

ADDENDUM

to

Norwegian Financial Mechanism 2009-2014

PROGRAMME AGREEMENT

for the financing of the Programme “Green Industry Innovation”
hereinafter referred to as the “Programme Agreement”

between

The Norwegian Ministry of Foreign Affairs
hereinafter referred to as the “NMFA”

and

The Ministry of Finance,
hereinafter referred to as the “Focal Point”,
representing Estonia,
hereinafter referred to as the “Beneficiary State”
together hereinafter referred to as the “Parties”

Article 1


1. The Annexes to the Norwegian Financial Mechanism Programme Agreement for the financing of the Programme EE07 “Green Industry Innovation” are replaced by the Annexes sent with this addendum.
2. The modifications contained in the new versions of Annex I and Annex II to the Programme Agreement entered into force on the 21 April 2015.

Article 2

This addendum and the Annexes accompanying it constitute an integral part of the Programme Agreement. Except from the modifications stated above, the Programme Agreement remains unchanged.

Signed in Brussels on.....²⁹/04/2015

For the NMFA



Stine Andresen
Director
Financial Mechanism Office

Signed in *Tallinn* on.....⁹/07/2015

For the Focal Point



Kaie Koskaru-Nelk
Deputy Secretary-General of Fiscal Policy
Ministry of Finance

Annex I - Programme Decision

1. Expected Outcomes & Indicators for Outputs

Expected Outcome(s): Realisation of the business opportunities of greening of the European economy

Output

Improvement of processes and smart solutions with ICT

Output indicator(s)	Baseline	Target	Source of Verification
Processes developed/improved	0	10	Project completion reports.

Output

Development of innovative services for citizens and businesses with ICT

Output indicator(s)	Baseline	Target	Source of Verification
Services developed/improved	0	10	Financial Reports and completion reports

Output

Green business ideas developed and assessed

Output indicator(s)	Baseline	Target	Source of Verification
Assessment reports on green business ideas	0	70	Reports from beneficiaries of the small grants scheme.
Number of project applications in main calls originating from the small grant scheme	0	50	Applications received in the open call

2. Conditions

2.1 General

1) The Focal Point shall ensure that any public support under this programme complies with the procedural and material State Aid rules applicable at the point in time when the public support is granted. The Focal Point shall, by way of the Programme Implementation Agreement, ensure that the Programme Operator maintains written records of all assessments concerning compliance with State Aid rules, particularly decisions to award grants and set grant rates, and provides them to the NMFA upon request. The approval of the Programme by the NMFA does not imply a positive assessment of such compliance.

2) The Focal Point shall ensure that all intellectual property rights arising out of the business development ideas submitted as a result of the Small Grant Scheme, remain in the ownership of the Small Grant Scheme beneficiaries.

3) The outcome indicators should be reviewed and submitted to the NMFA for approval prior to the first disbursement to projects selected in the main open calls.

4) The Focal Point shall ensure that the Programme Operator ensures that the programme is in-line with the EU Strategy for the Baltic Sea Region. The Priority Areas on Innovation and development of SMEs are especially relevant for this Action.

5) Bilateral, output and outcome indicators shall be reported on in the annual report.

6) A methodology on the calculation of the flat rate to be applied to indirect eligible costs (overheads) in accordance with Article 7.4.1(b) of the Regulation shall be submitted to the FMO no later than two weeks prior to the deadline for providing to the NMFA the text of the call for proposals, as required by Article 6.3.4 of the Regulation.

7) The National Focal Point shall ensure that the Programme Operator ensures that Project Promoters who have, in line with this Agreement, received an exception from the general rule in Article 7.3.1(c) of the Regulation with respect to any equipment (the excepted equipment):

- Keep the excepted equipment in their ownership for a period of at least 5 years following the completion of the project and

continue to use that equipment for the benefit of the overall objectives of the project for the same period;

- Keep the excepted equipment properly insured against losses such as fire, theft and other normally insurable incidents both during project implementation and for at least 5 years following the completion of the project; and
- Set aside appropriate resources for the maintenance of the excepted equipment for at least 5 years following the completion of the project. The specific means for implementation of this obligation shall be specified in the project contract;

provided however that the Programme Operator may release any Project Promoter from the above obligations with respect to any specifically identified excepted equipment where the Programme Operator is satisfied that, having regard to all relevant circumstances, continued use of that equipment for the overall objectives of the project would serve no useful economic purpose. The National Focal Point shall furthermore ensure that the Programme Operator keeps a list of the excepted equipment for each project.

