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Conditions and procedure for the provision of development assistance and humanitarian aid

Regulation No. 8 of the Government of the Republic of 21 January 2010

This Regulation is established on the basis of clause 8 (1) 11) of the Foreign Relations Act.

Chapter 1

GENERAL PROVISIONS

§ 1. Scope of application of Regulation

This Regulation provides for the ways and conditions of awarding development co-operation and humanitarian aid grants, the procedure for applying for the grants, and the use and recovery of the grants.

§ 2. Definitions

For the purposes of this Regulation:

- 1) **eligible expenditure** means the expenditure which is justified, reasonable and necessary for implementing a project and which is incurred in conformity to this Regulation, the decision to approve the project proposal and the contract for the use of state budget allocation;
- 2) **Development Plan** means the Development Plan for Estonian Development Co-operation and Humanitarian Aid which sets forth the objectives of development assistance and humanitarian aid and determines the priority countries for development co-operation;
- 3) **development co-operation or development assistance** means financial and other material assistance or know-how provided to a developing country;
- 4) **development co-operation or humanitarian aid project** (hereinafter: *project*) means a single action or a set of actions (including advocacy activities) limited by time and space and aimed at providing development assistance or humanitarian aid for the implementation of which a grant is sought or will be used;
- 5) **developing country** means a country classified as such by the Organisation for Economic Co-operation and Development (hereinafter: OECD);
- 6) **donor country** means a country which is providing development assistance or humanitarian aid to another country;
- 7) **Principles of Good Humanitarian Donorship** are the common principles and good practice criteria for the provision of humanitarian aid agreed between donor countries;
- 8) **humanitarian aid** means financial and other material assistance provided to another country to save human lives during or after natural or man-made disasters, minimise human suffering and ensure the essential means necessary for living in a manner compatible with human dignity, as

well as assistance to prevent such situations and enhance the capacity to respond to such situations;

9) **monitoring** means constant supervision over the implementation and effectiveness of the implementation of grants;

10) **co-financing** means a monetary contribution or a contribution measurable in money made to a project by a partner which is added to the grant and self-financing. Only eligible expenditure incurred by a partner shall be recognised as co-financing;

11) **statement of expenditure** means an interim or final report on a project, submitted to the Ministry of Foreign Affairs by the due dates specified in the contract for the use of state budget allocations and containing a detailed description of the activities carried out and the results achieved. A statement of expenditure consists of an activity report and a financial statement;

12) **expense receipt** means an underlying document which certifies an economic transaction and meets the formal requirements established in the Accounting Act and the Value Added Tax Act or the legislation of the target country. Expense receipts are integral parts of a statement of expenditure;

13) **logical framework** means a systematic method of project planning which specifies the levels and connections of objectives and identifies, through assumptions and risks, the conditions subject to the occurrence of which it is possible to intervene in problem-solving;

14) **micro-financing** means support granted through the foreign mission of Estonia in a priority country for the implementation of a small-scale development co-operation project in that country;

15) **self-financing** means a monetary contribution or contribution measurable in money made into a project by a final recipient or partner. Only eligible expenditure incurred by a final recipient or partner shall be recognised as self-financing;

16) **bid** means an offer of acquisition of supplies or provision of services for humanitarian purposes submitted to the Ministry of Foreign Affairs under the terms of reference specified by the latter by a legal person, governmental authority or local government authority or an agency administered by a governmental authority or local government authority;

17) **partner** means a legal person, governmental authority or local government authority or an agency administered by a governmental authority or local government authority, specified by the final recipient in the project proposal, which contributes financially to the project or whose financial contribution is measurable in money and which is not a contractor or service provider in the project. A partner may contribute to the project through self-financing or co-financing;

18) **priority country** means a developing country with which Estonia co-operates for the benefit of that country and which has been specified as such in the Development Plan;

19) **total eligible expenditure of project** means the sum of the grant, self-financing and co-financing;

20) **eligibility period of project** means the period determined in the decision to approve a project proposal, within which the project activities begin and end and the expenditure necessary for the implementation of the project is incurred;

21) **audit at project level** means activity in the course of which the rationality of project activities is analysed and assessed and the conformity of declared expenditure to accounting source documents and the legislation of Estonia is verified;

22) **international co-operation** means bilateral or multilateral co-operation between countries or international organisations in the provision of development assistance or humanitarian aid;

23) **contract for the use of state budget allocation** means a contract signed between the Ministry of Foreign Affairs and a final recipient concerning the use of a grant;

24) **target country** means a country included in the list of developing countries of OECD's Development Assistance Committee, a priority country for Estonia's development co-operation policy or a country in need of humanitarian aid;

25) **scholarship** means the award of development co-operation and humanitarian aid funds to nationals of priority countries for the purpose of acquiring higher education or carrying out research in Estonian higher education institutions or research and development institutions;

26) **project proposal** means a standard-format written application for a grant and the documents enclosed therewith;

27) **call for proposals** means a way of collecting proposals, with proposals having to be submitted by the due date specified in the invitation to respond to the call for proposals of the Ministry of Foreign Affairs;

28) **payment document** means a bank statement, a copy of a payment order or a cash debit slip;

29) **plan for advocacy activities** means an action plan for a project which specifies the activities aimed at introducing the possibilities of using Estonia's development co-operation and humanitarian aid funds to the public at large and establishes the timetable of such activities;

30) **feasibility study** means an assessment of a target country's current situation and needs for aid in order to determine whether it is possible to implement a project in the given circumstances, in terms of both timing and finances;

- 31) **grant** means an amount of state budget funds allocated through the Ministry of Foreign Affairs for the purpose of meeting the objectives set out in the Development Plan;
- 32) **final recipient** means a person whose project proposal has been approved pursuant to the procedure established in this Regulation;
- 33) **applicant for assistance** ((hereinafter: *applicant*) means a legal person or agency specified in this Regulation who has submitted or submits a project proposal;
- 34) **small-scale project** means a project which is implemented within 12 months and which is supported with at least 10,000 kroons and up to 100,000 kroons.

§ 3. Body organising development co-operation and the provision of humanitarian aid

- (1) Development co-operation and the provision of humanitarian aid shall be organised by the Ministry of Foreign Affairs (hereinafter: *ministry*).
- (2) When performing the task established in subsection (1) of this section, the ministry shall award development co-operation and humanitarian aid grants in the manner established in section 5 of this Regulation.
- (3) When organising development co-operation, the ministry shall be guided by the Principles of Estonian Development Co-operation, the Development Plan, the needs of target countries, national poverty reduction strategies or other development plans of developing countries, as well as international agreements on development co-operation.
- (4) When organising the provision of humanitarian aid, the ministry shall be guided by international humanitarian law, the European Consensus on Humanitarian Aid, the Principles of Good Humanitarian Donorship, the Development Plan and countries' or international organisations' requests for assistance.
- (5) The ministry shall initiate development co-operation or the provision of humanitarian aid on the basis of an appeal of a target country, another donor country's proposal for co-operation or a call or request for assistance from an international organisation, conference or other international body (hereinafter: *aid initiative*). The ministry may also initiate development co-operation or the provision of humanitarian aid on its own initiative.
- (6) When initiating development co-operation or the provision of humanitarian aid, the ministry shall assess the possibilities of participation in the activities specified in the aid initiative and the possibilities of financing these activities. If necessary, the ministry shall collect additional information about the aid initiative from the person proposing the initiative or from other countries and international organisations.

