EEA Financial Mechanism 2014-2021

PROGRAMME AGREEMENT

between

The Financial Mechanism Committee
established by Iceland, Liechtenstein and Norway

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 "Climate Change Mitigation and Adaptation"

hereinafter referred to as the "Programme"

Chapter 1
Scope, Legal Framework, and Definitions

Article 1.1
Scope

This programme agreement between the Financial Mechanism Committee (hereinafter referred to as the FMC) 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 EEA 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 EEA Financial Mechanism 2014-2021:

(a) Protocol 38c to the EEA Agreement on the EEA Financial Mechanism 2014-2021;

(b) the Regulation on the implementation of the EEA Financial Mechanism 2014-2021 (hereinafter referred to as the "Regulation") issued by the Donor States in accordance with Article 10(5) of Protocol 38c;

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

(d) any guidelines adopted by the FMC 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 EEA 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 FMC 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 Norwegian 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 FMC 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 FMC 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 FMC.

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 FMC.

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 FMC, the National Focal Point shall consult the FMC 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 FMC 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 FMC 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 FMC 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 FMC 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 the Donor States.

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 FMC 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 EEA Financial

Mechanism 2014-2021 to the Programme in accordance with Article 9.8 of the Regulation.

Article 4.5
Irregularities, suspension and reimbursements

The FMC 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 FMC 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 FMC 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 FMC, 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 FMC 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 FMC, 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 FMC or the FMO any responsibility of any kind for the supervision, execution, completion, or operation of the Programme or its projects.

3. The FMC 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 FMC 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 FMC, its members or alternate members, nor the EFTA States, 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.

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.

Article 5.4
Entry into force and duration

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

For the Donors

Signed in Oslo on 12/11/2019

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For the National Focal Point

Signed in Tallinn on 18/11/2019

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Annex I to the Programme Agreement

Programme Operators and Partners	
Programme Operator:	Ministry of Climate - Estonia
Donor Programme Partner:	Norwegian Environment Agency (NEA)
IPO:	-
Other Programme Partner(s):	-

Programme Objective	Climate change mitigated and vulnerability to climate change reduced

PA	Outcome/Output	Expected programme results	Indicator	Disaggregation	Unit of measurement	Source of verification	Frequency of reporting	Baseline values	Baseline year	Target value
PA11	Outcome 1	Ecosystem resilience increased	Number of regions with pressure on indigenous species	N/A	Cumulative number	statistical data	Annually (APR)	20	2019	0
			Number of marine regions with climate regulation services improved	N/A	Cumulative number	statistical data	Annually (APR)	0	N/A	3
	Output 1.1	Invasive alien species impact and pathways analysed	Number of invasive alien species whose pathways are analysed	N/A	Cumulative number	project promoters' records, statistical data	Semi-annually (APR and September IFR)	0	N/A	10
			Number of invasive species analysed for impact	N/A	Cumulative number	Statistical data, monitoring reports	Semi-annually (APR and September IFR)	0	N/A	8
	Output 1.2	Measures to reduce invasive species implemented	Number of localities where alien species have been targeted	N/A	Cumulative number	Project promoters' records, list of localities	Semi-annually (APR and September IFR)	0	N/A	20

			Number of invasive species combated	N/A	Cumulative number	Statistical data, monitoring reports	Semi-annually (APR and September IFR)	0	N/A	4
			Number of professional staff trained	Gender	Cumulative number	Project Promoters' records, Attendance sheets	Semi-annually (APR and September IFR)	0	N/A	30
	Output 1.3	Restoration of carbon-sequestering marine habitats piloted	Number of habitats that sequester and store blue carbon restored	N/A	Cumulative number	List of habitats, statistical data	Semi-annually (APR and September IFR)	0	N/A	1
PA13	Outcome 2	Increased ability at the local level to reduce emissions and adapt to a changing climate	Number of people self-reporting increased awareness on climate adaptation and mitigation	N/A	Cumulative number	Survey results	2020, 2022, 2024	0	N/A	10,000
			Number of municipalities supported to come into compliance with national or EU mitigation/adaptation strategies	N/A	Cumulative number	Project promoters' records, list of municipalities	Semi-annually (APR and September IFR)	0	N/A	6
	Output 2.1	Local level climate change mitigation and adaptation plans developed	Number of local level energy and climate change mitigation and adaptation plans developed	N/A	Cumulative number	Project promoters' records, copies of plans	Semi-annually (APR and September IFR)	0	N/A	6
	Output 2.2	Mitigation and adaptation measures implemented	Number of climate change mitigation and adaptation measures implemented	N/A	Cumulative number	Project promoters' records	Semi-annually (APR and September IFR)	0	N/A	6

