in the activities related to the activities of the applicant or the recipient or the project;
- 5) any other circumstance related to the receipt or use of the support due to which the data initially presented in the application are no longer complete or correct.

(2) Subsection 80 (1) of the European Union Common Agricultural Policy Implementation Act shall be applied if the changes presented by the beneficiary bring about the amendment of the decision granting the application.

(3) If the applicant has received support from state budget or other European Union or external funds, non-returnable state aid or *de minimis* aid for the same activity during the time the application was processed, they shall inform the ARIB about this immediately in writing.

## **Chapter 5**

### **Requirements for beneficiaries and conditions and procedure for payment of support**

#### **§ 19. Obligations of beneficiary**

(1) The beneficiary implements the project and submits the documents proving the implementation of the project at the end of each stage of the project at least once a year, but not more than four times a year per application as of the making of the decision granting the application by the ARIB, but not later than by 1 July 2023.

(2) The recipient shall:

- 1) repay the support to ARIB at the request of the latter if it has not been used for its intended purpose;
- 2) enable supervision to be exercised over the appropriate and timely use of the support;
- 3) clearly differentiate costs related to the use of the support as well as expense receipts and payment documents supporting these costs from other expense receipts and payment documents in its books and records;
- 4) disseminate the project results.

(3) If the objectives of the project are achieved earlier or with fewer activities during the implementation of the project than initially planned for the implementation of the project presented in the application or if a circumstance appears in the case of which the objectives of the project can be achieved earlier or with fewer activities than planned for the implementation of the project presented in the application, the beneficiary shall support an application for ending the implementation of the project to the ARIB. The beneficiary submits the final report of the project specified in clause 20 (1) 2) and the documents specified in subsection 20 (2) of the ARIB with the application.

(4) The beneficiary must start implementing the project within three months of the making of the decision granting the application by the ARIB. Projects must be completed by 1 June 2023.

## **§ 20. Submission of documents proving implementation of projects**

(1) In order to have the support paid out after the completion of the activities intended for the relevant stage of the project and after they have been paid for in full, the beneficiary shall submit the following to the ARIB within one month of the end of the relevant stage:

- 1) progres report, which indicates the activities completed during the project stage, gives the reasons for the differences between the intended and actual outcomes of the stage where necessary, and self-assessment of the achievement of the objectives of the project stage, its success and implementation, and the prospect of achieving the final objective of the project;
- 2) in the case of the last stage of the project, the final report of the project, which summarises the activities completed in within the project duration, gives the reasons for the differences between the intended and actual outcomes of the project where necessary, provides self-assessment of the achievement of the final objective of the project and refers to the websites and other sources through which the general public have been informed about the project results.

(2) In order to have the support paid out, the beneficiary shall submit, in addition to the report specified in subsection (1), a payment claim with the following documents within one month of the end of the relevant stage:

- 1) the invoice and delivery note or copy of the invoice issued by the person from whom the beneficiary ordered the service or work or purchased goods;

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- 2) a copy or printout of the payment order or current account statement evidencing payment of the monetary obligation indicated on the invoice and delivery note specified in clause 1) or copy of the invoice;
- 3) copy of the employment contract or the employer's order, contract for services or authorisation agreement;
- 4) payment order, current account statement or printout or statement of the prepayment account of the Tax and Customs Board evidencing the payment of wages and the taxes related to wages;
- 5) statement of the payslip indicating the name of the employee and their employer, the wage calculated for the employee and the taxes withheld from the amount and other withholdings, and the net wage to be paid;
- 6) standard format time sheet if the employee performs other tasks in addition to working within the scope of the supported project;
- 7) copy of lease;
- 8) depreciation calculations if the support is applied for to cover the depreciation costs of tools or equipment;
- 9) copy of the tenders of at least three tenderers in the case specified in subsection 8 (1);
- 10) copy of the tender of at least one tenderer in the case specified in subsection 8 (2);
- 11) document evidencing travel expenses, including the vehicle log book or the ticket proving the use of public transport, and if a motor vehicle was rented or hired, the route and kilometrage of the trip, which prove the expenses incurred, and a copy or printout of the payment order or current account statement proving that said expenses were incurred.

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(3) The name of the person for whose work or services the invoice is issued must be indicated on the invoice issued about staff costs.

(4) In the case of leasing, the beneficiary shall submit to the ARIB after the implementation of the activities intended in the relevant stage of the project and after paying for them in full pursuant to the procedure set forth in the lease, the payment application specified in subsection (2) with the following documents:

- 1) in the case of the first submission of the payment application, the lease entered into between the lessor and the beneficiary, the payment schedule and a copy of the document evidencing the transfer of the object of lease;
- 2) in the case the application is submitted several times, a copy of the invoice or invoice and delivery note issued by the lessor to the beneficiary;
- 3) a copy or printout of the payment order or current account statement evidencing payment of the monetary obligation indicated on the invoice and delivery note specified in clause 2) or copy of the invoice;

(5) Only a credit institution operating on the basis of and pursuant to the Credit Institutions Act or a financial institution belonging to its consolidation group may be the lessor.

(6) If the beneficiary received support on the basis of a higher support rate according to clause 9 (4) 2), the documents specified in subsections (2) to (4) must indicate that the partner that participated in the project has covered at least 10 per cent of the eligible expenditure of the project.

(7) The content of the transaction indicated in the invoice and waybill or invoice specified in clauses (2) 1) and (4) 1) must correspond to the tender of the person that issued the invoice.

(8) The ARIB shall prepare the payment claim and time sheet forms and publish them on its website.

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## **§ 21. Payment of support and refusal to pay support**

(1) The support shall only be paid out to compensate for eligible expenditure and only if the beneficiary has implemented the project according to requirements.

(2) The ARIB makes the decision to pay the support on the basis of the payment claim submitted by the beneficiary during such a time that it would be possible to transfer the support to the beneficiary's current account within three months of the receipt of the appropriate documents specified in § 20.

(3) The ARIB shall make a decision to refuse to pay the support in the cases stipulated in subsection 81 (3) of the European Union Common Agricultural Policy Implementation Act within 25 working days of becoming aware of the circumstance that is the basis for refusing to pay the support.

(4) In the case of a decision to refuse to pay the support, the ARIB shall declare the decision granting the support fully or partially invalid.

## **§ 22. Retention of documents**

The documents submitted on the basis of the regulation shall not be returned to the applicant. Said documents shall be retained in the ARIB by 31 December 2032.

## **§ 23. Implementing provision**

The maximum size of support is in the call for proposals taking place in 2016 is 50,000 euros of eligible expenditure per project.

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[Annex](#) Criteria for evaluation of applications