§ 4. Development co-operation committee

- (1) The Minister of Foreign Affairs shall set up an advisory committee for development co-operation (hereinafter: *committee*).
- (2) The committee shall:
- 1) evaluate development co-operation proposals submitted within the scope of calls for proposals and make suggestions to the Minister of Foreign Affairs to approve or reject the proposals;
 - 2) evaluate final recipients' applications for amendment of the decisions to approve project proposals and make suggestions to the Minister of Foreign Affairs to amend or refuse to amend the decisions to approve project proposals;
 - 3) evaluate statements of expenditure submitted with regard to projects and make suggestions to the Minister of Foreign Affairs to approve or refuse to approve the statements of expenditure; and
 - 4) make suggestions to the Minister of Foreign Affairs to recover grants or revoke decisions to approve project proposals.

(3) The committee shall consist of at least nine members. The committee shall consist of representatives of the Ministry of Education and Research, Ministry of Justice, Ministry of the Environment, Ministry of Economic Affairs and Communications, Ministry of Finance, Ministry of the Interior and Ministry of Foreign Affairs, and at least two representatives of civil society. The committee may also involve representatives of other institutions as well as other independent experts in the work of the committee.

(4) The rules of procedure of the committee shall be established by the Minister of Foreign Affairs.

(5) This section shall not apply to participation in international co-operation or to the provision of assistance in the form of micro-financing or humanitarian aid.

Chapter 2

AWARDING OF GRANTS

§ 5. Ways of awarding grants

(1) The ministry shall award development co-operation grants through calls for proposals, in the form of micro-financing or through participation in international co-operation.

(2) Development co-operation grants can be applied for through open calls for proposals or restricted calls for proposals. The following constitute special types of open calls for proposals:

- 1) call for proposals for co-financing development co-operation projects of the European Commission; and
- 2) call for proposals for awarding scholarships to nationals of priority countries.

(3) Development co-operation grants which are applied for within the scope of calls for proposals and in the form of micro-financing can be applied for on the basis of the projects specified in the project proposals.

(4) The ministry shall award humanitarian aid grants through participation in international co-operation or on the basis of humanitarian aid projects specified in proposals submitted within the scope of restricted calls for proposals. The ministry may also provide humanitarian aid itself, inviting bids to that end, if necessary.

§ 6. Announcement of calls for proposals

(1) The ministry shall announce an open call for proposals by publishing an invitation to submit proposals in at least one national daily newspaper and on its website. There shall be a period of at least 50 working days between the announcement of an open call for proposals and the due date of submission of proposals.

(2) The ministry shall announce a restricted call for proposals by sending invitations to submit proposals to applicants chosen by the ministry. The invitations to submit proposals shall provide for a sufficient period for preparation of proposals.

(3) An invitation to submit proposals shall set out at least the following information:

- 1) the due date of submission of proposals;
- 2) the address for submission of proposals;
- 3) the budget of funds envisaged for the call for proposals; and
- 4) references to additional information.

§ 7. Open call for proposals

(1) The ministry shall decide on the need to organise an open call for proposals. Subject to the availability of budgetary resources, the ministry shall organise an open call for proposals at least once a year.

(2) In addition to the data prescribed in subsection 6 (3) of this Regulation, an invitation to submit proposals within the scope of an open call for proposals shall set out at least the following information:

- 1) a list of target countries of projects;
- 2) the areas of activity to be supported;
- 3) indicative objectives and results of projects; and
- 4) the maximum duration of projects.

(3) Within the scope of an open call for proposals, grants may be applied for by:

- 1) governmental authorities or agencies administered by governmental authorities;
- 2) local government authorities or agencies administered by local government authorities;
- 3) non-profit organisations or foundations registered and continuously operating in the Republic of Estonia in the public interest, including county or national associations of local governments; and
- 4) other legal persons registered and continuously operating in the Republic of Estonia.

(4) The following documents shall be appended to a proposal submitted in response to an open call for proposals:

- 1) a timetable for project activities;
- 2) a logical framework for multi-year projects; and
- 3) a plan for advocacy activities.

(5) This section shall not apply to open calls for proposals for co-financing development co-operation projects of the European Commission or to open calls for proposals for awarding scholarships to nationals of priority countries.

§ 8. Open call for proposals for co-financing development co-operation projects of the European Commission

(1) The ministry shall announce open calls for proposals for co-financing the self-financing portion of development co-operation projects of the European Commission subject to the availability of budgetary resources. Proposals provided for in this section may be submitted by:

- 1) local government authorities or agencies administered by local government authorities; and
- 2) non-profit organisations or foundations registered and continuously operating in the Republic of Estonia in the public interest, including county or national associations of local governments.

(2) To be awarded a grant, an applicant shall submit a project proposal to the ministry, accompanied by the following documents:

- 1) a brief description and the objectives, planned activities and results of the project;
- 2) the full project proposal submitted to the European Commission; and
- 3) a copy of the European Commission's funding decision or of the signed grant agreement.

(3) Clauses 21 (3) 1) and 2) of this Regulation shall not apply to project proposals provided for in this section.

§ 9. Open call for proposals for awarding scholarships to nationals of priority countries

(1) The ministry shall announce open calls for proposals for awarding scholarships to nationals of priority countries for the purpose of acquiring higher education or carrying out research in Estonia subject to the availability of budgetary resources. Scholarships shall be awarded through Estonian higher education institutions or research and development institutions (hereinafter: *scholarship programme*).

(2) A scholarship shall cover the scholarship holder's costs of travelling to Estonia and to his or her permanent country of residence, costs of applying for a residence permit in Estonia, study and living expenses and insurance costs.

(3) Within the scope of scholarship programmes, grants are only awarded to priority country nationals studying in Estonian higher education institutions under national curricula.

(4) The procedure for awarding scholarships shall be established by the Minister of Foreign Affairs.

(5) In addition to the data prescribed in subsection 6 (3) of this Regulation, an invitation to submit proposals for a scholarship programme shall set out at least the following information:

- 1) objective of the scholarship programme;
- 2) information concerning studies;
- 3) target group; and
- 4) duration of scholarship.

(6) Proposals for scholarship programmes may be submitted by Estonian higher education institutions or research and development institutions. A proposal shall be accompanied by:

- 1) the CV and a photo and copy of the passport of the person for whom the scholarship is sought;
- 2) a recommendation letter from the institution or legal entity where the person for whom the scholarship is sought is studying or working;
- 3) the person's letter of motivation;
- 4) a brief description of the research project, if the scholarship is sought for the purpose of research; and
- 5) a written confirmation of acceptance into a higher education institution or of research carried out in a research and development institution.

