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Conditions and Procedure for Granting Support for Environmentally Friendly Ship Conversion

Adopted on 23 April 2025, No. 20

This regulation is established pursuant to § 161 (3) and § 182¹ (5) of the Atmospheric Air Protection Act.

Chapter 1

General Provisions

§ 1. Scope, Purpose, and Outcome of Granting Support

(1) This regulation establishes the conditions and procedure for granting and using support under the measure "Conversion of Ships for the Use of Renewable Energy" as set out in Annex 5 of the 2025–2028 State Budget Strategy.

(2) The purpose of granting support is to reduce greenhouse gas emissions in the maritime sector through the conversion of ships, thereby contributing to the achievement of Estonia's and the European Union's climate goals.

(3) As a result of the support, greenhouse gas emissions from the maritime sector will decrease in t(CO_2e)/year. The provision of state aid will increase the number of zero-emission or environmentally friendly vehicles in the maritime sector.

(4) The performance indicators of the measure are the reduction in greenhouse gas emissions (t(CO_2e)/year) and the energy savings achieved (MWh/year).

(5) The output indicators of the state aid project are the additional renewable energy capacity introduced (MWh/year) and the number of zero-emission or environmentally friendly vehicles.

§ 2. Implementer of the Measure

(1) The implementation of the measure is coordinated by the Ministry of Climate.

(2) Applications for support are processed, payments for supported projects are made, and oversight of the projects is conducted by the Environmental Investment Centre Foundation (hereinafter KIK).

(3) KIK shall retain documents related to the granting of support, including state aid and de minimis aid, for ten years from the final payment of the project.

(4) KIK is obliged to enter information on the granted state aid and de minimis aid into the relevant register.

(5) KIK shall carry out on-site inspections pursuant to § 17 (7). KIK may involve experts in conducting the on-site inspection.

§ 3. State Aid

(1) Aid granted for the conversion of a vessel constitutes environmental protection aid covered by the block exemption pursuant to Article 36b of Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (OJ L 187, 26.6.2014, pp. 1–78) (hereinafter "General Block Exemption Regulation").

(2) In the provision of aid pursuant to the General Block Exemption Regulation, the provisions of § 342 of the Competition Act shall apply. The aid must have an incentive effect in accordance with Article 6 of the General Block Exemption Regulation.

(3) In the provision of de minimis aid, Commission Regulation (EU) 2023/2831 of 13 December 2023 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid (OJ L, 15.12.2023, pp. 1–12) and § 33 of the Competition Act shall apply. The exclusions provided for in Article 1 of the said Regulation shall apply. De minimis aid granted to a single undertaking pursuant to Commission Regulation (EU) 2023/2831, together with the de minimis aid requested under this Regulation, shall not exceed EUR 300,000 over any three-year fiscal period. A "single undertaking" shall be as defined in Article 2(2) of Commission Regulation (EU) 2023/2831.

(4) Aid shall not be granted:

1. in the cases provided for in Article 1(2)–(6) of the General Block Exemption Regulation, including to an applicant who is subject to an outstanding recovery order following a prior decision of the European Commission or the Court of Justice of the European Union declaring aid granted by the same Member State to be unlawful and incompatible with the internal market;
2. to an undertaking in difficulty within the meaning of Article 2(18) of the General Block Exemption Regulation;
3. to an applicant who has already received state aid for the same eligible costs, and where granting additional investment aid under Article 36b of the General Block Exemption Regulation would result in exceeding the maximum permitted aid amount or intensity;
4. to an applicant who has commenced works prior to the submission of the application within the meaning of Article 6 of the General Block Exemption Regulation.

(5) In the event of unlawful or misused state aid, the Environmental Investment Centre (KIK) shall recover the aid, together with interest, in accordance with § 42 of the Competition Act.

