Norwegian Financial Mechanism 2014-2021

PROGRAMME AGREEMENT

between

The Norwegian Ministry of Foreign Affairs

and

The Estonian State Shared Service Center (SSSC),
hereinafter referred to as the "National Focal Point",
representing Estonia,
hereinafter referred to as the "Beneficiary State"

together hereinafter referred to as the "Parties"

for the financing of the Programme "Competitiveness"

hereinafter referred to as the "Programme"

Chapter 1
Scope, Legal Framework, and Definitions

Article 1.1
Scope

This programme agreement between the Norwegian Ministry of Foreign Affairs (hereinafter referred to as the NMFA) and the National Focal Point lays down the rights and obligations of the Parties regarding the implementation of the Programme and the financial contribution from the Norwegian Financial Mechanism 2014-2021 to the Programme.

Article 1.2
Legal Framework

1. This programme agreement shall be read in conjunction with the following documents which, together with this programme agreement, constitute the legal framework of the Norwegian Financial Mechanism 2014-2021:

(a) Agreement between the Kingdom of Norway and the European Union on the Norwegian Financial Mechanism 2014-2021 (hereinafter referred to as the Agreement);(b) the Regulation on the implementation of the Norwegian Financial Mechanism 2014-2021 (hereinafter referred to as the "Regulation") issued by Norway in accordance with Article 10(5) of the Agreement;

(c) the Memorandum of Understanding on the Implementation of the Norwegian Financial Mechanism 2014-2021 (hereinafter referred to as the "MoU"), entered into between Norway and the Beneficiary State; and

(d) any guidelines adopted by the NMFA in accordance with the Regulation.

2. In case of an inconsistency between this programme agreement and the Regulation, the Regulation shall prevail.

3. The legal framework is binding for the Parties. An act or omission by a Party to this programme agreement that is incompatible with the legal framework constitutes a breach of this programme agreement by that Party.

Article 1.3
Definitions

Terms used and institutions and documents referred to in this programme agreement shall be understood in accordance with the Regulation, in particular Article 1.6 thereof, and the legal framework referred to in Article 1.2 of this programme agreement.

Article 1.4
Annexes and hierarchy of documents

1. Annexes attached hereto form an integral part of this programme agreement. Any reference to this programme agreement includes a reference to its annexes unless otherwise stated or clear from the context.

2. The provisions of the annexes shall be interpreted in a manner consistent with this programme agreement. Should the meaning of any provision of the said annexes, so interpreted, remain inconsistent with this programme agreement, the provisions of the annexes shall prevail, provided that these provisions are compatible with the Regulation.

3. Commitments, statements and guarantees, explicit as well as implicit, made in the preparation of the programme are binding for the National Focal Point and the Programme Operator unless otherwise explicitly stipulated in the annexes to this programme agreement.

Chapter 2
The Programme

Article 2.1
Co-operation

1. The Parties shall take all appropriate and necessary measures to ensure fulfilment of the obligations and objectives arising out of this programme agreement.

2. The Parties agree to provide all information necessary for the good functioning of this programme agreement and to apply the principles of implementation as set out in the Regulation.

3. The Parties shall promptly inform each other of any circumstances that interfere or threaten to interfere with the successful implementation of the Programme.

4. In executing this programme agreement the Parties declare to counteract corrupt practices. Further, they declare not to accept, either directly or indirectly, any kind of offer, gift, payments or benefits which would or could be construed as illegal or corrupt practice. The Parties shall immediately inform each other of any indication of corruption or misuse of resources related to this programme agreement.

Article 2.2
Main responsibilities of the Parties

1. The National Focal Point is responsible and accountable for the overall management of the Norwegian Financial Mechanism 2014-2021 in the Beneficiary State and for the full and correct

implementation of this programme agreement. In particular, the National Focal Point undertakes to:

(a) comply with its obligations stipulated in the Regulation and this programme agreement;

(b) ensure that the Certifying Authority, the Audit Authority, the Irregularities Authority and the Programme Operator properly perform the tasks assigned to them in the Regulation, this programme agreement and the programme implementation agreement;

(c) take all necessary steps to ensure that the Programme Operator is fully committed and able to implement and manage the Programme;

(d) take the necessary measures to remedy irregularities in the implementation of the Programme and ensure that the Programme Operator takes appropriate measures to remedy irregularities in Projects within the Programme, including measures to recover misspent funds;

(e) make all the necessary and appropriate arrangements in order to strengthen or change the way the Programme is managed.

2. The NMFA shall, subject to the rules stipulated in the legal framework referred to in Article 1.2 of this programme agreement, make available to the Beneficiary State a financial contribution (hereinafter referred to as "the programme grant") to be used exclusively to finance the eligible cost of the Programme.

Article 2.3
Objective and outcomes of the Programme

1. This programme agreement sets out the objective, outcome(s), outputs, indicators and targets for the Programme.

2. The National Focal Point shall ensure that the Programme Operator implements and completes the Programme in accordance with the objective, outcome(s), outputs, indicators and targets set for the Programme.

Article 2.4
Programme grant

1. The maximum amount of the programme grant, the programme grant rate, and the estimated eligible cost of the Programme shall be as specified in this programme agreement.

2. In case the Programme is also supported by the EEA Financial Mechanism, this programme agreement shall be interpreted in conjunction with the agreement regulating that support.