(7) Clauses 21 (3) 1) and 5) of this Regulation shall not apply to project proposals provided for in this section.

§ 10. Restricted call for proposals

(1) The ministry may, in exceptional cases, announce restricted calls for proposals to collect development co-operation proposals if this is justified by a good cause stemming from an aid initiative, in particular by the specificity or urgency of the assistance needed.

(2) The ministry may announce restricted calls for proposals to collect humanitarian aid proposals. In such a case, a humanitarian aid proposal shall contain a humanitarian aid project.

(3) The authorities and agencies specified in subsection 7 (3) of this Regulation or persons to whom the ministry has sent invitations to submit proposals along with its terms of reference may participate in a restricted call for proposals.

(4) Terms of reference shall set out at least the following information:

- 1) requirements for the project, service or supplies;
- 2) structure of the proposal or bid and the term of the procurement, if necessary; and
- 3) criteria for evaluation of the proposal or bid.

(5) The ministry shall send an invitation to submit proposals along with the terms of reference to at least two authorities and agencies specified in subsection 7 (3) of this Regulation or persons whom the ministry has chosen on the basis of objective and non-discriminatory terms.

(6) In the event that a feasibility study needs to be carried out to prepare a proposal, the applicant shall submit an application for funding the study to the ministry. If the application is granted, a preliminary contract shall be signed with the applicant. In the event that an applicant cannot append expense receipts concerning the feasibility study to the project proposal submitted, an

appropriate reference shall be made in the project proposal and the expense receipts shall be submitted to the ministry together with the statement of expenditure.

(7) A proposal provided for in this section shall be accompanied by the documents prescribed in subsection 7 (4) of this Regulation.

§ 11. Micro-financing

(1) The purpose of micro-financing is to respond rapidly to the short-term needs of priority countries and to enhance the capacity of their governmental authorities, local government authorities and non-profit organisations and foundations operating in the public interest.

(2) Micro-financing can be applied for by:

1) a priority country's governmental authority, local government authority or agency administered by a governmental authority or local government authority. Subsections 19 (1) and (3) of this Regulation shall not apply in such a case;

2) a non-profit organisation or foundation registered and continuously operating in the public interest in a priority country. Subsections 19 (1) and (3) and clause 19 (2) 1) of this Regulation shall not apply in such a case;

3) a legal person registered and continuously operating in the Republic of Estonia, provided that a governmental authority, local government authority, non-profit organisation or foundation of a priority country has confirmed its participation in the project.

(3) An applicant shall submit its project proposal in Estonian or English to the foreign mission of Estonia in the relevant country. Clauses 21 (3) 1), 2) and 7) of this Regulation shall not apply to the project proposal. The foreign missions of Estonia shall assess the merits of each proposal.

(4) Micro-finance project proposals may also be submitted and the projects specified in the proposals may be implemented by the ministry itself.

§ 12. Participation in international co-operation

(1) The ministry shall participate in international co-operation by making allocations to international development co-operation or humanitarian aid organisations or within the scope of international co-operation projects. The ministry may also participate in international co-operation in another manner.

(2) The ministry's allocations to international development co-operation or humanitarian aid organisations may be earmarked or non-earmarked. An earmarked allocation is made for the purpose of a specific action. In the case of a non-earmarked allocation, no specific action is determined for which the development co-operation or humanitarian aid organisation may use the allocation.

(3) When participating in an international co-operation project, the contribution made depends on the project submitted to the ministry by another donor country or by an international organisation.

(4) The manner and scope of participation in international co-operation shall be decided by the Minister of Foreign Affairs.

(5) Chapters 3–8 of this Regulation shall not apply to participation in international co-operation.

§ 13. Humanitarian aid

(1) The ministry shall assess separately all needs for humanitarian aid and provide aid in a manner that is most needed in the particular situation and in line with the activities of other bodies providing assistance.

(2) The manner and scope of providing humanitarian aid shall be decided by the Minister of Foreign Affairs.

(3) Section 12 of this Regulation shall apply to the awarding of humanitarian aid grants through participation in international co-operation.

(4) Subsections 6 (2) and (3) and 10 (2)–(5) of this Regulation shall apply to the awarding of humanitarian aid grants through restricted calls for proposals. Subsections 10 (6) and (7), clause 15 (6) 3), subsection 17 (2), clause 21 (1) 1), subsections 21 (2) and (3) and clause 32 (5) 5) of this Regulation shall not apply to humanitarian aid proposals.

(5) In the event that the ministry has invited bids for the provision of humanitarian aid, the provisions of subsections 6 (2) and (3) and 10 (2)–(5) of this Regulation concerning restricted calls for proposals shall apply to the submission of the bids. Chapters 3–8 of this Regulation shall not apply to the bids.

Chapter 3

ELIGIBILITY OF PROJECT EXPENDITURE AND LIMITS OF FUNDING

§ 14. Eligibility period of project

(1) The eligibility period of a project shall begin on the date of the decision to approve the project proposal or a later date specified in the decision. The eligibility period shall end on the date established in the decision to approve the project proposal.

(2) Expenditure may be deemed to be eligible if it has been incurred during the eligibility period of the project and within 30 calendar days of the end of the eligibility period and provided that the activities underlying the expenditure have been carried out during the eligibility period of the project. The date of preparation of an expense receipt shall be deemed the date on which expenditure was incurred.

(3) In exceptional cases, a date earlier than the date of the decision to approve a project proposal may be designated as the date on which the eligibility period of the project begins. In such a case, the expenditure incurred before the date of the decision to approve a project proposal which complies with the requirements established in subsection 15 (1) of this Regulation shall be deemed as eligible expenditure. Such expenditure shall be indicated separately in the project proposal and its unavoidability and connection with the implementation of the project shall be proved. The project proposal shall be accompanied by supporting payment documents.

(4) A final recipient may request, pursuant to the procedure prescribed in subsection 26 (1) of this Regulation, that:

- 1) the eligibility period of the project be extended if any circumstances occur during the implementation of the project which are independent of the final recipient and which could not be foreseen when submitting the project proposal; or
- 2) the eligibility period of the project be shortened and the project be completed ahead of time if all of the project activities have been carried out and the project has achieved its objectives or if any circumstances occur which are independent of the final recipient and which do not enable the project to be continued.

(5) A project shall be deemed to have ended upon approval of the final report.

§ 15. Eligible and ineligible expenditure

(1) For the purposes of this Regulation, eligible expenditure shall meet the following criteria:

- 1) the expenditure has been incurred during the period specified in subsection 14 (2) of this Regulation and has arisen from the activities specified in the Development Plan;
- 2) the expenditure is directly related to the project, transparent, described in detail and indispensable to the implementation of the project;
- 3) the expenditure complies with the decision to approve the project proposal, the budget of the project and the contract for the use of state budget allocation; and
- 4) the expenditure is certified by an expense receipt that conforms to this Regulation.

