

## Statutes of the Viru Film Fund

### I General provisions

1. These Terms and Conditions set forth the operating procedures of the Viru Film Fund and the conditions for granting and using the grant.
2. The aim of the Viru Film Fund is to diversify entrepreneurship in Ida-Viru County, promote the production of professional audiovisual works, bring investments to Ida-Viru County, and promote Ida-Viru County in Estonia and abroad.
3. The work of the Viru Film Fund is organized by the Ida-Viru Enterprise Center (IVEC). IVEC organizes the receipt of applications, including the publication of information and application materials on the website, the submission of applications to the Expert Committee, ensures the work of the Supervisory Board, concludes co-financing agreements, checks reports and makes disbursements.
4. Terms.
  - 4.1 An applicant for a grant is a legal person who:**
    - 4.1.1 has previous experience in the production of professional audiovisual works;**
    - 4.1.2 is registered in Estonia;**
    - 4.1.3 does not owe state taxes and social contributions at the time of application;**
    - 4.1.4 has ensured at least 50% of the total cost of the film project at the time of the application;**
    - 4.1.5 intends to realize the film project within 18 months of the submission of the application.**
  - 4.2 Eligible costs - costs that are eligible under the terms and conditions of these Statutes.
  - 4.3 Ineligible costs - costs that are not eligible under the terms and conditions of these Statutes.
  - 4.4 Beneficiary - a grant applicant with whom a co-financing agreement has been concluded.
  - 4.5 Film project - A set of activities and tools for creating an audiovisual work.
  - 4.6 Realization of the film project - termination of the supported activities of the film project.
  - 4.7 Expert Committee - a body reviewing the grant applications, which submits proposals for grants to the Council for a financing decision. The Committee has up to three members.
  - 4.8 Supervisory Board - the body deciding on the issuance and use of the grants of the Viru Film Fund. The composition of the Supervisory Board is determined by the partners paying the basic fees for the cooperation agreement of the Viru Film Fund.
5. Beneficiaries are awarded co-financing agreements for the use of the grants.

### II. State aid

6. Grants from the Viru Film Fund are:

- 6.1 state aid within the meaning of § 30 (1) of the Competition Act and its granting and use is subject to § 34<sup>2</sup> of the Competition Act and Commission Regulation (EU) No 651/2014 on the application of Articles 107 and 108 of the Treaty declaring certain categories of aid compatible with the internal market (Block Exemption Regulation) and Article 54 thereof *Aid schemes for audiovisual works*;
- or
- 6.2 de minimis aid within the meaning of Article 3 of Commission Regulation (EU) No 1407/2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid and is governed by that Regulation and the provisions of § 33 of the Competition Act.
7. No State aid or de minimis aid will be granted for an applicant who, on the basis of a previous decision of the European Commission or the Court of Justice declaring an aid illegal or misused and incompatible with the common market, has been ordered to repay the aid.
8. State aid and de minimis aid shall not be granted to an applicant in difficulty within the meaning of Article 2 (18) of the Block Exemption Regulation.
9. The grant is subject to the rules laid down in Article 8 (3) and (5) of the Block Exemption Regulation.
10. Documents relating to State aid and de minimis aid shall be kept for ten (10) years from the date of the last State aid or de minimis aid under the Aid scheme.
11. Where the aid is granted in the form of de minimis aid, undertakings which are linked within the meaning of Article 2 (2) of Commission Regulation (EU) No 1407/2013 shall be considered as one undertaking. The amount of aid is calculated in accordance with the accumulation rules laid down in Article 5 of the same Regulation.
12. The total amount of de minimis aid granted as de minimis aid under this Statute may not exceed the total of EUR 200,000 with the de minimis aid in the year of application and in the two preceding financial years.