§ 4. Definitions

For the purposes of this Regulation, the following terms shall have the following meanings:

1. **Zero-emission vehicle** means a seagoing or coastal vessel used for passenger or freight transport, port operations, or auxiliary activities, with no direct CO_2 emissions

from the exhaust, in accordance with Article 2, point 102g(e) of the General Block Exemption Regulation;

2. **Environmentally friendly vehicle** means a seagoing or coastal vessel used for passenger or freight transport, port operations, or auxiliary activities, which is equipped with a hybrid or dual-mode engine and derives at least 25 percent of its energy from fuels with no direct CO_2 emissions from the exhaust, or which operates under normal conditions at sea and in port using electricity from the grid, or whose Energy Efficiency Design Index (EEDI) value is at least 10 percent lower than the EEDI requirements applicable as of 1 April 2022, and which is capable of operating on fuels with no direct CO_2 emissions from the exhaust or fuels derived from renewable energy sources, in accordance with Article 2, point 102f(d) of the General Block Exemption Regulation;
3. **Procurement** means a public procurement procedure within the meaning of the Public Procurement Act, or a procurement of goods, services, or construction works organised by a beneficiary not deemed to be a contracting authority under the Public Procurement Act, provided such procurement complies with the requirements set out in § 3 of that Act;
4. **Project** means a coherent set of activities that complies with the requirements of this Regulation and the costs of which are partially reimbursed through the aid;
5. **Conversion** means construction that results in substantial modification of an existing vessel, rendering it more environmentally friendly or energy efficient.

Chapter 2
Conditions for Granting Aid

§ 5. Requirements for Applicants

(1) The applicant for the aid must be a legal entity registered in its country of establishment and must own or possess the vessel to be converted.

(2) The applicant must meet the following requirements:

1. neither the applicant nor the owner of the vessel is subject to any effective international sanction or sanction imposed by the Government of the Republic of Estonia within the meaning of the International Sanctions Act;
2. the applicant’s country of establishment and place of operation is not the Russian Federation or the Republic of Belarus;
3. the applicant does not have tax or payment arrears to the Estonian state exceeding EUR 100 without interest at the time of application submission, or such arrears have been deferred;
4. the applicant’s economic activity has not ceased or been suspended;
5. the applicant is not subject to liquidation or bankruptcy proceedings, and no bankruptcy decision has been made;
6. the applicant has not previously received funding from the state budget or other European Union or foreign aid sources for the reimbursement of the same costs;
7. neither the applicant nor its legal representative has a valid criminal conviction;
8. the applicant has complied with any repayment obligation related to previous aid issued by an Estonian public sector funding provider, unless the deadline for such repayment is later than the date of application submission.

§ 6. Requirements for the Vessel

(1) The vessel to be converted with support must be a sea-going or coastal vessel used for civil passenger or freight transport, port operations, or auxiliary activities.

(2) The vessel must meet the following requirements:

1. the vessel must have a gross tonnage of at least 300 GT;
2. neither the vessel nor its flag state is subject to any effective international sanction within the meaning of the International Sanctions Act;
3. at the time of application submission, the vessel's flag state is not listed on the blacklist of the *Paris Memorandum of Understanding on Port State Control* of 26 January 1982.

§ 7. Supported Activities

(1) The following activities are eligible for support:

1. under aid granted pursuant to Article 36b of the General Block Exemption Regulation, the conversion of a vessel resulting in the vessel meeting the definition of an environmentally friendly or zero-emission vehicle;
2. under aid granted as de minimis aid, the conversion of a vessel aimed at reducing the vessel's greenhouse gas emissions.

(2) No support shall be granted for activities that do not contribute to achieving the objective specified in § 1(2) and the outcome specified in § 1(3).

§ 8. Project Eligibility Period

(1) The project eligibility period is the time period specified in the decision to approve the application, starting from the commencement of the project activity to its completion, during which the project activities are carried out and the eligible costs, partially reimbursable from the support, are incurred and paid.

(2) The beginning of the eligibility period must not be earlier than the date of submission of the application, nor later than one year from the date of the decision to approve the application.

(3) The end of the eligibility period must not be later than 31 December 2029.