(2) Eligible expenditure includes:

- 1) remuneration paid to persons working for the project under an employment contract, a directive or order regarding the appointment of a public servant or a contract under the law of obligations (hereinafter: *employee*). In the event that a final recipient or partner has paid remuneration to an employee in a period preceding the project and continues to do so during the project, the employee's additional duties relating to the project shall be evidenced;
- 2) employees' holiday pay calculated in accordance with the Employment Contracts Act, in proportion to the time worked on the project;
- 3) benefits paid under law upon release from office and termination of employment contracts, in proportion to the time worked on the project;
- 4) benefits for temporary incapacity for work paid by the employer under the Health Insurance Act;
- 5) remuneration paid to experts engaged in the project;
- 6) taxes payable on the expenditure specified in clauses 1)-5) of this subsection under laws (including laws of foreign countries);
- 7) employees' travel costs (including accommodation and travel expenses, travel insurance for assignments abroad) and daily subsistence allowances associated with the project;
- 8) employees' travel costs subject to the presentation of public transport tickets or taxi bills or payment documents and calculations certifying fuel consumption, or on the basis of the internal conditions and benefits for use of personal means of transport;
- 9) employees' parking costs associated with the project, certified by expense receipts enabling the time and place of parking to be established;
- 10) costs of procuring supplies and services directly associated with the objectives of the project;
- 11) costs of organising seminars and training associated with the project;
- 12) costs of subcontracts associated with the project;
- 13) costs of issuing printed and digital materials associated with the project;
- 14) costs of environmental impact assessment, if such assessment is required for the implementation of the project;
- 15) costs of advocacy activities associated with the project;
- 16) bank fees associated with the project;
- 17) overhead costs of the project;
- 18) state taxes and duties that Estonia or a foreign country does not refund (including Value Added Tax);
- 19) costs of non-monetary contributions, on the conditions prescribed in this Regulation; and
- 20) other direct costs relevant to the implementation of the project (including contingencies) which cannot be indicated on other budget lines.

(3) Daily subsistence allowances, accommodation expenses and costs of using personal means of transport shall be eligible up to the non-taxable limit established in the Income Tax Act.

(4) A cash payment shall only be eligible if it is impossible to pay to a supplier or service provider by way of bank transfer or to make a card payment, and subject to the existence of an expense receipt concerning the cash payment.

(5) Value Added Tax shall be deemed an eligible expense if it is possible to show that the final recipients are end consumers who, under the legislation that governs Value Added Tax, are not entitled to deduct input Value Added Tax or apply for the refund of Value Added Tax and who are not compensated for Value Added Tax in any other manner.

(6) The following limitations shall apply to eligible expenditure:

- 1) employee-related staff costs may account for up to 20% of total eligible expenditure. Remuneration paid to experts shall not be included in these costs;
- 2) overhead costs of a project may account for up to 10% of total eligible expenditure; and
- 3) contingencies may account for up to 5% of total eligible expenditure.

(7) The following shall be deemed to be ineligible expenditure:

- 1) staff costs related to the management of a final recipient;
- 2) daily subsistence allowances, accommodation expenses and costs of using personal means of transport which exceed the non-taxable limit established in the Income Tax Act, unless such expenditure is indispensable to the implementation of the project;
- 3) costs of travelling in Business Class;
- 4) costs related to benefits paid to employees in addition to remuneration for work;
- 5) expenditure related to transactions made between associated persons as defined in section 8 of the Income Tax Act, unless such expenditure is indispensable to the implementation of the project;
- 6) representation expenses and costs of gifts made, unless such expenditure is incurred at the expense of self-financing and is indispensable to the implementation of the project;
- 7) fines, late payment interest, other financial sanctions and legal costs;
- 8) reserves to cover contingencies;
- 9) expenditure previously reimbursed from the state budget, funds of the European Union or foreign aid; and
- 10) other expenditure which is not related to eligible activities and is not indispensable to the implementation of the project.

§ 16. Determining the eligibility of overhead and staff costs

(1) Remuneration paid to employees implementing a project and to experts involved in the project should not normally exceed the average salary level in the relevant area in Estonia.

(2) The following overhead costs directly related to a project shall be deemed eligible:

- 1) costs of acquiring office supplies. Office supplies shall not include office facilities;
- 2) costs of taking office equipment on operating lease. The total cost of operating lease commitments shall not exceed the acquisition cost of the office equipment;
- 3) costs of communications services, including monthly fees and subscription charges for telephone and fax services, current expenses of using these services, and current costs of using postal services and electronic data communications services;
- 4) information technology (servers and networks) and office equipment maintenance and repair costs;
- 5) utilities, including the costs of heating, water and electricity consumption, and cleaning of premises;
- 6) costs of renting premises; and
- 7) costs of guarding services, excluding the cost of false alarms.

(3) Overhead costs not listed in subsection (2) of this section shall not be included in eligible expenditure.

(4) Overhead costs shall be indicated in project proposals by type; in addition, the methodology of recognising overhead costs as project costs shall be indicated. The eligible portion of overhead costs shall be calculated as a proportion of the total amount of overhead costs of a project, based on:

- 1) the area of the premises used; and
- 2) the expenditure incurred.

§ 17. Limits of grants and self-financing

(1) The grant, self-financing and co-financing shall cover the eligible expenditure of a project.

(2) The minimum amount of grants awarded within the scope of calls for proposals shall be 50,000 kroons per project, with the exception of projects whose aim is to inform the public. The minimum amount of grants awarded for projects aimed at informing the public shall be 10,000 kroons.

(3) The maximum amount of micro-financing shall be 100,000 kroons per project.

(4) A grant may account for:

- 1) up to 95% of total eligible expenditure;
- 2) up to 10% of total eligible expenditure if the grant is awarded for co-financing a development co-operation project of the European Commission; or
- 3) up to 100% of total eligible expenditure if the grant is awarded within the scope of a restricted call for proposals.

(5) In the cases specified in clause (4) 1) of this section, self-financing shall account for no less than 5% of total eligible expenditure. Self-financing shall be earmarked for the implementation of the project.

(6) A non-monetary contribution recognised in accordance with section 18 of this Regulation may account for 50% of the required amount of self-financing.

§ 18. Recognition of non-monetary contribution as self-financing

(1) A non-monetary contribution is preconditioned by costs being incurred under normal circumstances. A person or agency who is not a final recipient or a partner enables a final recipient or a partner to use premises, equipment, materials or facilities as a non-monetary contribution or provides free services for which the recipient or partner would have to pay under normal circumstances, or performs voluntary work for the recipient or partner within the scope of a project.