3. The financial plan annexed to this programme agreement shall:

(a) contain a breakdown between the Programme's budget headings;

(b) indicate the agreed advance payment, if any.

4. The management cost of the Programme Operator shall not exceed the amount specified in this programme agreement.

Article 2.5
Special conditions and programme specific rules

1. This programme agreement shall list any conditions set by the NMFA with reference to paragraph 2 of Article 6.3 of the Regulation. The National Focal Point shall ensure compliance with these conditions and take the necessary steps to ensure their fulfilment.

2. The National Focal Point shall ensure compliance with any other programme specific rules laid down in this programme agreement.

Article 2.6
Programme implementation agreement

With reference to Article 6.8 of the Regulation and without prejudice to paragraph 2 thereof, the National Focal Point shall, before any payment is made to the Programme, sign a programme implementation agreement with the Programme Operator. The National Focal Point shall notify the NMFA of such signing.

Article 2.7
Reporting

The National Focal Point shall ensure that the Programme Operator provides financial reports, annual programme reports and a final programme report in accordance with Chapter 9 and Articles 6.11 and 6.12 of the Regulation as well as statistical reporting in accordance with guidelines adopted by the NMFA.

Article 2.8
External monitoring

The external monitoring and audit referred to in Articles 11.1, 11.2, 11.3 and 11.4 of the Regulation shall not in any way relieve the National Focal Point or the Programme Operator of their obligations under the legal framework regarding monitoring of

the Programme and/or its projects, financial control and audit.

Article 2.9
Modification of the Programme

1. Unless otherwise explicitly stipulated in this programme agreement, any modification of the Programme is subject to prior approval by the NMFA.

2. Programme specific exceptions from paragraph 1, if any, are set in the annexes to this programme agreement.

3. Expenditures incurred in breach of this article are not eligible.

4. Should there be a doubt as to whether the proposed modifications require approval by the NMFA, the National Focal Point shall consult the NMFA before such modifications take effect.

5. Requests for modifications shall be submitted and assessed in accordance with Article 6.9 of the Regulation.

Article 2.10
Communication

1. All communication to the NMFA regarding this programme agreement shall take place in English and be directed to the Financial Mechanism Office (hereinafter referred to as the FMO), which represents the NMFA towards the National Focal Point and the Programme Operator in relation to the implementation of the Programme.

2. To the extent that original documents are not available in the English language, the documents shall be accompanied by full and accurate translations into English. The National Focal Point shall bear the responsibility for the accuracy of the translation that it provides and the possible consequences that might arise from any inaccurate translations.

Article 2.11
Contact information

1. The contact information of the Programme Operator is as specified in this programme agreement.

2. The contact information for the NMFA and the Financial Mechanism Office are:

Financial Mechanism Office
Att: Director
EFTA Secretariat
Rue Joseph II, 12-16
1000 Brussels
Telephone: +32 (0)2 286 1701
Telefax (general): +32 (0)2 211 1889
E-mail: fmo@efta.int

3. Changes of or corrections to the contact information referred to in this article shall be given in writing without undue delay by the Parties to this programme agreement.

Article 2.12
Representations and Warranties

1. This programme agreement and the awarding of the programme grant is based on information provided by, through, or on behalf of the National Focal Point to the NMFA prior to the signing of this programme agreement.

2. The National Focal Point represents and warrants that the information provided by, through, or on behalf of the National Focal Point, in connection with the implementation or conclusion of this programme agreement are authentic, accurate and complete.

Chapter 3
Projects

Article 3.1
Selection of projects and award of grants

1. The National Focal Point shall ensure that the Programme Operator selects projects in accordance with Chapter 7 of the Regulation and this programme agreement.

2. Eligibility of project promoters and project partners is stipulated in Article 7.2 of the Regulation and, in accordance with paragraph 4 thereof, subject only to the limitations stipulated in this programme agreement.

3. Pre-defined projects shall be outlined in this programme agreement.

4. The National Focal Point shall take proactive steps to ensure that the Programme Operator complies fully with Article 7.5 of the Regulation.

Article 3.2
Project contract

1. For each approved project a project contract shall be concluded between the Programme Operator and the Project Promoter.

2. In cases where a project contract cannot, due to provisions in the national legislation, be made between the Programme Operator and the Project Promoter, the Beneficiary State may instead issue a legislative or administrative act of similar effect and content.

3. The content and form or the project contract shall comply with Article 7.6 of the Regulation.

4. The National Focal Point shall ensure that the obligations of the Project Promoter under the project contract are valid and enforceable under the applicable law of the Beneficiary State.

Article 3.3
Project partners and partnership agreements

1. A project may be implemented in a partnership between the Project Promoter and project partners as defined in paragraph 1(w) of Article 1.6 of the Regulation. If a project is implemented in such a partnership, the Project Promoter shall sign a partnership agreement with the project partners with the content and in the form stipulated in Article 7.7 of the Regulation.

2. The partnership agreement shall be in English if one of the parties to the agreement is an entity from Norway.

3. The eligibility of expenditures incurred by a project partner is subject to the same limitations as would apply if the expenditures were incurred by the Project Promoter.

4. The creation and implementation of the relationship between the Project Promoter and the project partner shall comply with the applicable national and European Union law on public procurement as well as Article 8.15 of the Regulation.

5. The National Focal Point shall ensure that the Programme Operator verifies that the partnership agreement complies with this article. A draft partnership agreement or letter of intent shall be submitted to the Programme Operator before the signing of the project contract.