(4) A project shall be deemed completed after the approval of the final report and the disbursement of the final payment to the beneficiary.

§ 9. Eligible Costs

(1) Support is granted only for costs that are justified, reasonable, and necessary for achieving the objective set out in § 1(2) and the outcome in § 1(3), and that are incurred during the project eligibility period in accordance with the conditions established in this regulation.

(2) Eligible costs are:

1. investment costs for vessel conversion in accordance with Article 36b(3)(c) of the General Block Exemption Regulation aimed at transforming the vessel into an environmentally friendly or zero-emission vehicle;
2. in the case of de minimis aid, investment costs for the conversion of a vessel aimed at reducing greenhouse gas emissions.

(3) Eligible costs must be incurred for work performed in the countries of the European Economic Area (hereinafter EEA) and carried out by an undertaking registered in the EEA, which has at least three years of prior experience in vessel conversion projects and holds ISO 14001 certification or an equivalent standard.

(4) The following costs are not eligible:

1. costs without written supporting documentation;
2. costs paid in cash;
3. project management and application preparation costs;
4. general and operational costs;
5. salary costs of the beneficiary;
6. costs reimbursed from national, European Union, or other foreign sources;
7. value-added tax;
8. training costs;
9. legal and court costs, including procedural costs of the opposing or third party;
10. fines or other financial penalties (including contractual penalties);
11. contract conclusion fees, interest, and late payment charges;
12. any costs unrelated to the project or unjustified/insignificant for the project's implementation.

§ 10. Budget of the Call for Proposals, Amount and Proportion of Support

(1) The budget of the call for proposals and the opening date shall be approved by directive of the Minister of Climate.

(2) The proportion of support is:

1. 15% of eligible costs for the conversion of a vessel into an environmentally friendly vehicle, pursuant to Article 36b(6) of the General Block Exemption Regulation;
2. 20% of eligible costs for the conversion into an environmentally friendly vehicle, if a vessel owned or possessed by a legal entity in the applicant's group has called at an Estonian port at least five times in the past three years, or if the vessel's flag state at the time of application and for three years after the final payment is the Republic of Estonia;
3. 30% of eligible costs for the conversion into a zero-emission vehicle, pursuant to Article 36b(6) of the General Block Exemption Regulation;
4. 15% of eligible costs for support granted as de minimis aid;
5. 20% of eligible costs for de minimis aid, if at least one of the conditions set out in point 2 of this subsection is met.

(3) The maximum amount of support that may be requested is EUR 5,000,000 per application.

(4) The maximum amount of support granted as de minimis aid is EUR 300,000 in accordance with § 3(3) of this regulation.

(5) When granting de minimis aid, the total amount of de minimis aid received by the applicant during the previous three years is taken into account.

(6) When granting support, the rules on cumulation set out in Article 8 of the General Block Exemption Regulation must be followed, including that support may be cumulated with:

1. any other State aid, provided the aid concerns different identifiable eligible costs;
2. any other State aid concerning the same, partially or fully overlapping eligible costs, but only where such cumulation does not lead to exceeding the maximum permitted aid intensity or amount.

(7) Support must not be cumulated with any de minimis aid relating to the same eligible costs if this would result in exceeding the maximum allowable aid intensity or amount.

(8) In calculating the aid intensity and eligible costs, all amounts must be taken as net of any taxes or other charges.

(9) Non-repayable assistance from European Union or other foreign aid funds and domestic public financial support shall not be considered as the beneficiary's own contribution to the project.

Chapter 3
Requirements for the Application

§ 11. Requirements for the Application

(1) The applicant must submit the application via the State Shared Service Centre's e-support environment (hereinafter "E-support") using the designated application form, accompanied by the documents, confirmations, and data specified in subsection (3).

(2) The requirements for the application are as follows:

1. the application must be completed using the data fields of the application form provided in the E-support environment, and all applicable fields must be properly filled out;
2. the information provided in the application must be complete and accurate;
3. the planned activities in the application must comply with this regulation as well as European Union and national legislation;
4. the application must be signed by a legal representative of the applicant who has an Estonian personal identification code.