(2) The following shall be taken into account when recognising a non-monetary contribution as self-financing:

- 1) the non-monetary contribution shall be set out in the project proposal;
- 2) the non-monetary contribution shall meet the criteria established in clauses 15 (1) 1)-3) of this Regulation;
- 3) the person or agency who is not a final recipient or a partner and who is offering the use of premises, equipment, materials or facilities, voluntary work or services free of charge shall have to agree to the use thereof as a non-monetary contribution to the relevant project;
- 4) the person or agency who is not a final recipient or a partner and who is offering free use of premises, equipment, materials or facilities, voluntary work or services which are intended to be recognised as a non-monetary contribution shall be able to prove the actual value thereof by providing a description of the formation of the value along with supporting documentation; and
- 5) the non-monetary contribution shall be indicated in the budget of the project as the self-financing of either the final recipient or a partner, depending on who would normally incur the given expenditure.

(3) The following shall not be deemed to be a non-monetary contribution:

- 1) discounts; and
- 2) premises, equipment, materials or facilities used within the scope of a project if the final recipient or a partner would normally be able to use these free of charge.

Chapter 4

REQUIREMENTS OF APPLICANTS AND PROJECT PROPOSALS

§ 19. Requirements of applicants

(1) An applicant shall have a co-operation partner in the target country for the implementation of the project. The co-operation partner may be a legal person, governmental authority, local government authority or agency administered by a governmental authority or local government authority.

(2) An applicant in private law shall meet the following requirements:

- 1) the applicant is registered with the Estonian commercial register or register of non-profit organisations and foundations;
- 2) no liquidation proceeding is being conducted and no bankruptcy order has been issued with respect to the applicant or a person controlling the applicant;
- 3) the applicant has no arrears of state taxes or there is an agreement on payment of the tax arrears in instalments. The instalments of tax arrears have been paid in accordance with the agreed timetable; and
- 4) where the applicant has previously received any assistance from state budget funds, European Union funds or other funds of foreign aid which were subject to repayment, the repayments have been made when due and in the required amount.

(3) An applicant may not be represented by a person who has been punished for an economic offence, official misconduct, offence against property or offence against public trust, and information concerning the punishment has not been expunged from the punishment register pursuant to the Punishment Register Act.

§ 20. Obligations of applicants

An applicant shall:

- 1) make it possible to verify the conformity of the project proposal and the applicant to requirements and the reality of the data submitted;
- 2) notify the ministry immediately in writing of any changes in the data set out in the project proposal and of circumstances which may affect the decision to be made on the project proposal;
- 3) at the request of the ministry, demonstrate the existence of self-financing or other funds or documents required under this Regulation or circumstances related to the self-financing, other funds or documents;
- 4) at the request of the ministry, submit a certificate from the Tax and Customs Board concerning tax arrears, absence of tax arrears or the agreement on payment of the tax arrears in instalments which has been issued no earlier than ten working days before the date of registration of the project proposal at the ministry; and
- 5) comply with other obligations established in legislation and provide information to the ministry which may affect the decision to be made on the project proposal.

§ 21. Requirements of project proposals

(1) A project proposal shall meet the following requirements:

- 1) the project proposal is submitted in the form established by the Minister of Foreign Affairs under subsection 9 (11) of the Foreign Relations Act and is accompanied by all of the requisite documents;
- 2) the project proposal is submitted electronically and is digitally signed or is submitted on paper and is signed in handwriting and accompanied by an electronic copy;
- 3) the project proposal indicates the objective of the project, and the data set out in the project proposal are complete and accurate; and
- 4) a project proposal submitted in response to a restricted call for proposals conforms to the terms of reference established by the ministry.

(2) The project contained in a project proposal shall meet the following requirements:

- 1) the objectives, activities and geographic focus of the project are in accordance with the Development Plan and are based on the needs and preferences of the target country;
- 2) the project proposal takes into account all of the activities required to implement the project and these activities can be carried out during the proposed period;

3) the budget of the project contained in the project proposal is reasonable and the budgetary expenditure is presented by type of expenditure. In the case of a multi-year project, the project proposal sets out the budget of the project for each calendar year; and
4) where grants are concurrently sought for the project or for individual project activities from other state budget funds, European Union funds or other funds of foreign aid, the relevant information is set out in the project proposal.

(3) A project proposal shall contain the following documents:

- 1) a summary of the report on, and conclusions of, the environmental impact assessment if legislation provides for the requirement to carry out an environmental impact assessment for the implementation of the project;
- 2) a list of development co-operation grants awarded to the applicant from state budget funds, European Union funds or other funds of foreign aid during the three calendar years preceding the date of signing the project proposal;
- 3) a written confirmation or the co-operation agreement signed by the applicant and all project partners or an unattested copy thereof, indicating the allocation of activities and costs between the participants in the project;
- 4) a power of attorney if the applicant's representative is acting under a mandate;
- 5) a list of experts participating in the project and their CVs. In the event that the names of the experts are not known at the time of submitting the project proposal, the project proposal shall indicate the number of experts to be engaged and their specialties, except if the entire project relies on one expert (key expert). In such a case, the project proposal shall set out the key expert's name and CV;
- 6) a statement of non-bribery; and
- 7) three provisional price bids for the services, supplies or rights whose estimated value exceeds 100,000 kroons net of Value Added Tax. If three independent price bids cannot be obtained, the project proposal shall be accompanied by an appropriate justification. In the event that a more expensive bid has been selected, the choice shall be justified.

Chapter 5

PROCESSING PROJECT PROPOSALS

§ 22. Term of processing project proposals

(1) The term of processing a project proposal shall be up to 60 working days. The ministry may extend the term of processing a project proposal by up to 15 working days if an additional expert analysis needs to be carried out.

(2) The processing of project proposals shall begin on the due date for submission of project proposals as prescribed in the call for proposals if the project proposals are submitted in response to a call for proposals. The processing of micro-finance project proposals shall begin on the date of registration of the project proposals at the ministry.

§ 23. Review of project proposals

(1) The ministry shall register all project proposals that are received by the due date prescribed in the call for proposals and review them in order of receipt. Micro-finance project proposals shall be registered and reviewed by the ministry on an ongoing basis.

(2) The ministry shall review a project proposal within ten working days of the start date of processing. In the course of the review, the ministry shall check the conformity of the project proposals and applicants to requirements. If a project proposal and the applicant conform to the requirements, the ministry shall notify the applicant in writing or, subject to the consent of the applicant, send the notification to the e-mail address indicated in the project proposal.

(3) Where, in the course of the review, the ministry detects shortcomings in a project proposal, it shall forthwith notify the applicant and grant up to seven working days for elimination of the

shortcomings. The term for processing the project proposal shall be extended by the time granted for the elimination of the shortcomings.

(4) The ministry shall acknowledge the conformity of an applicant and the project proposal if the requirements established in this Regulation with regard to applicants and project proposals are met. The ministry shall not acknowledge the conformity of a project proposal if the applicant fails to eliminate shortcomings within the period specified in subsection (3) of this section.