Chapter 4
Finance

Article 4.1
Eligible expenditures

1. Subject to Article 8.7 of the Regulation, eligible expenditures of this Programme are:

(a) management costs of the Programme Operator in accordance with the detailed budget in the financial plan;

(b) payments to projects within this Programme in accordance with the Regulation, this programme agreement and the project contract.

2. Eligible expenditures of projects are those actually incurred by the Project Promoter or project partners, meet the criteria set in Article 8.2 of the Regulation and fall within the categories and fulfil the conditions of direct eligible expenditure set in Article 8.3 of the Regulation, the conditions regarding the use of standard scales of unit costs set in Article 8.4 of the Regulation as well as indirect costs in accordance with Article 8.5 of the Regulation.

4. The first date of eligibility of expenditures in projects shall be set in the project contract in accordance with Article 8.13 of the Regulation. The first date of eligibility of any pre-defined projects shall be no earlier than the date on which the National Focal Point notifies the NMFA of a positive appraisal of the pre-defined projects by the Programme Operator in accordance with paragraph 3 of Article 6.5 of the Regulation.

5. The maximum eligible costs of the categories referred to in paragraph 1 are set in this programme agreement. Programme specific rules on the eligibility of expenditure set in this programme agreement shall be complied with.

Article 4.2
Proof of expenditure

Costs incurred by Programme Operators, Project Promoters and project partners shall be supported by documentary evidence as required in Article 8.12 of the Regulation.

Article 4.3
Payments

1. Payments to the Programme shall be made when all relevant conditions for payments stipulated in this programme agreement and the Regulation have been fulfilled.

2. Payments to the Programme shall take the form of an advance payment, interim payments and payment of the final balance and shall be made in accordance with Articles 9.2, 9.3 and 9.4 of the Regulation.

3. Payments of the project grant to the Project Promoters may take the form of advance payments, interim payments and payments of the final balance. The level of advance payments and their off-set mechanism is set in this programme agreement.

4. The National Focal Point shall ensure that payments are transferred in accordance with paragraph 2 of Article 9.1 of the Regulation.

5. Chapter 9 of the Regulation shall apply to all aspects related to payments, including currency exchange rules and handling of interests on bank accounts.

Article 4.4
Transparency and availability of documents

The National Focal Point shall ensure an audit trail for financial contributions from the Norwegian Financial Mechanism 2014-2021 to the Programme in accordance with Article 9.8 of the Regulation.

Article 4.5
Irregularities, suspension and reimbursements

The NMFA has the right to make use of the remedies provided in the Regulation, in particular Chapter 13 thereof. The National Focal Point has a duty to take all necessary measures to ensure that the provisions in Chapter 12 and 13 of the Regulation regarding irregularities, suspension of payments, financial corrections and reimbursement are complied with.

Chapter 5
Final provisions

Article 5.1
Dispute settlement

1. The Parties waive their rights to bring any dispute related to the programme agreement before any national or international court, and agree to settle such a dispute in an amicable manner.

2. If a demand for reimbursement to the NMFA is not complied with by the Beneficiary State, or a dispute related to a demand for reimbursement arises that cannot be solved in accordance with paragraph 1, the Parties may bring the dispute before Oslo Tingrett.

Article 5.2
Termination

1. The NMFA may, after consultation with the National Focal Point, terminate this programme agreement if:

(a) a general suspension decision according to Article 13.6 of the Regulation or a decision to suspend payments according to paragraph 1(h) of Article 13.1 of the Regulation has not been lifted within 6 months of such a decision;

(b) a suspension of payments according to Article 13.1 of the Regulation, other than under paragraph 1(h), has not been lifted within one year of such a decision;

(c) a request for reimbursement according to Article 13.2 of the Regulation has not been complied with within one year from such a decision;

(d) the Programme Operator becomes bankrupt, is deemed to be insolvent, or declares that it does not have the financial capacity to continue with the implementation of the Programme; or

(e) the Programme Operator has, in the opinion of the NMFA, been engaged in corruption, fraud or similar activities or has not taken the appropriate measures to detect or prevent such activities or, if they have occurred, nullify their effects.

2. This programme agreement can be terminated by mutual agreement between the Parties.

3. Termination does not affect the right of the Parties to make use of the dispute settlement mechanism referred to in Article 5.1 or the right of the NMFA to make use of the remedies provided in Chapter 13 of the Regulation.

Article 5.3
Waiver of responsibility

1. Any appraisal of the Programme undertaken before or after its approval by the NMFA, does not in any way diminish the responsibility of the National Focal Point and the Programme Operator to verify and confirm the correctness of the documents and information forming the basis of the programme agreement.

2. Nothing contained in the programme agreement shall be construed as imposing upon the NMFA or the FMO any responsibility of any kind for the supervision, execution, completion, or operation of the Programme or its projects.

3. The NMFA does not assume any risk or responsibility whatsoever for any damages, injuries, or other possible adverse effects caused by the Programme or its projects including, but not limited to inconsistencies in the planning of the Programme or its projects, other project(s) that might affect it or that it might affect, or public discontent. It is the full and sole responsibility of the National Focal Point and the Programme Operator to satisfactorily address such issues.

4. Neither the National Focal Point, the Programme Operator, entities involved in the implementation of projects, nor any other party shall have recourse to the NMFA for further financial support or assistance to the Programme in whatsoever form over and above what has been provided for in the programme agreement.