(3) The application must be submitted in the manner provided in this regulation and must include the following confirmations, data, or documents:

1. the name, registry code, and company size of the applicant;
2. proof that the applicant is the owner of the vessel to be converted or has a legal basis for possessing the vessel;

3. if the applicant is not registered in Estonia, an extract from the business register or another document proving compliance with the requirements set out in § 5(1), clauses 1 and 2;
4. the project title and the location where the project will be implemented;
5. a flag certificate or a sea vessel certificate;
6. a document reflecting port calls, including dates of visits to Estonian ports, as evidence of meeting the condition stated in § 10(2), point 2;
7. a description of the project objective and expected results, including measurable performance indicators aligned with the objective and outcome specified in § 1;
8. a description of project activities, including, where state aid under Article 36b of the General Block Exemption Regulation is requested, an explanation of whether the vessel is to be converted into an environmentally friendly or zero-emission vehicle;
9. in the case of state aid under Article 36b of the General Block Exemption Regulation, a technical and environmental sustainability report including confirmation from an authorized classification society that the project enables conversion of the vessel in compliance with the definition of an environmentally friendly or zero-emission vehicle;
10. in the case of de minimis aid, a technical and environmental sustainability report including confirmation from an authorized classification society that the project allows for achieving greenhouse gas (GHG) reduction indicators;
11. a calculation of GHG emissions reduction and energy efficiency using the template published on the KIK (Environmental Investment Centre) website;
12. market research or price quotations;
13. a project schedule that is realistically implementable and ensures the completion of activities within the eligible period;
14. the amount of support requested;
15. the project's payment schedule if the project duration is at least six months;
16. the project's total budget, broken down by cost types, distinguishing between eligible and non-eligible costs and indicating the amount of self-financing;
17. a written confirmation of the applicant's ability to provide self-financing;
18. a power of attorney, if the applicant's representative is acting under authorization;
19. confirmation that support has not been requested for the project costs from other national budgetary, EU, or foreign aid sources;
20. confirmation that the applicant meets all applicable requirements.

(4) An applicant may apply for support to convert multiple vessels that are owned or possessed by them.

(5) If self-financing is to be provided through a loan from a credit or financial institution, KIK will assess the applicant's loan capacity. For this purpose, KIK may request a loan decision from the lender's credit committee or an equivalent body.

(6) If the applicant has applied for or will apply for support for the project from other sources, the application must include data on all public sector funding for the project. In such cases, the total support granted must not exceed the permitted aid intensity or maximum aid amount, in accordance with the cumulation rules established in Article 8 of the General Block Exemption Regulation.

Chapter 4
Processing of the Application

§ 12. Submission and Processing of the Application

1. The Environmental Investment Centre (KIK) announces the application round and informs about its suspension and closure on its website.
2. Applications can be submitted on a rolling basis via the E-support system until KIK announces the closure of the application round on its website.
3. The application process consists of verifying the compliance of the application and the applicant with requirements, evaluating the application, and deciding on the approval or rejection of the application.
4. The application processing period is 90 calendar days from the date of submission. KIK allows the applicant a maximum of 10 working days to correct deficiencies in the application. The processing period is extended by the time taken to rectify the deficiencies.
5. KIK considers the applicant compliant if the requirements set out in § 5 are fulfilled.
6. KIK considers the application compliant if the requirements set out in §§ 6 and 11 are fulfilled.
7. During the review of the application, KIK may request the applicant to clarify or supplement the data in the application or to amend the application if it is not sufficiently clear, indicating the matters that require clarification, amendment, or additional documentation.
8. If the applicant or the application does not comply with the requirements and is not brought into compliance within the deadline specified in subsection 5, KIK will reject the application without substantive assessment and without further hearing of the applicant.

