

Viru Film Fund Cooperation Agreement Appendix, Version 2023; Updated on 28.10.2024

Viru Film Fund Statute

I. General Provisions

- These terms establish the operating procedures of the Viru Film Fund and the conditions for granting and using support.
- The objective of the Viru Film Fund is to diversify entrepreneurship in Ida-Virumaa, promote the production of professional audiovisual works, attract investments to Ida-Virumaa, and advertise Ida-Virumaa both in Estonia and abroad.
- The work of the Viru Film Fund is organized by SA Ida-Viru Entrepreneurship Center (IVEK). IVEK manages the reception of applications, including the publication of information and application materials on the website, forwarding applications to the Expert Commission, ensuring the work of the Council, concluding co-financing agreements, reviewing reports, and making payments.
- **Definitions:**
 - **Applicant for Support** is a legal entity that:
 1. Has previous experience in producing professional audiovisual works;
 2. Is registered in Estonia;
 3. Does not owe national taxes and social contributions in Estonia at the time of application;
 4. Has secured at least nearly 50% of the total funding for the film project at the time of application;
 5. Intends to realize the film project within 18 months of submitting the application.
 - **Eligible Costs** – expenses that are eligible for support under these statutes.
 - **Ineligible Costs** – expenses that are not eligible for support under these statutes.
 - **Recipient of Support** – the applicant for support with whom a co-financing agreement has been concluded.
 - **Film Project** – a collection of activities and resources for creating an audiovisual work.
 - **Realization of a Film Project** – the completion of supported activities of the film project.
 - **Expert Commission** – the body reviewing support applications, which makes recommendations to the Council for funding decisions. The commission consists of up to three members.
 - **Council** – the body that decides on the granting and use of supports by the Viru Film Fund. The composition of the Council is determined by the principle partners paying for the cooperation agreement of the Viru Film Fund.
 - Co-financing agreements are concluded with recipients of support for the use of the granted support.

II. State Aid

- Support from the Viru Film Fund constitutes:

- State aid as defined in Section 30(1) of the Competition Act, and the granting and use of such aid are subject to Section 342 of the Competition Act and Regulation (EU) No. 651/2014 of the European Commission regarding the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union, which recognizes certain types of aid as compatible with the internal market (group aid regulation) and Article 54 for support schemes for audiovisual works;
- Or minor aid under Regulation (EU) No. 1407/2013 of the European Commission, which addresses the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to minor aid, as defined in Article 3, and applies the provisions of the mentioned regulation and Section 33 of the Competition Act.
- State aid and minor aid are not granted to an applicant who has been previously found by the European Commission or the European Court of Justice to have illegally or misused aid incompatible with the internal market and has been ordered to repay the aid.
- State aid and minor aid are not granted to an applicant who is in difficulties as defined in Article 2, point 18 of the group aid regulation.
- When granting support, the rules specified in points 3 and 5 of Article 8 of the group aid regulation are followed.
- Documents related to the granting of state aid and minor aid are kept for 10 years from the date of the last grant under the support scheme.
- If support is granted as minor aid under these statutes, entities related under Article 2(2) of Regulation (EU) No. 1407/2013 are considered a single entrepreneur for calculating aid amounts, following the aggregation rules in Article 5 of the same regulation.
- Under these statutes, support granted as minor aid must not exceed €200,000 in the year of application and the two preceding financial years.

III. Application Process

- IVEK publishes information on the conditions for applying for support and the types of support on its website. Information about the Viru Film Fund is published, if possible, on the Estonian Film Institute's website and other information channels.
- Application conditions are available on IVEK's website.
- Applications for support are organized twice a year in application rounds, one in the first half of the year and the second in the second half. If the reception of applications is halted according to point 21, a corresponding notice is published on the IVEK website.
- **Eligible and Ineligible Costs**
 - Service providers eligible for support must have their permanent place of business in Ida-Virumaa. The Council may, in exceptional cases and at its discretion, consider other service providers' costs as eligible if they align with the Viru Film Fund's objectives.
 - **Eligible costs** are incurred from the date of application and are directly related to the realization of the supported film project, including:
 - Hotels and other accommodation-related services;
 - Rental of equipment necessary for film production;

- Transportation services;
- Catering services (provided by the service provider);
- Construction services necessary for film production and preparation;
- Security services;
- Utility and public services;
- Rental of premises;
- Various goods (e.g., props, etc.);
- Services related to film production;
- Creative services (e.g., services provided by authors);
- Other services (e.g., translation, dubbing, special effects, photography, makeup, set design, etc.);
- Administrative services (office services, personnel selection, etc.);
- Producer's fee up to 7% of the total grant amount;
- Fees for local personnel involved in film production, including taxes (fees for extras in crowd scenes, security personnel, medical staff, translators, etc.). The support rate related to fees is up to 50% of all eligible costs for the requested support.
- **Ineligible costs** include:
 - Producer's fee exceeding 7% of eligible support costs;
 - Costs related to the infrastructure of the Jöhvi Creative Industry Incubator Film Studio;
 - Bank service fees and interest, bank guarantee fees;
 - Small expense documents in stores (below €10);
 - Transactions settled in cash;
 - Costs not originally intended or necessary for the realization of the film project;
 - Other costs deemed ineligible by the Council that are not related to the realization of the film project.
- If it appears from the application or reporting that purchased goods or services are used for personal purposes, support will not be granted.
- Reporting is done according to the date specified in the co-financing agreement.