5. Neither the European Free Trade Association, its Secretariat, including the FMO, its officials or employees, nor the NMFA, its officials or employees, can be held liable for any damages or injuries of whatever nature sustained by the National Focal Point or the Beneficiary State, the Programme Operator, Project Promoters or any other third

person, in connection, be it direct or indirect, with this programme agreement.

6. Nothing in this programme agreement shall be construed as a waiver of diplomatic immunities and privileges awarded to the European Free Trade Association, its assets, officials or employees.

Article 5.4
Entry into force and duration

1. This programme agreement shall enter into force on the date of the last signature of the Parties.

2. This programme agreement shall remain in force until five years have elapsed after the date of the acceptance of the final programme report.

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This programme agreement is drawn up in two originals in the English language.

For the Donors	For the National Focal Point
Signed in Tallinn, Estonia on 26/04/2018	Signed in Tallinn, Estonia on 26/04/2018
.....	.....
Audun Halvorsen State Secretary, Norwegian Ministry of Foreign Affairs	Jaak Aab Minister of Public Administration, Ministry of Finance of the Republic of Estonia

Annex I to the Programme Agreement

Programme Operators and Partners	
Programme Operator:	Ministry of Economic Affairs and Communications
Donor Programme Partner:	Innovation Norway (IN)
IPO:	-
Other Programme Partner(s):	-

Programme Objective	Increased value creation and sustainable growth

PA	Outcome/Output	Expected programme results	Indicator	Disaggregation	Unit of measurement	Source of verification	Frequency of reporting	Baseline values	Baseline year	Target value
PA01	Outcome 1	Increased competitiveness of Estonian companies within focus areas Green Industry Innovation, ICT and Welfare Technology	Estimated annual CO2 emissions reductions (tons of CO2 equivalent per year)[1]	N/A	Annual number	Energy audits, energy bills	Annually (APR)	0	N/A	25,000
			Estimated annual growth in turnover of supported enterprises[2]	N/A	Percentage	Business report	Annually (APR)	N/A	N/A	5 %
			Estimated annual growth in net operational profit of supported enterprises[3]	N/A	Percentage	Business report	Annually (APR)	N/A	N/A	5 %
			Estimated annual decrease of energy consumption of supported enterprises (in MWh)[4]	N/A	Percentage	Energy audits, energy bills	Annually (APR)	0 %	N/A	5 %
			Number of products/services/processes	N/A	Cumulative number	Attendance sheets/ registrations	Annually (APR)	0	N/A	10

[1] CO2 emissions reductions will be verified by project promoter by performing independent audit or using other reliable method.
[2] Definition of "turnover": Enterprise's net revenue for a fiscal year (after deduction of VAT, trade reductions and other indirect taxes).
[3] Definition of "profit": Difference between operating income and operating expenses.
[4] Decrease of energy consumption will be verified by project promoter by performing independent energy audit or using other reliable method.

			tested in the Open Cyber Range security platform[5]							
			Number of new products/services/processes applied (new-to-the-enterprise) (disaggregated by sector)	N/A	Cumulative number	Project promoters records	Annually (APR)	0	N/A	20
			Number of registered applications for Intellectual Property Protection	N/A	Cumulative number	Copy of application for registering IPR	Annually (APR)	0	N/A	5
			Number of jobs created[6]	Gender, Age	Cumulative number	Employment contracts	Semi-annually (APR and September IFR)	0	N/A	100
			Number of new products/services/processes developed (disaggregated by sector)[7]	N/A	Cumulative number	Project promoters records	Annually (APR)	0	N/A	25
	Output 1.1	Enterprises supported to develop or apply innovative green products, services and processes	Number of large enterprises supported in SGS to prepare projects for main call[8]	N/A	Cumulative number	Financing decisions	Semi-annually (APR and September IFR)	0	N/A	15
			Number of large enterprises supported to apply new green products/services/processes	N/A	Cumulative number	Financing decisions	Semi-annually (APR and	0	N/A	5

[5] OCR is a virtual environment that is used for cybersecurity training and cyber technology development. Enterprises can test their products, services or processes against cyber threats in virtual testing environment to guarantee the real life security of products, services and processes.

[6] The definition of a job created will follow the definition set out in the Core indicators guidance document: "All jobs (positions) supported or generated during programme implementation, irrespective of the duration and as a direct result of the EEA and Norway Grants support. Data on the job positions where the salary is not supported by the grants and the position is likely to continue after grant support has ended, i.e. the number of permanent jobs created – which will be a subset of the total number – may also be kept and reported if needed.

[7] Definition of "developed": Projects where the main activities are user driven R&D, i.e. validation or demonstration of technologies in relevant (industrial) environment, prototypes demonstrated in operational environment, system completed and qualified. With other words Technology Readiness Level (TRL) 5-8 (EU Commission's scale used to describe the maturity of a technology). These types of projects will typically be cooperation between an enterprise and a research institution or similar.

[8] Definition of "large enterprise": The enterprise is considered large when it is characterized by at least one of the three elements mentioned above: employ more than 250 persons, has annual turnover which exceeds EUR 50 million, and/or an annual balance sheet total exceeding EUR 43 million.