§ 13. Formation of Evaluation Committee and Evaluation of Applications

1. KIK forms an evaluation committee for assessing compliant applications. The committee includes at least two members appointed by the Ministry of Climate and two appointed by KIK. Experts may also be involved.
2. Evaluation committee members must:
    1. Declare their impartiality and independence from the evaluated projects and applicants, and withdraw from evaluating an application if they have a conflict of interest;
    2. Maintain confidentiality of any information obtained during the committee's work both during and after their term.
3. KIK coordinates the work of the evaluation committee.
4. The evaluation committee assesses compliant applications based on the following criteria:
    1. Justification of project activities;
    2. Cost-effectiveness of the project budget;
    3. Realism of the project schedule.
5. The criterion in point 1 of subsection 4 is considered met if the activities described in the application are justified for achieving the project objective, the project meets the objective in § 1(2), and is capable of achieving the outcome in § 1(3).
6. The criterion in point 2 of subsection 4 is considered met if project costs are necessary and reasonable, and the budget is realistic, including clarity on how it was calculated and assessed.
7. The criterion in point 3 of subsection 4 is considered met if the project activities are planned with a realistic duration that is likely to lead to achieving the project results.

§ 14. Approval and Rejection of the Application

1. KIK makes a decision to approve the application if the evaluation committee considers the criteria listed in § 13(4) fulfilled. Applications are approved in the order of submission until the application round budget is exhausted.
2. The application and submitted information form an integral part of the approval decision.
3. The approval decision must include at least:
    1. Date of the decision;
    2. Name, address, and registration code of the grant recipient;
    3. Project title and number;
    4. Total project cost, indicating the eligible cost amount;
    5. Grant amount and maximum share of eligible costs;
    6. Information on state aid and de minimis aid;
    7. Project objectives, supported activities, and expected schedule and location;
    8. Project eligibility period;
    9. Obligations of the grant recipient;
    10. Time for submitting interim reports if the project lasts more than six months;
    11. Conditions for payment of the grant and procedure for submitting supporting documents and information;
    12. Grounds for suspending payments, annulling the approval decision, and recovering the grant;
    13. Details of the decision-maker;
    14. Other necessary information for implementing the project.
4. The application is rejected if:
    1. The applicant, application, or vessel does not meet the requirements;
    2. The applicant has submitted false information;
    3. The applicant unlawfully influences the application process or hinders verification of compliance;
    4. The budget for the application round is exhausted.
5. The rejection decision must include at least:
    1. The decision-maker;
    2. Date and number of the decision;
    3. Applicant;
    4. Grounds and justification for rejection;
    5. Basis and deadline for contesting the decision.
6. KIK delivers the approval or rejection decision to the applicant via the E-support system within three working days from the date of the decision.

§ 15. Partial or Conditional Approval of the Application

1. If the remaining application round budget does not allow full approval, KIK will reject the application. Partial approval is not permitted.
2. An approval decision may be made with a condition (within the meaning of § 53 of the Administrative Procedure Act) if it is likely that the required condition for a final decision will be fulfilled by the deadline specified in the condition and imposing such condition is reasonable.
3. In the case of conditional approval, the recipient does not acquire the right to payments until the condition set by KIK is fulfilled.

§ 16. Amendment and Annulment of the Approval Decision

1. The approval decision may be amended by KIK's initiative or upon the grant recipient's request under the conditions and procedure set out in the regulation. Amendments at the request of the grant recipient must be submitted before the final project report is approved.
2. KIK has the right to refuse amendments if the proposed changes jeopardize achieving the project's expected results, the completion of activities within the eligibility period, or violate state aid rules.
3. KIK decides on the amendment request within 30 days of receiving the request.
4. KIK may annul the approval decision partially or fully if:
    1. The grant recipient fails to comply with the conditions of the approval decision or relevant legislation, or misuses the grant;
    2. The grant recipient does not follow the project schedule;
    3. The grant recipient submits a statement of withdrawal from using the grant;
    4. The grant recipient, the shipowner, vessel, or its flag state is subject to international sanctions.
5. The approval decision is fully annulled if the grant recipient is convicted under § 260[1] of the Penal Code or under a corresponding legal norm in their country of residence, and the approval decision was made within 12 months prior to the detection of illegal employment or the final payment is made within five years after the detection of such employment.
6. If the grant recipient fails to submit the document specified in § 17(2) within one month of receiving the approval decision, the decision is annulled.

