

## **ARTICLES OF ASSOCIATION**

### **OF THE ESTONIAN CENTRE FOR INTERNATIONAL DEVELOPMENT COOPERATION FOUNDATION**

#### **1. GENERAL PROVISIONS**

- 1.1 The name of the Foundation is **the Estonian Centre for International Development Cooperation** (*Foundation*). The name of the Foundation in English is the *Estonian Centre for International Development*.
- 1.2 The founder of the Foundation is the Republic of Estonia, whose founding rights are exercised by the Ministry of Foreign Affairs (hereinafter the *founder*).
- 1.3 The seat of the Foundation is the Republic of Estonia, Tallinn.
- 1.4 The Foundation is a legal person in private law registered in the register of non-profit associations and foundations.
- 1.5 In its activities, the Foundation proceeds from the Estonian foreign policy development plan, the national development cooperation and humanitarian aid program, the foreign policy program, the state and regional strategies of the Ministry of Foreign Affairs, and other documents guiding Estonian foreign policy.
  - 1.5.1 The activities of the Foundation are regulated by the legislation of the Republic of Estonia and these Articles of Association.
- 1.6 The financial year of the Foundation begins on January 1 and ends on December 31.
- 1.7 The Foundation is established for an indefinite term.

#### **2. PURPOSE AND MAIN TASKS**

- 2.1 The purpose of the Foundation is to implement international development cooperation and humanitarian aid projects and to create and consolidate competence in this field.
- 2.2 The main tasks of the Foundation are:
  - 2.2.1 to increase and consolidate Estonia's capacity and competence to participate in international development cooperation and humanitarian aid projects, involving the experience of the third, public and private sectors;
  - 2.2.2 to implement activities in the priority target countries and areas provided for in the Estonian Development Cooperation and Humanitarian Aid Program, guided by the state and regional strategies of the Ministry of Foreign Affairs;
  - 2.2.3 to increase awareness of development cooperation and humanitarian aid in Estonia, to promote world education, and to concentrate communication on development cooperation and humanitarian aid;
  - 2.2.4 to contribute to the development and management of the Estonian development cooperation database and related information systems;
  - 2.2.5 to analyze target countries and priority areas, engage in training, scholarships, and study visits;
  - 2.2.6 to regularly assess the effects of the Foundation's work and to contribute to the assessment of the effects of national development cooperation and humanitarian aid projects;
  - 2.2.7 to perform other tasks arising from foreign policy objectives and assigned by the founder;

2.2.8 to carry out economic activities in support of the achievement of its statutory objectives.

### **3. STRUCTURE AND MANAGEMENT**

3.1 The governing bodies of the Foundation are the supervisory board and the management board.

3.2 On the proposal of the founder, the supervisory board or the management board, supervisory boards, and expert committees, or other structural units may be established.

3.3 The following persons may not be a member of the management body of a foundation:

3.3.1 whose wrongful act or omission led to the bankruptcy of a person;

3.3.2 whose wrongful act or omission has resulted in the revocation of the activity license issued to a legal person;

3.3.3 who has a business ban or an occupational ban;

3.3.4 whose wrongful act or omission has caused damage to a legal person;

3.3.5 who have been punished for a crime against the state, economic, professional crime or crime against property;

3.3.6 who have a material conflict of interest in connection with the activities of the Foundation.

3.4 The structure and composition of the Foundation shall be approved by the management board with the prior approval of the supervisory board.

### **4. SUPERVISORY BOARD**

4.1 The supervisory board plans the activities of the Foundation, organizes the management of the Foundation, and supervises the activities of the Foundation.

4.2 The supervisory board has five members. The members of the supervisory board are appointed by the founder for four years, taking into account the requirements provided for in the articles of association and law for a candidate for a member of the supervisory board.

4.3 The work of the members of the supervisory board is remunerated. The rate of remuneration is decided by the founder.

4.4 The members of the supervisory board are paid equal remuneration unless otherwise provided by law. The chairman of the supervisory board may be paid a higher fee. A member of the supervisory board may be granted additional remuneration in connection with his or her participation in the activities of the audit committee specified in the Auditing Act or other body of the supervisory board. Upon payment of remuneration to a member of the supervisory board, his or her participation in the meetings of the supervisory board and in the activities of the body of the supervisory board shall be taken into account.