	Output 2.3	Increased public awareness on climate change	Number of people reached by general awareness-raising activities	N/A	Cumulative number	project promoter's records, audio/video/print	Semi-annually (APR and September IFR)	0	N/A	10,000
			Number of schools taking part in climate change education programmes supported by the programme.	N/A	Cumulative number	Project promoters' records, audio/video/print produced from education programmes	Semi-annually (APR and September IFR)	0	N/A	30
PA13	Outcome 3	Framework for Circular Economy strengthened	Estonian Government is in compliance with the EU strategy for Circular Economy	N/A	Binary	Copy of compliance documentation	Semi-annually (APR and September IFR)	No	N/A	Yes
	Output 3.1	Enhanced capacity on Circular Economy	Strategy on Circular Economy completed	N/A	Binary	Copy of strategy document	Semi-annually (APR and September IFR)	No	N/A	Yes
			Number of professionals trained on Circular Economy	Gender	Cumulative number	Project Promoters' records, Attendance sheets	Semi-annually (APR and September IFR)	0	N/A	100
			Number of categories for Green Public Procurement developed	N/A	Cumulative number	Developed categories,	Semi-annually (APR and September IFR)	0	N/A	10
			Number of people reached by awareness raising campaigns	N/A	Cumulative number	Project Promoter submit the methodology and report about the increasing public awareness	Semi-annually (APR and September IFR)	0	N/A	10,000

			Number of schools participating in Green Schools Competition	N/A	Cumulative number	Copies of project contract, List of schools	Semi-annually (APR and September IFR)	0	N/A	30
	Output 3.2	Measures for Circular Economy implemented	Number of circular economy pilot measures implemented	N/A	Cumulative number	Project promoters records', measures developed	Semi-annually (APR and September IFR)	0	N/A	4
PA13	Bilateral Outcome	Enhanced collaboration between beneficiary and donor state entities involved in the programme	Level of trust between cooperating entities in beneficiary states and donor states	N/A	Scale 1-7	Survey results	Annually (APR)	6.63[1]	2023[2]	4.5[3]
			Level of satisfaction with the partnerships	N/A	Scale 1-7	Survey results	Annually (APR)	6.61[4]	2023[5]	4.5[6]
			Share of cooperating organisations that apply the knowledge acquired from bilateral partnerships	N/A	Percentage	Survey results	Annually (APR)	N/A	N/A	50 %
	Bilateral Output 1	Cooperation between beneficiary and donor state entities supported	Number of training courses organised by donor state and beneficiary state entities	N/A	Cumulative number	Project Promoter's records	Semi-annually (APR and September IFR)	0	N/A	10
			Number of projects involving cooperation with a donor state partner	N/A	Cumulative number	Copies of contracts concluded with Project Promoters, Partnership agreements	Semi-annually (APR and September IFR)	0	N/A	5

[1] Based on the survey carried out on behalf of the FMO
[2] Survey carried out on behalf of the FMO
[3] Target is ≥4.5, and an increase on the baseline value
[4] Based on the survey carried out on behalf of the FMO
[5] Survey carried out on behalf of the FMO
[6] Target is ≥4.5, and an increase on the baseline value

						between Project Promoters and project partners				

Conditions

General

1. The National Focal Point shall ensure that the Programme Operator ensures that project promoters:
    - Keep any buildings purchased, constructed, renovated or reconstructed under the project in their ownership for a period of at least 5 years following the completion of the project and continue to use such buildings for the benefit of the overall objectives of the project for the same period;
    - Keep any buildings purchased, constructed, renovated or reconstructed under the project 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 any buildings purchased, constructed, renovated or reconstructed under the project 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.

Pre-eligibility

Not applicable

Pre-payment

Not applicable

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 (€)		€ 7,058,824
Programme grant rate (%)		85.00 %
Maximum amount of Programme grant - EEA Financial Mechanism (€)		€ 6,000,000
Maximum amount of Programme grant - Norwegian Financial Mechanism (€)		-
Maximum amount of Programme grant - Total (€)		€ 6,000,000