Chapter 5
Rights and Obligations of the Grant Recipient

§ 17. Rights and Obligations of the Grant Recipient

1. The grant recipient has the right to receive information and advice from KIK regarding the requirements set out in the regulation and their obligations as a grant recipient.
2. A grant recipient who is not registered in Estonia must, after receiving the decision to approve the application, submit an appropriately apostilled or legalized and officially translated document in Estonian from the relevant register of the country of establishment. This document must prove their legal status as a legal entity and confirm the absence of bankruptcy, liquidation, suspension of operations, or any other circumstance that would indicate the entity is no longer a going concern.
3. The grant recipient is obliged to inform the public that the project has been supported by the Republic of Estonia from the auction revenues of the European Union Emissions Trading System.
4. To incur eligible costs, the grant recipient must conduct procurements in accordance with § 4 point 3 of the regulation and must publish the first procurement notice in the public procurement register within one year from the start of the eligibility period.
5. The grant recipient must implement the project activities in accordance with the conditions set out in the application, the grant approval decision, and this regulation.
6. The grant recipient must retain and allow persons designated by KIK to access relevant documents in their possession—before project implementation, during implementation, and for ten years after the final payment. These include accounting and financial documents deemed relevant by KIK for evaluating the proper use of the

grant. The documents must be made available within ten days of receiving such a request.
7. The grant recipient must allow KIK to carry out an on-site inspection of the vessel being retrofitted in a port located in the territory of the Republic of Estonia before the procurement is announced and prior to the approval of interim and final reports.
8. If the grant recipient received 20% of the eligible costs under § 10 (2) point 2 or 5 due to the vessel being flagged in Estonia, the retrofitted vessel must remain under the Estonian flag for three years after the final payment is made.
9. The grant recipient must promptly inform KIK during the project implementation of any circumstances that may affect the preservation and use of assets acquired or created under the project, or their ability to fulfill the objectives or obligations set out in the application or the regulation.

§ 18. Conducting Procurements

1. Costs are reimbursed from the grant only if incurred in accordance with the Public Procurement Act. A grant recipient who is not a contracting authority under the Act must adhere to the principles provided in § 3 of the Act when incurring expenses.
2. If the estimated value of the contract to be concluded is at least €100,000 excluding VAT, the grant recipient must submit a draft of the procurement documents to KIK for review before announcing the procurement.
3. The grant recipient must publish the procurement notice and conduct the procurement electronically in the public procurement register.
4. The grant recipient must submit procurement documentation and the signed contract to KIK via E-support immediately after the contract is concluded, unless the documents are accessible in the public procurement register.
5. KIK will advise the grant recipient on procurement procedures as necessary.
6. Before amending the contract, the grant recipient must submit the draft with proposed changes to KIK for review.

§ 19. Submission of Reports Related to the Use of the Grant

1. The grant recipient must submit an interim report to KIK during the project eligibility period, at the time specified in the grant approval decision.
2. The grant recipient must submit a final report to KIK upon completion of the project.
3. The grant recipient must submit a follow-up report to KIK covering each of the five years following the final payment. Reports must be submitted 13 months and five years after the final payment.
4. Reports must be submitted via E-support and must include at least the following:
    1. the reporting period of the project;
    2. information about the implementation of the project, including work and activities performed and achievement of results and objectives;
    3. data on the reduction of greenhouse gas emissions and other performance indicators, presented using KIK's prescribed calculation template, along with documentation verifying fuel usage and distance traveled.
5. The data on greenhouse gas emission reductions submitted in the final report must be verified by an authorized classification society of Estonia. This verification must be attached to the final report.
6. If the grant was received to retrofit a vessel into an emission-free or environmentally friendly ship, the grant recipient must additionally provide a certificate from an

authorized Estonian classification society confirming that the vessel meets the definition of an emission-free or environmentally friendly ship as described in the General Block Exemption Regulation and that the greenhouse gas emission intensity of the onboard energy use complies with Regulation (EU) 2023/1805 of the European Parliament and Council.