2.2 Pre-eligibility

Not applicable.

2.3 Pre-payment

Not applicable.

2.4 Pre-completion

Not applicable.

2.5 Post-completion

Not applicable.

2.6 Other

Not applicable.

3. Eligibility of costs

3.1 Eligibility of costs - period

Eligibility of costs (excluding prog prep costs): 30/10/2012-30/04/2017

Eligibility of programme proposal preparation costs: 09/06/2011-29/10/2012

3.2 Grant rate and co-financing

Programme estimated total cost (€)	€7,058,823
Programme estimated eligible cost (€)	€7,058,823
Programme grant rate (%)	85.0000%
Maximum amount of Programme grant (€)	€6,000,000

3.3 Maximum eligible costs (€) and Advance payment amount (€)

Budget heading	Eligible expenditure	Advance payment*
Programme management	€689,376	€158,376
Realisation of the business opportunities of greening of the European economy	€6,201,326	€62,653
Fund for bilateral relations	€153,121	€48,970
Complementary action	€15,000	€0
Preparation of programme proposal	€0	€0
Reserve for exchange rate losses	€0	€0
	€7,058,823	€269,999

* The advance payment is composed of €229,499 in grant amount and €40,500 in co-financing.

3.4 Retention of management costs

Retention of management costs - percentage of the management costs	10.00%
Retention of management costs - planned Euro value	€58,597

3.5 Small Grant Scheme

Outcome	Realisation of the business opportunities of greening of the European economy
Total Amount Reserved	€690,934
Grant Amount at Project Level	€5,000 – 20,000
Duration of the Project	1 – 9 months
Maximum Grant Rate at Project Level	75.00%

Annex II - Operational Rules

1. Eligibility

1.1 Eligible measures

The Programme Operator is the Estonian Ministry of Economic Affairs and Communications (MoEAC). Certain tasks of the Programme Operator may be delegated to the Enterprise Estonia (EE), however this does not in any way reduce or restrict the responsibility of the Programme Operator.

The Donor Programme Partner is Innovation Norway.

The objective of the Programme is to increase competitiveness of green enterprises, including greening of existing industries, green innovation and green entrepreneurship. The Programme shall support projects in the two measures listed below, all of which shall contribute to the realisation of business opportunities of greening the European economy by using ICT to optimize processes and develop smart solutions and/or creating innovative services in an environmentally friendly way.

1. Call for proposals for projects (€ 5,419,448) within the following focus areas:
 - a) energy management systems;
 - b) transport and logistics;
 - c) manufacturing and trade;
 - d) e-health;

2. Small Grant Scheme (€ 781,878) in the form of a seed money fund to support the development of business ideas with a view to submitting project applications under the open call.

1.2 Eligible applicants

The rules on eligibility of applicants are set in Article 6.2 of the Regulation. By way of derogation from the general rules on eligibility of applicants, public entities are not eligible applicants under the call for proposals or the Small Grant Scheme.

1.3 Special rules on eligibility of costs

The eligibility of costs is determined by reference to Chapter 7 of the Regulation. The rules on eligibility of costs shall apply equally and without limitation to both Project Promoters and project partners.

In accordance with Article 7.3.2 of the Regulation, the following costs are not eligible in projects selected under the call for proposals:

- a) In-kind contributions.

In accordance with Article 7.4.1(b) of the Regulation, indirect eligible costs may only be claimed by Project Promoters and project partners of projects selected through the call for proposals. Indirect costs are not eligible under the Small Grant Scheme. Indirect eligible costs can be claimed by the application of a flat rate of up to 20% of total eligible direct costs. The Programme Operator shall describe a methodology that shall ensure the fair apportionment of the overall overheads in the open call text. All Project Promoters or project partners must apply the methodology established by the Programme Operator when setting the precise level of this flat rate.

By way of exception from Article 7.3.1(c) of the Regulation, the entire purchase price of new and second hand equipment may be eligible if the equipment is an integral and necessary component for the implementation or development of a technology that is essential for achieving the outcome of the project.

2. Financial parameters

2.1 Minimum and maximum grant amount per project

The minimum amount of grant assistance applied for is € 170,000; the maximum amount is € 700,000.