PA	Budget Heading	EEA Grants	Total grant	Programme grant rate	Programme co-financing	Programme eligible expenditure	Advance payment
PA13	Programme management	€ 599,950	€ 599,950	85.00 %	€ 105,874	€ 705,824	n/a
PA11	Outcome 1 (EEA Grants)	€ 680,000	€ 680,000	85.00 %	€ 120,000	€ 800,000	€ 204,000
PA13	Outcome 2 (EEA Grants)	€ 3,190,050	€ 3,190,050	85.00 %	€ 562,950	€ 3,753,000	€ 229,500
PA13	Outcome 3 (EEA Grants)	€ 1,530,000	€ 1,530,000	85.00 %	€ 270,000	€ 1,800,000	€ 229,500
Total		**€ 6,000,000**	**€ 6,000,000**	**85.00 %**	**€ 1,058,824**	**€ 7,058,824**	**€ 663,000**

Retention of management costs	
Retention of management costs - Percentage of the management costs	10.00 %
Retention of management costs - Planned Euro value	€ 70,582

Climate Change Mitigation and Adaptation

Operational rules (Annex II)

1. **Programme summary**

This Annex sets out the operational rules for the programme. The programme agreement is based on the Memorandum of Understanding (MoU) for the EEA Financial Mechanism (EEA FM) for Estonia (EE), the concept note, and comments made by the FMC. 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 Environment of the Republic of Estonia. Certain tasks of the Programme Operator may be delegated to the Foundation Environmental Investments Centre (EIC), however this does not in any way reduce or restrict the responsibility of the Programme Operator. The Donor Programme Partner is the Norwegian Environment Agency (NEA).

The programme covers programme area 11 'Environment and Ecosystems' and 13 'Climate Change Mitigation and Adaptation' with PA 13 as the host programme area. It has a total allocation of €6,000,000 from the EEA FM. Including national co-financing, the total programme eligible expenditure is €7,058,824.

The main objective of the programme is to mitigate climate change and reduce the vulnerability to climate change. The programme consists of three outcomes.

- Outcome 1: *'Ecosystems resilience increased'* The outcome will be implemented by way of one call for proposals
- Outcome 2: *'Increased ability at local level to reduce emissions and adapt to a changing climate'* The outcome comprises two calls for proposals and one Small Grant Scheme (SGS).
- Outcome 3: *'Framework for Circular Economy strengthened'*. The outcome will be realised through one call for proposals and one pre-defined project.

2. Eligibility

2.1 Eligible applicants:

Modality	Eligible applicants (project promoters)	Eligible partners
Call 1 (outcome 1)	Research institutions and universities	Research institutions, universities and municipalities
Call 2 (output 2.2)	Municipalities or a body administered by it, associations of the Municipalities and public authorities	Municipalities or a body administered by it, associations of the Municipalities, public authorities and research institutions, universities and environmental NGOs/non-profit organizations
Call 3 (output 2.3)	Research institutions and universities	Research institutions, universities and municipalities
Call 4 (output 3.2)	Municipalities or a body administered by it, associations of the Municipalities and public authorities	Municipalities or a body administered by it, associations of the

		Municipalities, public authorities, and research institutions, universities and environmental NGOs/non-profit organizations
SGS 1 (output 2.1)	Municipalities or a body administered by it, and associations of the Municipalities	Municipalities or a body administered by it, associations of the Municipalities, public authorities, and research institutions, universities and environmental NGOs/non-profit organizations

2.2 Special rules on eligibility of costs:
Costs are eligible in accordance with chapter 8 of the Regulation.

In accordance with Article 8.5.4 of the Regulations, indirect costs shall be identified in accordance with paragraph 1(c) of Article 8.5 of the Regulations.

3. Bilateral relations
3.1 Bilateral relations
The Programme shall contribute to strengthening bilateral relations between Estonia and the Donor States.

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 with 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):

Implementation modality	Indicative timing	Total available amount (€)	Maximum / Minimum grant applied for (€)
Call 1 (Outcome 1)	1st quarter 2020	€800,000	€600,000 / €200,000
Call 2 (Outcome 2) Output 2.2	1st quarter 2021	€2,853,000	€1,000,000 / €200,000
Call 3 (Outcome 2) Output 2.3	1st quarter 2021	€500,000	Output 2.3: €500,000 / €200,000
Call 4 (Outcome 3) Output 3.2	1st quarter 2021	€900,000	€450,000 / €200,000

SGS 1 (Outcome 2)	1st quarter 2020	€400,000	€50,000 / €5,000

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 project evaluation and for the award of grants.

The Programme Operator shall review the applications received for compliance with the administrative and eligibility criteria. During the review for compliance with administrative and eligibility criteria the Programme Operator may ask for missing information e.g. documents or missing information from the applicant within a given deadline. Applicants whose applications were rejected at this stage will be informed about the decision in a form of an administrative act that can be appealed in administrative court according to the Administrative Procedure Act within 30 days as of the delivery of the act.