7. Before the approval of the interim and final reports, KIK shall conduct an on-site inspection as described in § 17 (7).

Chapter 6
Payment and Use of the Grant

§ 20. Payment of the Grant

1. The grant shall be paid based on actual paid expenses, substantiated by supporting documents, after the approval of the interim or final report.
2. The grant recipient shall submit the documents underlying the payment to KIK via the E-support system, together with the following documents and evidence:
    1. documents verifying the organization of the procurement, if not previously submitted to KIK;
    2. the contract forming the basis of the expense, unless it is accessible in the public procurement register or has already been submitted to KIK and has not been amended;
    3. any amendments to the contract if it has been executed differently than originally agreed;
    4. an invoice or other accounting document;
    5. a copy of the delivery and acceptance certificate for goods or construction works;
    6. a document proving payment of the expense;
    7. documentation verifying the distinction between eligible and non-eligible project-related expenses in accounting;
    8. a document related to a guarantee, insurance, or performance security, if such is required under the contracts.

§ 21. Recovery of the Grant

1. If the grant recipient fails to fulfill the obligations arising from the regulation or the grant approval decision, KIK has the right to reclaim the grant partially or in full in accordance with § 182¹ of the Atmospheric Air Protection Act.
2. KIK may amend the grant approval decision and decide on partial or full recovery of the grant depending on the reason, in cases where:
    1. circumstances are discovered that would have led to the rejection of the application;
    2. the grant recipient has failed to fulfill an obligation or requirement, which has affected the eligibility of the cost or compliance with state aid rules;
    3. the grant recipient has used the grant to cover a non-eligible expense;
    4. the grant recipient fails to comply with the conditions set out in the approval decision or legal acts, or does not use the grant as intended;
    5. it becomes evident that achieving the project objective is not possible or the project timeline is not followed;

6. the grant recipient's request to amend the approval decision is denied, and the recipient cannot continue using the grant under the prescribed conditions;
7. the grant recipient submits a request to withdraw from the grant;
8. the grant recipient has violated the procurement procedure, potentially affecting the contract value;
9. knowingly incorrect, incomplete, or withheld information has been submitted during the application or project implementation;
10. bankruptcy or liquidation proceedings have been initiated against the grant recipient;
11. international sanctions have been imposed on the grant recipient, the owner of the vessel, the vessel itself, or the flag state of the vessel.

3. If international sanctions are imposed on the operator, owner, the vessel, or its flag state within five years from the final payment, KIK shall reclaim the entire grant.
4. If, during project implementation, it becomes evident that the project cannot be completed, the approval decision is annulled and the entire disbursed grant must be returned. If the project objective is only partially achieved, the grant shall be reclaimed proportionally.
5. If the grant recipient does not allow KIK to carry out the on-site inspection specified in § 17(7), KIK shall annul the grant approval decision and reclaim the full amount of the paid grant.
6. If the grant recipient fails to fulfill the obligation set out in § 17(8), 5% of the grant shall be reclaimed, and the approval decision shall be annulled to that extent.
7. The reclaimed grant must be repaid within 60 days of receiving the repayment request via the E-support system. Otherwise, the recovery decision shall be enforced. Interest shall accrue on overdue amounts as set out in § 182¹(4) of the Atmospheric Air Protection Act.
8. KIK has the right to reclaim the grant within ten years of the project's completion.

Chapter 7
Appeal Procedure

§ 22. Submission and Processing of Appeals
An appeal against a decision or action of KIK may be submitted to KIK in accordance with the procedure set out in the Administrative Procedure Act.

Kuldar Leis
Minister of Infrastructure

Marten Kokk
Chancellor