							September IFR)			
			Number of SMEs supported in SGS to prepare projects for main call	N/A	Cumulative number	Financing decisions	Semi-annually (APR and September IFR)	0	N/A	30
			Number of SMEs supported to apply new green products/services/processes (new-to-the-enterprise)[9]	N/A	Cumulative number	Financing decisions	Semi-annually (APR and September IFR)	0	N/A	15
			Number of SMEs supported to develop new green products/services/processes	N/A	Cumulative number	Financing decisions	Semi-annually (APR and September IFR)	0	N/A	5
			Number of large enterprises supported to develop new green products/services/processes	N/A	Cumulative number	Financing decisions	Semi-annually (APR and September IFR)	0	N/A	2
	Output 1.2	Enterprises supported to develop innovative ICT products, services and processes	Number of SMEs supported in SGS to prepare projects for main call	N/A	Cumulative number	Financing decisions	Semi-annually (APR and September IFR)	0	N/A	25
			Number of SMEs supported to develop ICT products, services and processes[10]	N/A	Cumulative number	Financing decisions	Semi-annually (APR and September IFR)	0	N/A	8
			Number of large enterprises supported in SGS to prepare projects for main call	N/A	Cumulative number	Financing decisions	Semi-annually (APR and	0	N/A	6

[9] Definition of "SME-s": SMEs are enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million.

[10]

							September IFR)			
			Number of large enterprises supported to develop ICT products, services and processes	N/A	Cumulative number	Financing decisions	Semi-annually (APR and September IFR)	0	N/A	5
	Output 1.3	Enterprises supported to develop innovative welfare products, services and processes	Number of large enterprises supported in SGS to prepare projects for main call	N/A	Cumulative number	Financing decisions	Semi-annually (APR and September IFR)	0	N/A	2
			Number of enterprises supported in SGS to prepare projects for main call	N/A	Cumulative number	Copies of contracts signed with Project Promoters; Project Promoters' reports, partnership agreements	Semi-annually (APR and September IFR)	0	N/A	8
			Number of SMEs supported to develop new welfare technology products/services/processes	N/A	Cumulative number	Financing decisions	Semi-annually (APR and September IFR)	0	N/A	5
	Output 1.4	Open Cyber Range (OCR) is operational	Number of SMEs supported to test new products/services/processes in the Open Cyber Range	N/A	Cumulative number	Attendance sheets/ registrations	Semi-annually (APR and September IFR)	0	N/A	15
			Number of professional staff trained	Gender, Roma	Cumulative number	Attendance sheets/ registrations	Semi-annually (APR and September IFR)	0	N/A	100

	Output 1.5	Health Sense data management platform developed and operating	Data collection, and publishing environment architecture and data analysis environment architecture developed and published	N/A	Binary	To be specified with PDP promoter	Semi-annually (APR and September IFR)	No	2019	Yes
			Data collection and publishing procedures/tools in place and documented	N/A	Binary	To be specified with PDP promoter	Semi-annually (APR and September IFR)	No	2019	Yes
			Data analysis procedures/tools in place and documented	N/A	Binary	To be specified with PDP promoter	Semi-annually (APR and September IFR)	No	2019	Yes
			Number of data mining/Artificial Intelligence pilot projects successfully finished	N/A	Cumulative number	To be specified with PDP promoter	Semi-annually (APR and September IFR)	0	N/A	3
			Number of professional staff trained	Gender, Roma	Cumulative number	Attendance sheets	Semi-annually (APR and September IFR)	0	N/A	10
PA01	Bilateral Outcome	Enhanced collaboration between beneficiary and donor state entities	Level of satisfaction with the partnership	N/A	Scale 1-7	Survey results	Annually (APR)	6.51[11]	2022[12]	4.5[13]
			Level of trust between cooperating entities in Beneficiary States and Donor States	N/A	Scale 1-7	Survey results	Annually (APR)	6.57[14]	2022[15]	4.5[16]

[11] Based on the survey carried out on behalf of the FMO
[12] Survey carried out on behalf of the FMO
[13] Target is ≥4.5, and an increase on the baseline value
[14] Based on the survey carried out on behalf of the FMO
[15] Survey carried out on behalf of the FMO
[16] Target is ≥4.5, and an increase on the baseline value

		involved in the programme	Share of donor business partnerships which continue after project implementation period	N/A	Percentage	Survey results	Annually (APR)	N/A	N/A	50 %[17]
			Number of jointly registered applications for Intellectual Property Protection	Donor State	Cumulative number	Copy of application for registering IPR	Annually (APR)	0	N/A	3
			Share of cooperating organisations that apply the knowledge acquired from bilateral partnership	N/A	Percentage	Survey results	Annually (APR)	N/A	N/A	50[18]
	Bilateral Output 1	Bilateral partnerships supported	Number of projects involving cooperation with a donor project partner	N/A	Cumulative number	Financing decisions	Semi-annually (APR and September IFR)	N/A[19]	N/A	45
			Number of staff from donor states in exchanges	Donor State, Gender, Type of exchange	Cumulative number	Attendance sheets	Semi-annually (APR and September IFR)	0	N/A	5

[17] Target is minimum 50%
[18] Target is minimum 50 %
[19] 0

Conditions

General

1) The National Focal Point shall ensure that the Programme Operator, prior to signing a project contract for pre-defined project no. 1 “Open Cyber Range (OCR)” and no. 2 “Health Sense”, carries out an external and independent appraisal of the project, in order to verify its quality and contribution to the objectives of the Programme as well as compliance with EU and national legislation.