(5) If the ministry has acknowledged the conformity of an applicant and the project proposal, it shall forward the project proposal to the committee for substantive evaluation. Micro-finance project proposals as well as humanitarian aid proposals specified in subsection 13 (4) of this Regulation shall be evaluated by the ministry.

(6) In the event that the ministry declares an applicant and project proposal as non-compliant with requirements, the Minister of Foreign Affairs shall make the decision to reject the project proposal. In such a case the project proposal shall not undergo substantive evaluation.

§ 24. Evaluation of project proposals

(1) Project proposals shall be evaluated on the basis of the following criteria:

- 1) purposefulness of the project – relative weight up to 15% of the maximum aggregate score;
 - 2) sustainability of the project – relative weight up to 10% of the maximum aggregate score;
 - 3) quality of preparation of the project – relative weight up to 30% of the maximum aggregate score;
 - 4) economic efficiency of the project – relative weight up to 30% of the maximum aggregate score;
- and
- 5) capacity of the applicant – relative weight up to 15% of the maximum aggregate score.

(2) In the case of restricted calls for proposals, the conformity of projects to the terms of reference of the ministry shall be evaluated and subsection (1) of this section shall not apply.

(3) A project proposal shall be approved if:

- 1) it has received at least 6.5 points as an aggregate score under the evaluation criteria specified in subsection (1) of this section, and no criterion has received a rating of 1;
- 2) the amount applied for does not exceed the budget of funds envisaged for the call for proposals if the grant is sought within the scope of a call for proposals; and
- 3) the project proposal conforms to the terms of reference established by the ministry if it was submitted in response to a restricted call for proposals.

(4) The committee or the ministry may request that the applicant provide additional information necessary for the evaluation of a project proposal and, if this is justified, suggest that the applicant alter the amount applied for or the project activities, provided that the objectives of the project will still be achieved and the amount applied for will not be increased. For the answering of questions or the amending of the project proposal a period of up to seven working days shall be granted, by which the term of processing the project proposal shall be extended.

(5) Guidelines for evaluating project proposals and the model evaluation sheet shall be established by the Minister of Foreign Affairs.

§ 25. Decisions to approve or reject project proposals

(1) Decisions to approve or reject project proposals shall be made by the Minister of Foreign Affairs.

(2) A project proposal may be approved in part or in full.

(3) Project proposals may only be approved in part in justified cases, and provided that the objectives of the projects can still be achieved in the event of partial approval of the project proposals. In the case of partial approval of a project proposal, the amount of the grant may be reduced and the budget, duration and supported activities of the project may be altered with the consent of the applicant. If the applicant does not agree with such alterations, the Minister of Foreign Affairs shall make the decision to reject the project proposal.

(4) Partial approval of a project proposal is justified if:

- 1) the financial volume of the project proposal exceeds the available balance of the budget of the call for proposals; or
- 2) the grant is sought for activities or expenses that are ineligible or indispensable to the implementation of the project.

(5) A decision to approve a project proposal shall set out at least the following:

- 1) the name of the final recipient and of the project;
- 2) the objective of the project;
- 3) the amount of the grant in kroons;
- 4) the rate of self-financing; and
- 5) the eligibility period of the project.

(6) The ministry shall notify an applicant about the decision to approve or reject the project proposal in writing or, subject to the consent of the applicant, send the notification to the e-mail address indicated in the project proposal within five working days of making the decision.

(7) In the event that the Minister of Foreign Affairs makes a decision to reject a project proposal, the applicant shall not be entitled to apply to the ministry for reimbursement of expenditure already incurred.

(8) The ministry shall sign the contract for the use of the state budget allocation with the final recipient on the basis of the decision to approve the project proposal.

§ 26. Amendment of decisions to approve project proposals

(1) A final recipient shall submit a written application to the ministry if the final recipient seeks:

- 1) alteration of the objective of its project;
- 2) an increase in the amount of the grant;
- 3) alteration of the self-financing rate;
- 4) alteration of the eligibility period of the project;
- 5) alteration of any other conditions concerning the grant or project established in the decision to approve the project proposal; or
- 6) alteration of a budget line intended for a particular project activity at the expense of another budget line by more than 10% or alteration of the budget in a manner resulting in transfers between budget lines exceeding 100,000 kroons.

(2) The committee shall evaluate whether the application specified in subsection (1) of this section is justified. Applications submitted with regard to micro-financing project proposals as well as the humanitarian aid proposals specified in subsection 13 (4) of this Regulation shall be evaluated by the ministry. An application shall not be granted if the alteration sought is not justified or if the alteration calls the achievement of the objectives of the project into question.

(3) Decisions to grant or reject applications for amendment of decisions to approve project proposals shall be made by the Minister of Foreign Affairs.

(4) A decision specified in subsection (3) of this section shall be made within 20 working days of registration of the application specified in subsection (1) of this section. In the event that the final recipient needs to submit additional information or the ministry needs to commission an expert analysis for the evaluation of an application, the term of processing the application shall be extended by the time necessary for the submission of the additional documents or the conducting of the expert analysis.

(5) The ministry shall notify a final recipient about the decision specified in subsection (3) of this section in writing or, subject to the consent of the final recipient, send the notification to the e-mail address indicated in the application within five working days of making the decision.

(6) The ministry shall sign an annex to the contract for the use of the state budget allocation with the final recipient concerning the amendments.

§ 27. Revocation of decisions to approve project proposals

The Minister of Foreign Affairs shall revoke a decision to approve a project proposal on the initiative of the ministry or the final recipient on the bases and pursuant to the procedure established in the Administrative Procedure Act.

Chapter 6

USE OF GRANTS

§ 28. Carrying out public procurements related to the use of grants

(1) A final recipient who is a contracting authority for the purposes of the Public Procurement Act shall:

- 1) obtain the approval of the ministry for draft tender specifications for procurements that exceed the international threshold before publishing the contract notice; and
- 2) present to the ministry the tender specifications and materials justifying the selection together with a statement of expenditure for procurements that do not exceed the international threshold.

(2) A final recipient who is not a contracting authority for the purposes of the Public Procurement Act shall:

- 1) when purchasing supplies and services necessary for the implementation a project, spend financial resources economically and efficiently and, in the case of many bidders, ensure that the best price/quality ratio is chosen for the project; and
- 2) provide a description of the terms of reference and take at least three price bids from independent bidders when purchasing services, supplies or rights in excess of 100,000 kroons net of Value Added Tax. Comparable price bids shall be submitted in writing and signed by the respective bidders. If three independent price bids cannot be obtained, the statement of expenditure shall contain an appropriate justification.

§ 29. Disbursement and repayment of grants

(1) The ministry shall disburse grants to final recipients in accordance with this Regulation and contracts for the use of state budget allocations.