4.5 The founder has the right to recall a member of the supervisory board at any time, regardless of the reason. If a member of the supervisory board is removed from the supervisory board, no compensation shall be paid to him or her.

4.6 A member of the supervisory board may resign from the supervisory board for any reason by notifying the founder thereof.

4.7 The competence of the supervisory board is:

4.7.1 amendments of the articles of association of the Foundation;

4.7.2 election and removal of members of the management board of the Foundation;

4.7.3 determining the remuneration and the procedure for payment to the member of the management board and deciding on other conditions;

4.7.4 establishing the rules of procedure of the supervisory board;

4.7.5 approval of the annual budget and the operational objectives of the Foundation by the beginning of the financial year at the latest and their subsequent amendment;

4.7.6 hearing the sworn auditor who audited the annual accounts and approving the annual report of the Foundation;

- 4.7.7 approval of the financial plan of the Foundation each year which complies with the requirements provided for in § 12 of the State Budget Act and is the basis for the preparation of the budget of the Foundation;
- 4.7.8 giving its consent to the management board to enter into transactions outside its day-to-day business, in particular, the conclusion of finance leases, the transfer, acquisition or encumbrance of immovable property, borrowing;
- 4.7.9 determining the number of auditors of the Foundation and the term of office, appointing and recalling the auditor, and determining the procedure for remuneration of the auditor;
- 4.7.10 assessment of the activities of the Foundation not later than within one month as of the submission of the annual report of the Foundation to the supervisory board.
- 4.8 The members of the supervisory board elect a chairman from among themselves who organizes the activities of the supervisory board. In the absence of the chairman of the supervisory board, the chairman of the supervisory board shall appoint a member of the supervisory board to replace him or her.
- 4.9 The chairman of the supervisory board is required to submit to the founder:
  - 4.9.1 the agenda of the meeting of the supervisory board at least three working days before the meeting and a copy of the minutes together with the materials of the meeting within one month after the meeting of the supervisory board;
  - 4.9.2 if a resolution of the supervisory board is adopted without convening a meeting, the draft resolution of the supervisory board shall be sent to the members of the supervisory board at the same time as the voting minutes or voting results within five working days after the voting.
- 4.10 The supervisory board meets as required, but at least once every three months. A meeting of the supervisory board shall be convened by a written or electronic notice of the chairman of the supervisory board or a member of the supervisory board replacing him or her at least seven days before the meeting.
- 4.11 A meeting of the supervisory board has a quorum if more than half of the members of the supervisory board participate in it. A member of the supervisory board shall attend the meeting of the supervisory board in person or by electronic means without being physically present at the meeting, by means of real-time two-way communication or other electronic means allowing to observe the meeting and speak, while being away, and to vote on decisions. A member of the supervisory board shall be deemed to be a participant in the meeting if he or she has the opportunity to hear what was discussed at the meeting by telephone or other means of communication and to express his or her position to other members of the supervisory board.
- 4.12 A resolution of the supervisory board is adopted if more than half of the members of the supervisory board who participated in the decision-making vote in favor. The decision to approve a loan or a financial lease agreement must be approved by 100% of the votes of all members of the supervisory board.
- 4.13 Minutes shall be taken of the meetings of the supervisory board, and the requirements provided for in the State Assets Act shall be taken into account in preparing the minutes. The minutes shall be signed by the chairman of the meeting, all members of the supervisory board who attended the meeting, and the secretary.
- 4.14 The supervisory board may take a decision by electronic vote without convening a physical meeting. The chairman of the supervisory board shall organize the adoption of the resolution without convening the meeting. Electronic voting shall be recorded, taking into account the requirements provided by law.
- 4.15 The supervisory board has the right to examine all documents of the Foundation, check the accuracy of the accounts, the existence of assets, as well as the compliance of the activities of the Foundation with legislation and the articles of association. The supervisory board has the right to receive information from the management board about the activities of the Foundation and to demand that the management board prepare an activity report and balance sheet.

- 4.16 The members of the supervisory board are jointly and severally liable for any violation of the requirements of law or the articles of association, as well as for damage wrongfully caused to the Foundation by non-performance or improper performance of their duties.
- 4.17 A member of the supervisory board shall be released from liability if he or she disagrees with the adoption of the decision on which the illegal activity is based, and the dissenting opinion is entered in the minutes.