Pre-eligibility

1) No costs shall be eligible under pre-defined project no. 1 “Open Cyber Range (OCR)” and no. 2 “Health Sense” before the detailed descriptions and budgets for these pre-defined projects have been submitted to and approved by the NMFA.

Pre-payment

1) The Programme Operator shall submit the summary description of the procedure for the selection of projects to the NMFA for approval, prior to the publication of the small grant scheme and call for proposals foreseen under this programme. The programme agreement shall be amended accordingly.

2) The Programme Operator shall submit a communication plan for the programme to the NMFA for approval, prior to the publication of the small grant scheme and call for proposals foreseen under this programme.

Pre-completion

Not applicable

Post-completion

Not applicable

Eligibility of costs - period	**First date**	**Final date**
Eligibility of costs	10/05/2017	30/04/2025
Grant rate and co-financing		
Programme eligible expenditure (€)		€ 22,777,247
Programme grant rate (%)		85.00 %
Maximum amount of Programme grant - EEA Financial Mechanism (€)		-
Maximum amount of Programme grant - Norwegian Financial Mechanism (€)		€ 19,360,660
Maximum amount of Programme grant - Total (€)		€ 19,360,660

PA	Budget Heading	Norway Grants	Total grant	Programme grant rate	Programme co-financing	Programme eligible expenditure	Advance payment
PA01	Programme management	€ 1,229,634	€ 1,229,634	85.00 %	€ 216,994	€ 1,446,628	n/a
PA01	Outcome 1 (Norway Grants)	€ 18,131,026	€ 18,131,026	85.00 %	€ 3,199,593	€ 21,330,619	n/a
Total		**€ 19,360,660**	**€ 19,360,660**	**85.00 %**	**€ 3,416,587**	**€ 22,777,247**	**€ 0**

Retention of management costs	
Retention of management costs - Percentage of the management costs	10.00 %
Retention of management costs - Planned Euro value	€ 144,663

Competitiveness

Operational rules (Annex II)

1. **Programme summary**

This Annex sets out the operational rules for the programme. The programme agreement is based on the MoU, the concept note and comments made by the NMFA. Commitments, statements and guarantees, explicit as well as implicit, made in the concept note, are binding for the National Focal Point and the Programme Operator unless otherwise explicitly stipulated in the annexes to this programme agreement.

The Programme Operator is the Ministry of Economic Affairs and Communications of Estonia. Certain tasks of the Programme Operator may be delegated to the Estonian Business and Innovation Agency (EE), however this does not in any way reduce or restrict the responsibility of the Programme Operator. Innovation Norway (IN) shall act as Donor Programme Partner.

The programme shall support the outcomes "Increased competitiveness of Estonian companies within focus areas Green Industry Innovation, ICT and Welfare Technology," by way of two open calls for proposals, two small grant schemes (SGS), and two pre-defined projects.

The programme has three focus areas, Green Industry Innovation, ICT, and Welfare Technology. ICT can be a horizontal element across Green Industry Innovation and Welfare technology.

The Programme targets 50% of funds to be allocated into Green Industry Innovation (through ICT-related projects) and ensures that minimum 75% of the funding goes to SMEs.

2. Eligibility

2.1 Eligible applicants:

The rules on eligibility of applicants are set in Article 7.2 of the Regulation. In accordance with Article 7.2.4, the following entities shall be eligible:

- For the open call and the small grant scheme, eligible applicants are companies registered in the Estonian Commercial Register, with no more than 25% public ownership. Eligible project partners are legal entities established in Estonia or in Norway.

2.2 Special rules on eligibility of costs:

Costs are eligible in accordance with chapter 8 of the Regulation.

3. Bilateral relations

3.1 Bilateral relations

The Programme shall contribute to strengthening bilateral relations between Estonia and Norway.

The Programme shall as appropriate facilitate donor partnership projects by carrying out, inter alia, match-making events and activities in conjunction with launching calls for proposals, as well as by encouraging donor partnership projects in call texts.

The further use of the funds for bilateral relations allocated to the programme shall be agreed in the Cooperation Committee.

4. Selection of projects and financial parameters

4.1 Open calls and availability of funds (including number of calls, duration of calls, and estimated size):

Outcome	Modality	Indicative timing	Total available amount	Minimum/Maximum grant applied for

Increased competitiveness of Estonian companies within focus areas Green Industry Innovation, ICT and Welfare Technology	Call for proposals - Green ICT Main Call 1	2020	€ 9,419,536.08 (Green Industry Innovation: € 6,169,738.37)) (ICT: 1,329,866.48) (Welfare Technology: € 1,919,931.23)	Green Industry Innovation: €200,000 – €700,000 ICT: €200,000 – €700,000 Welfare Technology: €200,000 – €1,250,000
	Call for proposals - Green ICT Main Call 2	2021	€ 5,733,237.73 (Green Industry Innovation: € 4,638,934.13) (Welfare Technology: € 1,094,303.60)	Green Industry Innovation: €200,000 – €700,000 Welfare Technology: €200,000 – €1,250,000
	Call for proposal - Small Grant Scheme	2018	€ 690,740.86	€10,000 – €20,000
	Call for proposal - Small Grant Scheme 2	2021	€ 2,636,915.33 (Green Industry Innovation € 1,476,428.38) (Welfare Technology € 1,160,486.95)	Green Industry Innovation: €50,000 – €200,000 Welfare Technology: €50,000 – €200,000

In case of unallocated funds following the four calls for proposals, an additional call for proposals may be launched. Amounts uncommitted following one call may be transferred to subsequent calls.