(2) The ministry shall generally disburse grants in instalments as follows:

- 1) the first instalment of a grant shall be disbursed as an advance payment after entry into force of the contract for the use of the state budget allocation. The advance payment may account for up to 50% of the total grant. Non-profit organisations and foundations operating in the public interest may, in justified cases, request an advance payment of up to 60% of the grant; and

2) the next instalment of the grant shall be paid after approval of the statement of expenditure for the previous reporting period.

(3) The ministry may disburse grants as a lump sum payment in the following cases:

- 1) co-financing of development co-operation projects of the European Commission. In the case of multi-annual projects a lump sum payment shall be made each calendar year;
- 2) scholarship programmes. In the case of multi-annual projects a lump sum payment shall be made each academic year;
- 3) micro-financing;
- 4) the duration of the project does not exceed six months; or
- 5) humanitarian aid proposals specified in subsection 13 (4) of this Regulation.

(4) The ministry may refuse to disburse a grant or a part thereof if the Minister of Foreign Affairs has not approved the statement of expenditure for the previous reporting period or if the economic situation of the final recipient has deteriorated in a manner that jeopardises the use of the grant or the implementation of the project.

(5) In the event that a final recipient has incurred eligible expenditure in an amount which is smaller than the amount of the grant disbursed by the ministry, the final recipient shall transfer the unused part of the grant to the public revenues within ten working days of the expiry of the contract for the use of the state budget allocation.

§ 30. Submission of statements of expenditure

(1) A final recipient shall submit statements of expenditure concerning the project to the ministry in accordance with the contract for the use of the state budget allocation. Statements of expenditure concerning projects are divided into interim and final statements.

(2) The length of the reporting period of a project shall be at least six months and no more than 12 months after the commencement of project activities. A final recipient shall submit the final report within 30 calendar days of the date of completion of the project. If a project lasts for up to six months, the final recipient shall only submit the final report on the project unless otherwise agreed with the ministry.

(3) A final recipient shall append to a statement of expenditure the documents prescribed in subsection 31 (2) of this Regulation, as well as documents and materials prepared in connection with the project during the reporting period.

(4) Statements of expenditure concerning grants for co-financing development co-operation projects of the European Commission shall be accompanied by a brief overview of the implementation of the project in Estonian and a copy of the interim or final report submitted to the European Commission. Clause 31 (2) 4) of this Regulation shall not apply to the submission of statements of expenditure specified in this subsection.

(5) A recipient of micro-financing shall submit the statement of expenditure in Estonian or English to the foreign mission of Estonia in the relevant country, which will then assess the statement of expenditure. If the recipient of micro-financing is a person specified in clauses 11 (2) 1) and 2) of this Regulation, clauses 15 (2) 2)-4) and 31 (3) 1) and 2) of this Regulation shall not apply. If, in such a case, an expense receipt has been issued in another foreign language, the final recipient shall add a translation in English which indicates the content of the transaction, the quantity and the amount, and shall certify the correctness of the translation with his or her signature.

6) A final recipient shall submit a statement of expenditure electronically, providing it with a digital signature, or on paper and sign it handwriting and provide an electronic copy.

§ 31. Requirements of expense receipts

(1) All expense receipts shall have been drawn up during the period specified in subsection 14 (2) of this Regulation.

(2) A final recipient shall submit the following expense receipts to the ministry along with a statement of expenditure:

- 1) tender specifications and materials justifying the selection or at least three price bids in the case prescribed in section 28 of this Regulation. If three independent price bids cannot be obtained, an appropriate justification shall be provided;
- 2) copies of invoices issued for supplies, services or work, accompanied by copies of documents certifying the delivery and acceptance of the supplies, services or work;
- 3) copies of payment documents certifying the payment of the invoices specified in clause 2) of this subsection;
- 4) copies of contracts signed for the purpose of implementation of the project; and
- 5) summary lists of expense receipts specified in clauses 2)-4) of this subsection.

(3) Expense receipts shall meet the following requirements:

- 1) an expense receipt shall have been recorded pursuant to the procedure established in section 6 of the Accounting Act and set out the source document data prescribed in section 7 of the Accounting Act; in the case of state accounting entities, an expense receipt shall have been signed by a person responsible for accounting and it shall set out eligible amounts for the project;
- 2) if an expense receipt has been issued in a foreign language, the final recipient shall, at the request of the ministry, add a translation in Estonian which indicates the content, quantity and amount of the transaction, and shall certify the correctness of the translation with his or her signature;
- 3) the content of the transaction set out in an invoice is consistent with the contract signed between the person who issued the invoice and the final recipient or partner, as well as with the price bid; and
- 4) the final recipient or partner has confirmed in writing the invoices, statements or reports issued by suppliers, service providers or persons performing work.

§ 32. Verification of expense receipts and processing of statements of expenditure

(1) The term of processing a statement of expenditure shall be within 45 working days of the receipt of the statement of expenditure by the ministry. Having received a statement of expenditure, the ministry shall verify whether:

- 1) the expense receipts have been correctly drawn up;
- 2) the data indicated in expense receipts are complete and accurate;
- 3) the expenditure is eligible;
- 4) the expense receipts meet the requirements established in this Regulation; and
- 5) the activities of the final recipient comply with the project proposal, the decision to approve the project proposal and the contract for the use of the state budget allocation.

(2) In the event that shortcomings are detected in expense receipts upon verification thereof, the ministry shall grant a period of seven working days for elimination of the shortcomings, by which the term of processing the statement of expenditure at the ministry shall be extended. The ministry may, in justified cases, extend the term for elimination of shortcomings by seven working days if the final recipient informs the ministry without delay that it is impossible to eliminate the shortcomings by the date set.

(3) In the course of processing a statement of expenditure, the committee or the ministry may request that the final recipient provide additional data or documents concerning the implementation of the project or justifications concerning the expenditure incurred. The final recipient shall reply within seven working days, by which the term of processing the statement of expenditure shall be extended.

(4) In the course of processing a statement of expenditure, the committee or the ministry may suggest that the final recipient alter the project activities or the budget if it appears from the data set out in the statement of expenditure submitted with regard to the project that changes are needed for successful implementation of the project.

(5) A statement of expenditure shall be approved by the Minister of Foreign Affairs. A statement of expenditure shall not be approved if:

- 1) the expenditure is not eligible;
- 2) the verification of expense receipts reveals that false information has been submitted or the expense receipts fail to meet the requirements established in this Regulation;
- 3) the expense receipts are inconsistent with the reporting period, activities or objectives of the project;
- 4) the final recipient has failed to submit the statement of expenditure by the prescribed date;
- 5) the final recipient has failed to submit the statement of expenditure in the form established by the Minister of Foreign Affairs under subsection 9 (11) of the Foreign Relations Act;
- 6) the final recipient has not implemented the project or incurred project-related expenditure in accordance with the project proposal, the decision to approve the project proposal or the contract for the use of the state budget allocation, or the performance of the activities indicated by the final recipient is not evidenced;
- 7) the final recipient has not applied for the amendment of the decision to approve its project proposal despite this being required under subsection 26 (1) of this Regulation;
- 8) the final recipient has failed to eliminate shortcomings within the term prescribed for the final recipient under subsection (2) of this section; or
- 9) the final recipient has failed to adhere to the deadline for compliance with a precept to eliminate shortcomings detected in the course of monitoring preceding the submission of an interim report.