2.2 Project grant rate

The project grant rate shall in all cases be set at a level that complies with the State Aid rules in force and takes into account any and all other forms of public support granted to projects. The remaining costs of the project shall be provided or obtained by the Project Promoter.

3. Selection of projects

3.1 Selection procedures

The selection procedures shall be in accordance with Article 6.5 of the Regulation.

3.2 Open calls and availability of funds

There shall be at least one open call for applications. The first call shall be launched no later than in the first quarter of 2013 and make available at least € 2,709,724. The call shall be open for at least for 2 months. A second open call may be launched no later than in the first quarter of 2014 and shall make available any remaining funds for re-granting, including any funds uncommitted under the Small Grant Scheme and/or under the first open call.

3.3 Selection criteria

The final selection criteria shall be defined prior to the launch of the open calls, in consultation with the cooperation committee. They shall be based on the following general criteria:

General selection criteria for open call project:

- 1) Harmony with focus areas.
- 2) Environment effect and sustainability.
- 3) Innovation level and degree of novelty.
- 4) Market potential nationally and internationally.
- 5) Feasibility of the projects.
- 6) Whether the grant will trigger an innovation process which otherwise would not have commenced.
- 7) Added value from Norwegian partnership.

4. Payment flows, verification of payment claims, monitoring and reporting

4.1 Payment flows

The payments towards the end beneficiaries will be in the form of advance payments, interim payments and payments of the final balance.

In the open call the Project Promoters have the possibility to request an advance payment not exceeding 30% of grant amount. The request will need to be justified and is subject to approval by Enterprise Estonia. The advance payment off-set mechanism will be adapted to each Project Promoter's liquidity and included as part of the Project Contract.

The interim payments will be based upon incurred costs. The Programme Operator has the possibility to withhold up to 10 per cent of the total grant for the final balance.

4.2 Verification of payment claims

Payments to projects are made on the basis of approved payment claims. The payment claim, submitted as part of the interim and final progress reports, will be reviewed by Enterprise Estonia (EE). Verification and approval of the payment claim will be based on information on incurred expenditure, financial status and project's progress contained in the interim reports, and on additional information to be submitted together with the reports.

EE will finish verification of the payment claim within 46 working days after receipt of the payment claim. In case any inaccuracies are identified upon inspecting the report, the Project Promoter shall be immediately informed and given a deadline for elimination of faults. The time for verification of the report shall be extended by the time of elimination of faults.

The verification of costs will be based on sample methods taking into account results of the project implementation risk analysis.

After approval of the payment claim the disbursement of the grant to the Project Promoter is made within 5 working days.

The final procedure for verification of payment claims, periodicity of reporting periods, and deadlines for reporting will further be outlined in the description of the Programmes management and control systems according to article 4.8.2 of the Regulation.

In case of verification of expenditure incurred by a project partner whose primary location is in Norway or in a Beneficiary State of the Norwegian Financial Mechanism 2009-2014 other than Estonia, a report by an independent and certified auditor, certifying that the claimed costs are incurred in accordance with the Regulation, the national law and accounting practices of the project partner's country, shall be seen as sufficient proof of costs incurred.

4.3 Monitoring and reporting

Project Promoter shall submit interim and final reports which will include information on progress of implementation and payments made. Final report shall include information on activities and payments and show that the project has been completed according to the project agreement conditions.

The rules and frequency of interim reports submitted by the Project Promoter will be set in the Project Contract. In the open call interim reporting period should be minimum 3 months and maximum 9 months long.

Monitoring will be carried out as specified in the Regulation article 4.7.1, subparagraph f. Site visits, normally carried out by the EE, will be conducted based on an assessment of risk elements in the project. Site visits may also be carried out for projects based on random selection.

Information on Reporting and Monitoring will further be outlined in the description of the Programme's management and control systems according to article 4.8.2 of the Regulation.

Irregularities will be handled in accordance with article 11 of the Regulation.

5. Additional mechanisms within the programme

5.1 Fund for bilateral relations

The Programme Operator will set aside not less than 1.5% of the total programme budget for a Fund for bilateral relations.