IV. Eligible and Ineligible Costs

(Note: This section appears to be a continuation of the previous section on eligible and ineligible costs. It seems like there might be a numbering or structuring issue in the original text. The translation follows the original structure.)

V. Submission of Application

- Applications are accepted twice a year during two application rounds. Applications can be submitted annually by March 1 and October 1. (Revised wording: 28.10.2024)
- Application rounds are announced at least one month before the application deadline.
- The Viru Film Fund has the right not to announce an application round if there are insufficient financial resources to conduct the round.

- The Viru Film Fund has the right to announce an additional application round if there are sufficient remaining financial resources.
- The Viru Film Fund has the right to accept small projects with application amounts up to €5,000 between application rounds if financial resources are available during the current application round. (Revised wording: 28.10.2024.a)
- Applications are submitted electronically in digitally signed form to IVEK's email address.
- Applications for film projects where production has been completed by the time of application submission are not eligible for support.
- An application must include the following:
 1. A simple written signed statement and its appendices:
 - A brief summary of the project in the provided short questionnaire;
 - Synopsis of the work;
 - Scenario and extended scenario outline (treatment) of the work;
 - Production schedule of the work;
 - Production team with CVs of key personnel (creative);
 - Distribution plan of the work;
 - Overview of activities planned in Ida-Virumaa with a schedule;
 - Information about the producer company, including an overview of previous works;
 - Budget and financing plan of the film project;
 - Contracts and letters of intent confirming secured financing;
 - Any other additional information that the applicant deems necessary to include;
 - A list of Ida-Virumaa companies and institutions with which on-site cooperation is planned.
 2. An estimated summary of costs to be incurred in Ida-Virumaa according to eligible costs outlined in these conditions; the cost estimate may change during the realization of the film project but must not exceed the total agreed grant amount.
- The application must be submitted in Estonian, and other documents attached to the application may be in Estonian, English, or Russian. The application must be signed by a legally authorized representative of the applicant.
- If business confidentiality or parts of it need to be maintained in connection with the application, the applicant must indicate this in the application.
- Support is not granted to film projects that incite religious hatred and racism, depict senseless violence, or contain demeaning propaganda of human dignity.

VI. Evaluation of Applications and Publication of Results

- In evaluating applications, conflicts of interest are avoided. Individuals with a conflict of interest or who may have their impartiality questioned are prohibited from participating in the evaluation. A conflict of interest, as defined in these statutes, occurs when an evaluator or any person involved in evaluating the application has direct or indirect economic or other personal interests that could compromise their impartiality or independence, as defined under Sections 5, 7, and 11(1) of the Anti-Corruption Act.
- The Council appoints the Expert Commission to review and evaluate applications.

- The Expert Commission organizes the review of applications in three stages:
 - In the first stage, the compliance of the application with the requirements is assessed, and if necessary, a proposal is made to the applicant to correct or supplement the application;
 - In the second stage, the substantive compliance of the application with the objectives of the Viru Film Fund is evaluated;
 - In the third evaluation stage, a summary of the application is made, and the maximum co-financing rate of the application by the Viru Film Fund is determined (proposal to the Council).
- The Council makes the decision to approve or reject an application. The Council determines its own procedural rules. Decisions are made in Council meetings by public vote. A simple majority of the Council is required to approve an application.
- During the evaluation of applications, the Expert Commission and the Council have the right to:
 - Invite the applicant to present the application and answer questions;
 - Invite experts and other specialists to provide opinions.
- The Expert Commission decides on the application no later than 30 working days from the submission of the complete application (including all amendments and corrections).
- The Expert Commission submits its recommendations to the Council for approval.
- The Council decides separately on each application based on the Expert Commission's evaluation results whether to approve it or not.
- In the Council's decision to approve an application, the co-financing rate by the Viru Film Fund is indicated. For aid covered by the group aid regulation, the support amount must not exceed 50% of all eligible costs for the film project as defined in Article 54(4) of the group aid regulation. For minor state aid, the support amount is a maximum of 50% of the costs listed in point 17.
- Before concluding a co-financing agreement, the Council has the right to:
 - Request additional information from the applicant;
 - Amend the cost estimate presented in the application by changing the qualification of specific cost items between eligible and ineligible costs;
 - Based on a justified statement from the applicant, change the cost estimate presented in the application without altering the size of the separable support.
- Applications approved for positive funding by the Council are published on the Viru Film Fund's website after the project is implemented.
- A co-financing agreement is not signed if it is discovered before signing that the applicant has knowingly provided false information in the application or attempted to influence the decision-making process during the evaluation of applications.
- If it is discovered after funding that the applicant has knowingly provided false information in the application or influenced the evaluation process, IVEK has the right to demand the return of the funds.