4.2 Selection procedures:
The project evaluation and award of grants shall be in accordance with Article 7.4 of the Regulation.

The Programme Operator shall be responsible for the project evaluation and the award of grants.

Small grant scheme:
The small grant scheme will be administered by the Estonian Business and Innovation Agency.

The Estonian Business and Innovation Agency shall review the applications received for compliance with the administrative and eligibility criteria.

Each application that meets the administrative and eligibility criteria shall be reviewed by two impartial experts appointed by the Estonian Business and Innovation Agency. The experts shall separately score the applications from 0-4, according to the selection criteria published with the call for proposals. For the purpose of ranking the applications, the average of the scores awarded by the experts shall be used. Applications receiving an average score of less than 2.50, or if the average score within one criterion is less than 2.00, shall be rejected. If the evaluation results with one expert scoring the application above and the other expert scoring the application below the thresholds, a third expert shall be commissioned by the Estonian Business and Innovation Agency to score the application independently. In such cases, the average score of the two closest scores shall be used for the ranking of applications.

A ranked list of the projects recommended for funding in in Small Grant Scheme shall be prepared for the management board of the Estonian Business and Innovation Agency, which shall make the decision on which projects shall be supported.

A ranked list of the projects recommended for funding in Small Grant Scheme 2 shall be prepared for the Selection Committee's decision. The Selection Committee shall be chaired by the Programme Operator and consist of representatives from the Programme Operator, the Estonian Business and Innovation Agency and the Donor Programme Partner. Additionally, a representative nominated by the Ministry of Social Affairs shall be part of the Selection Committee as a voting member when selecting projects to be funded under Welfare Technology. Additional representatives possessing the relevant expertise may also be invited to the meetings of the Selection Committee.

The Selection Committee shall by consensus make its decision on which projects shall be funded. If consensus cannot be reached, the Programme Operator shall, as Chair of the Selection Committee, make the final decision on which projects shall be funded.

The final ranking list of the projects to be funded shall be prepared for the management board of the Estonian Business and Innovation Agency~~Enterprise Estonia~~, which shall formalise the decision of the Selection Committee. In justified cases, the Estonian Business and Innovation Agency may return the ranking list to the Selection Committee for renewed assessment prior to formalising the decision.

Open call for proposals:

The Estonian Business and Innovation Agency shall review the applications received for compliance with the administrative and eligibility criteria.

Each application that meets the administrative and eligibility criteria shall be reviewed by two impartial experts appointed by the Estonian Business and Innovation Agency. The experts shall separately score the applications from 0-4, according to the selection criteria published with the call for proposals. For the purpose of ranking the applications, the average of the scores awarded by the experts shall be used. Applications receiving an average score of less than 2.50, or if the average score within one criterion is less than 2.00, shall be rejected. If the evaluation results with one expert scoring the application above and the other expert scoring the application below the thresholds, a third expert shall be commissioned by the Estonian Business and Innovation Agency~~Enterprise Estonia~~ to score the application independently. In such cases, the average score of the two closest scores shall be used for the ranking of applications.

A ranked list of the projects recommended for funding shall be prepared for the Selection Committee's decision. The Selection Committee shall be chaired by the Programme Operator and consist of representatives from the Programme Operator, the Estonian Business and Innovation Agency and the Donor Programme Partner. Additionally, a representative nominated by the Ministry of Social Affairs shall be part of the Selection Committee as a voting member when selecting projects to be funded under Welfare Technology. Additional representatives possessing the relevant expertise may also be invited to the meetings of the Selection Committee.

The Selection Committee shall by consensus make its decision on which projects shall be funded. If consensus cannot be reached, the Programme Operator shall, as Chair of the Selection Committee, make the final decision on which projects shall be funded.

The final ranking list of the projects to be funded shall be prepared for the management board of the Estonian Business and Innovation Agency, which shall formalise the decision of the Selection

Committee. In justified cases, the Estonian Business and Innovation Agency may return the ranking list to the Selection Committee for renewed assessment prior to formalising the decision.

4.3 Project grant rate:
Grants from the programme may be up to 75% of total eligible expenditure of the project. The grant rates for the pre-defined projects are set in section 5.1. 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. Any remaining costs of the project shall be provided by the Project Promoter.

5. Additional mechanisms within the Programme
5.1 Pre-defined projects
There will be two pre-defined projects implemented under the Programme:

1) "Open Cyber Range (OCR)"

Project Promoter:	Estonian Ministry of Defence
Donor project partner(s):	Norwegian University of Science and Technology (NTNU)
Other project partner(s):	Tallinn University of Technology
Total maximum eligible costs:	€ 3,331,765
Project grant rate:	100.00 %
Maximum project grant amount:	€ 3,331,765

The project contributes to the programme outcome 1: "Increased competitiveness of Estonian companies within focus areas Green Industry Innovation, ICT and Welfare Technology".

Open Cyber Range is a virtual environment that is used for cybersecurity training and cybertechnology development. It provides tools that help strengthen the stability, security and performance of cyberinfrastructures and IT systems leading to secure and trustworthy products and well-educated personnel.

The main objectives of this project are to create a platform for companies to develop, test and validate their innovative products, create a launch pad for new products to emerge to the market, promote security thinking in private sector and educate better workforce for the private companies.