The details of the use of the bilateral fund, the indicative split between measures a) and b) of the bilateral fund as per paragraph 1 of Article 3.6 of the Regulation, the detailed procedures and criteria for awarding support from the fund, and any other relevant details will be developed by the Programme Operator in cooperation with the Donor Programme Partner and will be subject to the approval of the Cooperation Committee. The following activities are planned:

- Contact match making seminars and study trips in Norway/Estonia. The aim is to establish contacts between Estonian enterprises and Norwegian enterprises and to help them to generate joint project ideas and develop their cooperation within the programme area "Green Industry Innovation.
- Best practice sharing event where the aim is to publicize good ideas and to promote further development of partnerships between Estonia and Norway.

Support for participation in the seminars can be covered with up to €1,800 per participant with a grant rate up to 100%. Applications will be handled by Enterprise Estonia.

Selection of projects will be carried out by Enterprise Estonia with assistance from Innovation Norway based on the project applicant's motivation and possibility to find and establish partnership relations with Norwegian entities

5.2 Complementary action

Complementary actions in line with the Regulation shall be organised by the Programme Operator, in line with the objectives of the Programme, in order to strengthen co-operation between the Programme Operator and similar entities within the Donor States and the Beneficiary States. These will include the exchange of experience and best practice related to the implementation of the Programme.

5.3 Reserve for exchange rate losses

Not applicable.

5.4 Small Grant Schemes

The Small Grant Scheme shall provide support for the development of business ideas, with a view to submitting a project application under the main Open Call(s). The Small Grant Scheme will support innovative approaches to complex project themes and the development of new partnerships created for the purpose of designing quality projects for the open call. Recipients of support under the Small Grant Scheme shall describe a business idea and results of the project in the report following the conclusion of their activities.

The Small Grant Scheme will be administered by Enterprise Estonia, and the same financial management procedures as mentioned in section 4 of this Annex, with the exception of procedures that only apply to projects selected under the call(s) for proposals. In the Small Grant Scheme in general no interim reports shall be submitted and no advance payment shall be allowed.

In accordance with Article 6.5.8 of the Regulation, the following selection procedures shall apply to the Small Grant Scheme:

Applications received shall be subject to an eligibility check, conducted by the Enterprise Estonia.

Applications that meet the eligibility check will be analysed by two experts from the Enterprise Estonia, who will each prepare a separate assessment report on the application. The two experts will sign a declaration of independence from the application under consideration. The two experts, following the preparation of the assessment report, will have no further role in the decision to support or reject the application.

On the basis of the two assessment reports, the Board of Enterprise Estonia will make a decision to support or reject the application.

The minimum amount of grant assistance applied for under the Small Grant Scheme is € 5,000; the maximum amount is € 20,000. The maximum grant rate shall not exceed 75% of the total eligible costs of the applicant.

There shall be one call for applications under the Small Grant Scheme. The call shall be launched no later than in the first quarter of 2013 and make available the total re-granting amount of € 829,118. The call will remain open until a reasonable amount of time prior to the launch of the final call for proposals for projects referred to in point 3.2 above, so as to allow for the re-allocation of any uncommitted amounts from the Small Grant Scheme to the final call for proposals for projects. The call for applications under the Small Grant Scheme may close earlier should the entire amount be committed. Applications are received and evaluated on an on-going basis.

Applications under the small grant scheme shall contain at least the following information:

- 1) Objective of the project including a description of the problems that the project will solve;
- 2) Description of the expected result;
- 3) Description of new or renewed services or products that will be prepared in the open call;
- 4) List of activities scheduled for implementation of the project including self-financed activities;

The selection criteria for the small grant scheme will ensure that the small grants awarded support the development of projects that are in harmony with the four focus areas supported under the main Open Call. The specific selection criteria for the Small Grant Scheme shall be included in the call for applications and approved by the Cooperation Committee.

The eligibility of costs is determined by reference to Chapter 7 of the Regulation. The rules on eligibility of costs shall apply equally and without limitation to both Project Promoters and project partners.

In accordance with Article 7.3.2 of the Regulation, the following costs are not eligible in projects selected under the Small Grant Scheme:

- The purchase of new or second hand equipment;
- In-kind contributions;
- Indirect costs/overheads.

6. Pre-defined projects

Not applicable.

7. Modification of the programme

Any modifications of the programme will follow the rules in Article 2.9 of the programme agreement.

8. Programme proposal version

Any reference to the programme proposal in this programme agreement shall be interpreted as version signed by the Programme Operator on 8 February 2012 and shall include all subsequent correspondence and communication between the NMFA, the Financial Mechanism Office, the National Focal Point and the Programme Operator.

9. Miscellaneous

Not applicable.