VII. Co-financing Agreement

- IVEK signs a written co-financing agreement with the applicant after all established requirements are met. Until the agreement is signed, the approval of the application is not binding for the Viru Film Fund and IVEK.

- A co-financing agreement is signed if the Viru Film Fund has allocated at least the amount of support. Before signing, the Viru Film Fund has the right to reduce the planned support amount as necessary according to the existing financial resources of the Viru Film Fund, and IVEK may refuse to sign the co-financing agreement if no financial resources are allocated to the Viru Film Fund.
- If the available financial resources are limited, preference is given to applicants who plan to make the largest expenditures in Ida-Virumaa during the realization of the film project.
- An approval decision regarding co-financing is valid for up to two (2) months after the Council's approval. Within this period, the co-financing agreement must be signed. The Council may extend this period if the applicant has submitted a corresponding justified request to IVEK.
- The co-financing agreement establishes the schedule for the realization of the film project, which must not exceed the production schedule presented in the approved application, as well as the planned expenditures in Ida-Virumaa, the maximum co-financing rate by the Viru Film Fund, and other conditions that are binding for the realization of the film project.

VIII. Payment of Support

45. Support is paid out according to the co-financing agreement after the realization of the supported film project and the submission of the expense report to IVEK with copies of expense documents within 28 working days.
46. IVEK reviews the film project's realization report, the support utilization report, and the report on expenditures made in Ida-Virumaa during the realization of the film project, generally within 28 working days. In exceptional cases, the processing deadline may be extended by an additional 20 working days. IVEK may involve experts if necessary for processing. IVEK assesses whether the realization of the film project, the use of support, and the expenditures made in Ida-Virumaa correspond to the co-financing agreement. Subsequently, reports are submitted to the Council for approval. The Council decides on the approval of reports within 28 working days.
47. Upon approval of the reports, IVEK calculates the amount of support to be paid to the recipient in accordance with the co-financing agreement. 47.1. IVEK has the right to request additional information and documentary evidence that proves the expenditures made during the realization of the film project.
 - Documentary evidence of expenditures includes copies of the following documents:
 1. Bank-confirmed payment orders for invoice payments;
 2. Invoices;
 3. Other accounting primary documents.
 - Support is paid out within 14 working days after the Council has made a decision on the compliance of the realized film project and the disbursement of support.
 - The Council has the right to reduce the amount of support to be paid out if:
 1. The costs presented by the support recipient in the documentary evidence of expenditures are unreasonably higher than the market price;
 2. The support recipient fails to submit the film project realization report without justification and without prior notice by the deadline.
 - The Council has the right not to disburse the granted support if the support recipient:

1. Has misled the Council, the Expert Commission, or IVEK in any way regarding the Viru Film Fund;
2. Has failed to submit the required documents by the deadline without prior notification;
3. Has failed to submit documentary evidence of expenditures or other required documents by the deadline;
4. Has used the granted support for unintended purposes.

IX. Rights and Obligations of the Applicant for Support

1. The applicant for support has the right to withdraw the submitted application.
2. The applicant for support is obliged to ensure the accuracy of the information provided in the application. In case of providing false information, the application will not be approved, or the already disbursed support may be demanded back.
3. The applicant for support is obliged to comply with these conditions and the terms of the co-financing agreement.
4. When using support, if the cost of purchased items or services exceeds €20,000 per service provider, the general principles of Section 3 of the Public Procurement Act must be followed where possible.
5. The recipient of support is obliged to provide information about the further execution and distribution of the film project.

X. Control Measures

1. During the realization of the film project, IVEK has the right to involve experts to assess whether the substantive realization of the film project corresponds to what was presented in the application and whether the size of eligible costs corresponds to market prices.

XI. Final Provisions

1. After signing the co-financing agreement, the recipient of support undertakes to add the name or logo of the Viru Film Fund to the beginning and/or end credits of the work and information about the Viru Film Fund's support to advertising and sales promotion materials related to the work.
2. The recipient of support grants the right to receive up to three (3) digital presentation copies, film photos, an official poster, and a trailer to IVEK upon completion of the work. IVEK has the right to use these non-commercially in its marketing activities in Estonia and other countries.
3. In the co-financing agreement, the applicant grants IVEK and Viru Film Fund partners the right (simple license) to use the supported works non-commercially in their marketing activities in Estonia and other countries.
4. The decision to grant and pay support can be contested by submitting a complaint to IVEK.