(6) The ministry shall notify a final recipient about the decision to approve or reject a statement of expenditure in writing or, subject to the consent of the final recipient, send the notification to the e-mail address indicated in the project proposal within five working days of making the decision.

Chapter 7

RECOVERY OF GRANTS

§ 33. Bases for recovery of grants

(1) The ministry shall recover the grant from a final recipient in full or in part if it appears that the grant has been used to cover ineligible expenditure.

(2) The ministry shall have the right to recover the grant from a final recipient in full or in part if:

- 1) the final recipient has failed to comply with the obligations imposed on the final recipient by this Regulation, the decision to approve the project proposal or the contract for the use of the state budget allocation;
- 2) the final recipient has submitted false information or withheld information when submitting the project proposal or implementing the project;
- 3) a statement of expenditure is not approved; or
- 4) the decision to approve the project proposal is revoked.

(3) The ministry shall have the right to recover the grant within seven years of the decision to approve the project proposal.

§ 34. Recovery of grants

(1) In the event of the existence of any of the bases specified in subsection 33 (1) or (2) of this Regulation, the committee shall make a proposal to the Minister of Foreign Affairs to recover the

grant. The Minister of Foreign Affairs shall decide on the recovery of a grant within 45 working days of the date on which the ministry learned about the basis for recovery.

(2) A decision to recover a grant shall set out at least the following:

- 1) the name and address of the ministry;
- 2) the name of the final recipient;
- 3) the name and number of the project;
- 4) the factual and legal basis for recovery;
- 5) the amount recovered;
- 6) the due date for compliance with the recovery decision;
- 7) data necessary for making the repayment, including the number of the account to which the grant should be repaid and the name of the payee; and
- 8) if necessary, the rates and the bases of calculation of any penalties or fines for delay.

(3) The ministry shall send the recovery decision to the final recipient by registered post along with a delivery notice within five working days of making the decision.

(4) A final recipient shall comply with the recovery decision within ten working days of its receipt.

Chapter 8

RIGHTS AND OBLIGATIONS OF FINAL RECIPIENTS AND THE MINISTRY IN USING GRANTS

§ 35. Obligations of final recipients

A final recipient shall:

- 1) implement a project in accordance with the time limits and terms set out in the project proposal, the decision to approve the project proposal and the contract for the use of the state budget allocation;
- 2) maintain documentation relating to the project proposal and the implementation of the project for at least seven years after the project is deemed completed;
- 3) enter into agreements necessary for the implementation of the project with suppliers, service providers or persons performing work in writing;
- 4) enable the ministry to conduct audits at the project level and carry out monitoring activities;
- 5) make all data and documents relating to the implementation of the project available to auditors or persons carrying out monitoring activities within three working days of the receipt of a corresponding request from an auditor or person carrying out monitoring activities;
- 6) designate the project as being implemented in the manner required by the ministry in order to demonstrate that the project is financed from development co-operation and humanitarian aid funds;
- 7) immediately inform the ministry of any changes in the data of the final recipient and of circumstances which affect or may affect compliance with the obligations of the final recipient, including changes in the name, address and legal or authorised representatives of the final recipient; reorganisation of, commencement of bankruptcy proceedings against, or appointment of a liquidator of, the final recipient; and termination of the activities of the final recipient, even if these changes have been registered in the appropriate register or disclosed through the media;
- 8) immediately inform the ministry of any circumstances occurring during the implementation of the project which render the continuation of the project unreasonable;
- 9) inform the public about the grant received and the activities carried out in relation to it;
- 10) submit relevant information to the ministry in a format capable of being reproduced in writing, unless a written format has been prescribed; and
- 11) perform other obligations established in legislation.

§ 36. Rights of final recipients

(1) A final recipient shall have the right to alter the project's budget and activities without first obtaining the approval of the ministry if a budget line intended for a particular project activity is altered at the expense of another budget line by no more than 10% and the total amount of such alterations does not exceed 100,000 kroons, provided that the objectives of the project will not be

changed and the amount of the grant will not be increased. The final recipient shall notify the ministry of the alterations intended.

(2) A final recipient may submit an application under clause 26 (1) 2) of this Regulation to increase the amount of the grant if this is occasioned by *force majeure*.

(3) A final recipient shall have the right to receive information and advice from the ministry in relation to the performance of final recipients' obligations established in this Regulation.

§ 37. Obligations of the ministry

The ministry shall:

- 1) immediately notify final recipients of amendments made to legislation governing the use of grants;
- 2) after making the decision to approve a project proposal, make the following information available on its website: the name of the final recipient, the name of the project for which the grant is awarded, the amount of the grant, the total volume of the project, the objectives of the project and the duration of the project;
- 3) not disclose any documents or information concerning the applicant or the final recipient obtained during proceedings, with the exception of the information listed in clause 2 of this subsection;
- 4) make legislation governing development co-operation, the provision of humanitarian aid, forms of project proposals and statements of expenditure and instructions for applicants available on its website; and
- 5) maintain documentation relating to project proposals and implementation of projects for at least seven years after a project is deemed completed.

§ 38. Rights of the ministry

The ministry shall have the right to:

- 1) conduct or arrange audits at the project level and carry out monitoring activities;
- 2) check the use of grants;
- 3) require the submission of additional data and documents concerning the duration, activities, objectives and expenses of a project which demonstrate proper implementation of the project and proper performance of the final recipient's obligations;
- 4) suspend the disbursement of a grant if the final recipient is in breach of the conditions established in this Regulation, the decision to approve the project proposal or the contract for the use of the state budget allocation. Disbursement shall be suspended until the breach is rectified;
- 5) reduce the amount of the grant to be disbursed in proportion to the decrease in the final recipient's self-financing if the decision to approve the project proposal has been amended in connection with the reduction of the final recipient's self-financing rate in accordance with section 26 of this Regulation; and
- 6) perform other acts prescribed by law.

Chapter 9

IMPLEMENTING PROVISIONS

§ 39. Repeal of Regulation

Regulation No. 124 of the Government of the Republic of 22 April 2003 "Conditions and procedure for the provision of development assistance and humanitarian aid" (RT I 2003, 37, 248; 2006, 57, 429) is repealed.

§ 40. Entry into force of Regulation

(1) The limitations established in clauses 15 (6) 1) and 2) of this Regulation shall not apply to projects commenced before the entry into force of this Regulation.

(2) This Regulation enters force on 15 February 2010.

Andrus ANSIP, Prime Minister
Urmas PAET, Minister of Foreign Affairs
Heiki LOOT, State Secretary