The project will create an environment for companies to test, experiment and validate newly developed products to meet the growing need for enhanced cybersecurity. Activities will include:

- creating a platform for (new) cybersecurity companies to develop, test and validate innovative products;
- create a launch pad for new products to emerge to the market;
- promote security thinking in private sector and
- educate better workforce for the private companies.

The platform will include tools and products that are not part of standard cloud service (automation tools, simulations, red and blue team tools, situational awareness, hybrid systems etc.). The SMEs that develop and test the products in OCR will be provided with a fast setup of testing and validation environment, reduced initial cost for the environment, and also support from academia and government, mentors and test-clients from other SMEs.

2) "Health Sense"

Project Promoter:	Ministry of Social Affairs - Estonia
Donor project partner(s):	Norwegian Directorate of Health (HDIR) Norwegian University of Science and Technology (NTNU)
Other project partner(s):	Health and Welfare Information Systems Center Tallinn University of Technology Tartu University Software Technology and Applications Competence Centre
Total maximum eligible costs:	€ 1,682,612
Project grant rate:	100.00 %
Maximum project grant amount:	€ 1,682,612

The project contributes to the programme Outcome 1: "Increased competitiveness of Estonian companies within focus areas Green Industry Innovation, ICT and Welfare Technology".

The aim of the project is to raise the availability of health and lifecycle data in order to enhance the creation of new products, services and solutions by the private sector, novel interventions by the public sector and relevant scientific knowledge by the R&D communities in order to raise life expectancy and prolong healthy life years of people. This will be done by developing a secure data storage, integration, access and analysis toolkit in order to provide large, complex and detailed sets of health and lifecycle data for the public sector, private sector and R&D institutions.

Health Sense will be a virtual environment collecting health, health cycle and lifestyle data for research and service development purposes. In addition, it will provide a toolbox that enables the creation of data analysis-based solutions for prolonging a healthy human life. As the data handled in the environment is sensitive, the tools for safe collection, storage, access and processing of data are an essential part of the provided toolbox. All activities and outcomes of the project will be in line with the European General Data Protection Regulation (GDPR).

5.2 Financial Instruments

Not applicable.

6. Programme Management

6.1 Payment flows

The Programme Operator shall ensure that payments to projects are made in a timely manner.

Payments of the project grant shall take the form of interim payments and a final payment. The interim payments shall be paid after the approval of project interim reports and final payments after the approval of project final report. The interim payments shall be paid within 1 month after the approval of project interim reports. Upon approval of the final project report a final balance payment, if applicable, shall be made within 1 month.

The approval of project interim and final reports shall take place within 2 months from the submission of the required information.

The periodicity of reporting periods, and deadlines for reporting will be further detailed in the description of the Programme Operator's management and control systems.

In case of euro-denominated contracts with entities from Donor States or with intergovernmental organizations, the Programme Operator shall transfer the amounts in euro.

6.2 Verification of payment claims

The Programme Operator verifies that the expenditures declared by the project promoters have actually been incurred and complies with the Regulation, the Programme Agreement as well as applicable national and European Union law and that the financial contribution is used exclusively for the purpose of the programme and its projects and according to the Programme Agreement.

Payments to projects are made on the basis of approved payment claims. Payment claim, submitted as integral part of the interim and final project reports, will be reviewed by the Programme Operator. Verification and approval of the payment claim will be based on information on incurred costs, financial status and project's progress described in reports, and on additional information to be submitted together with reports, if required by the Programme Operator.

In line with point i) of Article 5.6.2 of the Regulation incurred expenditure reported shall be subject to administrative verifications before the report is approved. Verifications to be carried out shall cover administrative, financial, technical and physical aspects of projects, as appropriate and be in accordance with the principle of proportionality.

Additionally, in line with point ii) of Article 5.6.2 of the Regulation on–the-spot verifications of projects, which may be carried out on a sample basis, shall be carried out.

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.

The detailed procedure for verification of payment claims, periodicity of reporting periods, and deadlines for reporting will further be outlined in the description of the programme rules of procedure and Programme Operator's management and control systems.

6.3 Monitoring and reporting

The Programme Operator shall monitor, record and report on progress towards the programme's outcomes in accordance with the provisions contained in the legal framework. The Programme Operator shall ensure that suitable and sufficient monitoring and reporting arrangements are made with the project promoters in order to enable the Programme Operator and the NFP to meet its obligations to the donors.

When reporting on progress achieved in Annual and Final Programme Reports, the Programme Operator shall disaggregate results achieved as appropriate and in accordance with instructions and templates received from the FMO.

6.4 Programme administrative structures

The programme is operated by the Estonian Ministry of Economic Affairs and Communications. The Estonian Business and Innovation Agency will act as the implementing agency and will be involved in the selection process as well as take on tasks related to verification of payments, payments to project promoters, monitoring of the projects and preparing the interim financial reports to be submitted to the Certifying Authority by the Programme Operator. Monitoring of financial management and budgeting will be followed by general state budget rules. The organisational structure of the Programme Operator shall ensure independence and functional separation of the division responsible for verification of incurred expenditure and approval of payments from other divisions responsible for the implementation of the programme.

7. Communication

The Programme Operator shall comply with Article 3.3 of the Regulation, the Information and Communication Requirements in Annex 3 of the Regulation and the Communication plan for the programme.

8. Miscellaneous

Not applicable.