### **III Invitation to apply**

13. On its website, IVEC publishes information on the conditions for applying for grants and the grants issued. Information about the Viru Film Fund will be published on the website of the Estonian Film Institute and in the mailing lists and other information channels.
14. Application conditions are available on the IVEC website.
15. No calls for applications are organized for application for grants; applications are accepted on an ongoing basis every year **from 10 February to 31 October**. In the case of suspension of receipt of applications on the basis of paragraph 20, the relevant notice will be published on the IVEC website.

### **IV. Eligible and ineligible costs**

16. The permanent place of business of the service providers to whom the costs are eligible must be in Ida-Viru County. Exceptionally, the Supervisory Board may also consider the costs of other service providers, which, in its opinion, meet the objectives of the Viru Film Fund as eligible.
17. Eligible costs have been incurred since the date of application and are directly related to the following cost items for the supported film project:
- 17.1 hotels and other accommodation services;
  - 17.2 rental of equipment for production of the film;
  - 17.3 transport services;
  - 17.4 catering services (provided by the service provider);
  - 17.5 construction services necessary for film production and production preparation;

- 17.6 security services;
  - 17.7 utilities and public services;
  - 17.8 rental of premises;
  - 17.9 miscellaneous goods (e.g., props, etc.);
  - 17.10 services related to film production;
  - 17.11 creative services (such as services provided by authors);
  - 17.12 other services (such as translation, dubbing, special effects, photography, make-up, stage design services, etc.);
  - 17.13 administrative services (office services, personnel selection, etc.);
  - 17.14 producer's fee up to 7% of the eligible costs of the grant;
  - 17.15 fees for people involved in film production (fee for participants in mass scenes, actors, etc.) with taxes up to 50% of eligible costs of the grant.
18. Ineligible costs are:
- 18.1 a producer fee exceeding 7% of the eligible costs of the aid;
  - 18.2 costs for film studio infrastructure;
  - 18.3 bank charges and interest, bank guarantee fees;
  - 18.4 small expense receipts in shops (under 10 euros);
  - 18.5 cash settlements;
  - 18.6 costs not originally intended or necessary for the realization of the film project;
  - 18.7 other costs considered by the Supervisory Board as ineligible and not related to the realization of the film project.
19. If the application or reporting shows that the goods or services purchased are used for personal purposes, no support shall be granted.

### **Submitting an application**

20. There are no calls for an application or to submit an application. Applications can be submitted every year in the period of **February 10 - October 31**. Receipt of applications may be suspended if the amount requested is higher than the amount available in the budget of the Viru Film Fund, and the acceptance of the applications may be extended if less than the money in the budget of the Viru Film Fund is applied for. **The application will be submitted electronically in a digitally signed form to the IVEC email address.**
21. Applications for film projects where production has been completed at the time of application are not supported.
22. The application includes:
- 22.1 an unattested signed application and its annexes
    - 22.1.1 synopsis of the work;
    - 22.1.2 the scenario of the work and expanded scenario of the work (*treatment*);
    - 22.1.3 the production schedule of the work;
    - 22.1.4 production team with the CVs of the key (creative) persons;
    - 22.1.5 a distribution plan for the work;
    - 22.1.6 an overview of activities in Ida-Viru County together with a schedule;
    - 22.1.7 information about the producing company, including an overview of previous works;
    - 22.1.8 budget and funding plan for the film project;
    - 22.1.9 agreements and letters of interest confirming secured funding;
    - 22.1.10 any additional information deemed necessary by the applicant;

- 22.1.11 list of companies and institutions in Ida-Viru County with whom on-site cooperation is planned.
23. Estimated summary of costs incurred in Ida-Viru County in accordance with the eligible costs specified in these conditions; the cost estimate may change during the realization of the film project, but not exceed the agreed amount of grant.
- 24. The application must be submitted in Estonian, other documents attached to the application may be in Estonian, English or Russian; the application must be signed by the applicant's authorized representative.**
25. If it is necessary to keep business secrets or parts thereof in connection with the application, the applicant must indicate this in the application.
26. No grant will be given to film projects that incite religious hatred and racism, represent pointless violence or contain propaganda degrading human dignity.