Each application that meets the administrative and eligibility criteria shall be reviewed by two impartial experts appointed by the Programme Operator. The experts shall separately score the project according to the selection criteria published with the call for proposals. For the purposes of ranking the projects, the average of the scores awarded by the experts shall be used. If the difference between the scores given by the two experts is more than 30% of the higher score, a third expert shall be commissioned by the Programme Operator. In such cases the average score of the two closest scores shall be used for the ranking of the projects.

The Programme Operator shall establish a Selection Committee, consisting of minimum three persons possessing the relevant expertise. At least one of them will be external to the Programme Operator. The Donor Programme Partner will participate in the meetings of the Selection Committee as an advisory organ and non-voting member.

The Programme Operator shall provide the Selection Committee with a list of the ranked projects. The Selection Committee shall review the ranked list of projects. It may modify the ranking of the projects in justified cases based on transparent criteria. The Selection Committee will provide to the Programme Operator the list of projects suggested to be funded. The Programme Operator will make the final decision on which projects shall be selected for funding. After the Programme Operator has made its final decision all applicants will be notified about the results of the selection process.

The appealing process will follow the Estonian Administrative Procedure Act, and objections has to be presented within 30 days.

4.3 Project grant rate:
Grants to all projects from the programme may be up to 85% of total eligible expenditure of the project. In the case of SGS projects the project grant rate may be up to 90% of eligible expenditure of the project. 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.

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

“Enhanced capacity on Circular Economy”

Project Promoter: Estonian Environment Agency

Donor project partners: tbd

Other project partners: tbd

Total maximum eligible project cost: € 1 058 824

Project grant rate: 85%

Maximum project grant amount: € 900 000

The project contributes to the programme Outcome 3 "Framework for Circular Economy strengthened" and Output 3.1 "Enhanced capacity on Circular Economy".

Achieving sustainable production and consumption needs real synergies and well-balanced framework at the national level. In the centre of sustainable production and consumption is the circular economy model. Estonia will focus on implementing it via a holistic strategy. The strategy and its supporting activities (action plan, green public procurement (GPP) requirements, awareness raising and training of civil servants) for a circular economy will be developed under this project. It will develop interlinkages with other strategic documents to create a full framework of circular economy policy and define circular economy principles that other new strategic approaches should take into account.

As an outcome of the pre-defined project, the public and private sector will have more opportunities and measures to follow circular economy principles, higher awareness and opportunities to take use of voluntary means that are systematically related to environmental management but also benefit the economy. The expected impact of the project is to have a society with well-informed citizens, local authorities and a more efficient industry and economy. Through project activities, it will significantly contribute to programme objective of the circular economy that is to have the framework for Estonian circular economy strengthened.

Project activities shall include:

- coordination and organisation of meetings as part of the activities of the circular economy lead group, working group and its sub-groups;
- compilation and coordination of an input to the environmental development plan, compilation of a draft of the circular economy development document and action plan for the 2021–2035, identification of the missing research needs for the circular economy and preparation or procurement of these analyses;
- training of public sector staff in the topic of the circular economy;
- raising the awareness of municipality specialists about the principles of the circular economy;
- promotion of Green Public Procurement;
- conduct of two different public campaigns on the circular economy;
- organisation of two international conferences on the circular economy;
- organisation of a Green Schools competition.

5.2 Financial Instruments

Not applicable

6. Programme Management

6.1 Payment flows

The Programme Operator shall ensure that funds are available for payments to projects in a timely manner. Interim and final payments to the projects shall be based on approved project financial reports.

Payments of the project grant shall take the form of advance payments, interim payments and final payments.

The level of advance payment to projects shall be set out in the Project Contract. An advance payment of a percentage of the total grant amount shall be made upon signature of the Project Contract. Governmental organisations will not get the advance payment, they can use bridge financing.

Interim payments of the project grant to the Project Promoters shall take the form of reimbursement requests based on actual costs incurred or an additional advance based on the evidence that a certain percentage of the first advance has been spent. The total advance payments should never exceed 90% of the total project grant

6.2 Verification of payment claims

Project promoters shall submit interim (if applicable) and final project reports containing information on project progress and incurred expenditure.

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

Requirements for the submission of proof of expenditure shall be set in the project contract and the partnership agreement.

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 Ministry of Environment of the Republic of Estonia. The Foundation Environmental Investments Centre will act as the implementing agency and will be involved in the selection process and communications activities as well as take on tasks related to verification of payments, payments to project promoters, monitoring of the projects and provide legal support.

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