## **VI. Evaluation of applications and disclosure of results**

27. Conflicts of interest are avoided when evaluating applications. A person who has a conflict of interest or in case of whom there may be doubts about his or her impartiality is not allowed to participate in the evaluation of the applications. A conflict of interest within the meaning of the Statute is a situation where the evaluator of the application or any other person involved in the evaluation of the application or who may otherwise influence the outcome of the evaluation of the application has, directly or indirectly, economic or other personal interests which may be considered prejudicial to his impartiality or independence under Articles 5, 7 and 11 (1) of the Anti-Corruption Act.
28. The Supervisory Board shall appoint an Expert Committee for the examination and evaluation of applications.
29. The examination of applications is organized by the Expert Committee in three stages:
- 29.1 in the first stage, the eligibility of the application will be assessed; where appropriate, the applicant is proposed to correct or supplement the application;
- 29.2 in the second stage, the substantive compliance of the application with the objectives of the Viru Film Fund is assessed;
- 29.3 in the third evaluation stage, the application is summarized, and the maximum rate of co-financing of the Viru Film Fund of the application (proposal to the Supervisory Board) is set.
30. The Supervisory Board shall decide on approving or rejecting the application. The Supervisory Board shall determine its own rules of procedure. Decisions are made by public voting at Supervisory Board meetings. A simple majority of the Supervisory Board is required to approve the application.
31. During the evaluation of the application, the Expert Committee and the Supervisory Board have the rights:
- 31.1 to invite the applicant for the grant for the presentation of the application and answering questions;
- 31.2 to invite experts and other specialists to give their opinions.
32. The Expert Committee will decide on the application no later than thirty (30) working days from the submission of the complete application (i.e., with all amendments and corrections).
33. The Expert Committee submits its proposal to the Supervisory Board for approval.
34. On the basis of the evaluation results of the Expert Committee, the Supervisory Board decides separately on each application, whether to approve or reject it.
35. The decision of the Supervisory Board to approve the application shall indicate the Viru Film Fond co-financing rate of the application. In the case of State aid covered by a block exemption, the amount of aid may not exceed 50% of the total eligible costs of a film

project within the meaning of Article 54 (4) (b) of the Group Regulation. In the case of de minimis State aid, the amount of the grant shall not exceed 50% of the costs referred to in clause 17.

36. Before concluding a co-financing agreement, the Supervisory Board is entitled to:
  - 36.1 request additional information from the applicant;
  - 36.2 modify the cost estimate in the application by changing the qualification of specific cost items between eligible and ineligible costs;
  - 36.3 on the basis of a reasoned application by the applicant for a grant, to modify the assessment of the costs presented in the application without changing the amount of the grant allocated.
37. The decision of the Supervisory Board on the results of the application will be made public after its confirmation by the IVEC website.
38. The co-financing agreement will not be signed if it becomes evident before signing that the applicant has knowingly submitted false information in the application or attempted to influence the decision-making process during the application evaluation process.

### **VII Co-financing agreement**

39. The IVEC will sign a written co-financing agreement with the applicant after all the established requirements have been met. Before signing the agreement, the application is not binding on the Viru Film Fund and IVEC.
40. The co-financing agreement will be signed if at least the funds in the amount of the grant have been allocated to the Viru Film Fund. Before signing, the Viru Film Fund has the right, if necessary, to reduce the amount of planned support according to the available financial resources of the Viru Film Fund and IVEC may refuse to sign the co-financing agreement if no financial resources are allocated to the Viru Film Fund.
41. If the amount of available financial resources is limited, applicants who plan to spend the largest amount of expenses in Ida-Viru County during the realization of the film project are preferred.
42. An approval decision on co-financing is valid for up to two (2) months after approval by the Supervisory Board. During this period, the co-financing agreement must be signed. This period may be extended by decision of the Supervisory Board if the applicant has submitted a reasoned application to the IVEC.
43. The co-financing agreement establishes a time schedule for the realization of the film project, which is no longer than the film production schedule presented in the approved application, but not later than 31.10.2022, as well as the planned costs to be incurred in Ida-Viru County, the maximum co-financing rate of the Viru Film Fund and other conditions that are binding upon the realization of the film project.

### **VIII Payment of the grant**

44. The grant will be disbursed in accordance with the co-financing agreement after the supported film project has been completed, and the IVEC will submit the cost statement together with copies of expense receipts within twenty-eight (28) working days.
45. IVEC will review the report on the realization of the film project, the report on the use of the grant and the report of the costs incurred in the course of realization of the film project in Ida-Viru County within twenty-eight (28) working days, involving experts if necessary. IVEC evaluates whether the film project realization, use of the grant and expenses incurred in Ida-Viru County corresponded to the co-financing agreement. The reports are then submitted to the Supervisory Board for approval. The Supervisory Board will decide on the approval of the reports within twenty-eight (28) working days.

46. Upon approval of the reports, the IVEC calculates the amount of the grant to be disbursed to the beneficiary according to the co-financing agreement.
47. IVEC has the right to request additional information and documentary evidence to prove the costs incurred in the course of realization of the film project.
48. Documentary evidence of costs are the copies of the following documents:
  - 48.1 bank certified payment orders for payment of invoices;
  - 48.2 invoices;
  - 48.3 other accounting source documents.
49. The grant will be disbursed within fourteen (14) working days after the Supervisory Board has made a decision on the compliance of the realized film project and on the disbursement of the grant.
50. The Supervisory Board has the right to reduce the amount of a grant to be disbursed if:
  - 50.1 the costs shown in the documentary evidence of the expenditure submitted by the beneficiary are unreasonably higher than the market price;
  - 50.2 the beneficiary did not submit the report on the realization of the film project in a timely manner without justification and without prior notice.
51. The Supervisory Board shall be entitled not to disburse the grant if the beneficiary:
  - 51.1 has misled the Supervisory Board of the Viru Film Fund, the Expert Committee or IVEC in any way;
  - 51.2 has failed to submit the requested documents by the due date and has not notified thereof in advance;
  - 51.3 has failed to provide documentary evidence of expenditures or other required documents by the due date;
  - 51.4 has not used the grant according to the intended purpose.

### **IX Rights and obligations of the applicant of the grant**

52. The applicant has the right to withdraw the application.
53. The applicant has the obligation to ensure the accuracy of the information provided in the application. If false information is submitted, the application will not be accepted, or the refund of the already disbursed grant may be required.
54. The applicant has the obligation to comply with these terms and conditions of the co-financing agreement.
55. When using the grant, if the cost of the purchased goods and services exceeds EUR 20,000 per service provider, the general principles of § 3 of the Public Procurement Act must be observed.
56. The Beneficiary is obliged to provide information on the further implementation and distribution of the film project.

### **X Control measures**

57. IVEC has the right to involve experts in the realization of the film project in order to assess the compliance of the material realization of the film project with the application and the correspondence of the eligible costs to market prices.

### **XI Final provisions**

58. After signing the co-financing agreement, the Beneficiary undertakes to add the name or logo of the Viru Film Fund to the beginning and/or the end of the work and information about the grant of the Viru Film Fund in the advertising and promotional materials related to the work.

59. The sponsor is entitled to receive up to three (3) digital photocopies, film photographs, an official poster and trailer for IVEC upon completion of the work. IVEC has the right to use them non-commercially in its marketing activities in Estonia and other countries.
60. In the co-financing agreement, the applicant grants to IVEC and the partners of the Viru Film Fund the right (non-exclusive license) to use the supported works non-commercially in their marketing activities in Estonia and other countries.
61. The decision to issue the grant and the disbursement of the grant may be contested by filing an appeal with IVEC.