## **5. MANAGEMENT BOARD**

- 5.1 The management board represents and manages the Foundation.
- 5.2 The management board has one member.
- 5.3 The term of office of a member of the management board is four years unless a shorter term is prescribed for the appointment of a member of the management board. The supervisory board may recall a member of the management board at any time, regardless of the reason. The rights and obligations arising from the contract entered into with a member of the management board terminate in accordance with the contract.
- 5.4 In managing the Foundation, the management board must follow the legal orders of the supervisory board. Transactions that go beyond the scope of day-to-day business may be entered into by the management board only with the consent of the supervisory board.
- 5.5 A member of the management board must have the knowledge and experience necessary for the performance of his or her duties, taking into account the field of activity and finance of the legal person. A member of the management board must be able to act with the loyalty and diligence expected of him or her and in accordance with the requirements for his or her position, based on the goals and interests of the Foundation and the need to ensure effective protection of the state's founding interests.
- 5.6 The management board must provide the supervisory board with the necessary management information. The management board must submit an overview of the economic activities and financial condition of the Foundation to the supervisory board once every three months, as well as inform the supervisory board immediately of any significant deterioration of the economic condition of the Foundation and other significant circumstances related to the economic activities of the Foundation.
- 5.7 A member of the management board may be remunerated only on the basis of a contract of a member of the management board entered into with him or her. If a member of the management board performs other duties necessary for the Foundation in addition to the duties of a member of the management board of the company or Foundation, remuneration may be paid for these duties only if provided for in the contract of the member of the management board.
- 5.8 A member of the management board may be paid a bonus based on the decision of the supervisory board, taking into account the performance of his or her work. The amount of the bonus must be justified, taking into account the fulfillment of the objectives set for the Foundation and the added value and market position created. The total amount of remuneration paid during a financial year may not exceed three times the average monthly remuneration paid to a member of the management board in the previous financial year.
- 5.9 A member of the management board alone has the right to represent the Foundation in all legal acts.
- 5.10 The management board, inter alia:
- 5.10.1 organizes the daily activities of the Foundation;
  - 5.10.2 concludes, amends, and terminates employment contracts with employees;
  - 5.10.3 organizes the accounting of the Foundation in accordance with the Accounting Act;
  - 5.10.4 ensures the functioning of the internal control system;
  - 5.10.5 prepares the draft action plan of the Foundation;
  - 5.10.6 prepares the annual report of the Foundation;

- 5.10.7 submit to the Ministry of Finance, the National Audit Office, and the founder a copy of the audited and approved annual report and an overview of how the supervisory board has organized, managed, and supervised the activities of the Foundation during the reporting period within the time prescribed in § 98 of the State Assets Act;
- 5.10.8 draws up a balanced budget for all revenue and expenditure, which must comply with Article 7.2 of the articles of association.

## **6. AUDITOR AND REPORTING**

- 6.1 The auditor is appointed and removed by the supervisory board. The appointment of an auditor requires his or her written consent, which must be submitted to the registrar of non-profit associations and foundations together with the list of auditors.
- 6.2 The auditor may be appointed for a one-off audit or for a term of up to three years. The term of office of the auditor and the procedure for remuneration shall be determined by the supervisory board.
- 6.3 The auditor may be a person to whom this right has been granted on the basis of law.
- 6.4 The auditor may not be a member of the management board or supervisory board or an employee of the Foundation, as well as persons with equal economic interest.
- 6.5 Upon the change of auditors, the management board shall submit the name of the new auditor to the register of non-profit associations and foundations within five days.
- 6.6 The management board shall ensure the functioning of the internal control system. The management board organizes the accounting of the Foundation and prepares the annual report pursuant to the procedure provided for in the Accounting Act.
- 6.7 The supervisory board shall ensure that an internal audit is carried out. The Foundation has the right to refuse to create the position of the internal auditor or to purchase the services of an internal auditor from an audit firm if, in the opinion of the supervisory board, it may prove economically expedient. The relevant decision of the supervisory board must be approved in advance by the founder.
- 6.8 The founder has the right to demand a special audit and to use an auditor for that purpose.

## **7. ASSETS OF THE FOUNDATION**

- 7.1 The sources of the Foundation's resources are:
  - 7.1.1 assets transferred upon the establishment of the Foundation;
  - 7.1.2 state budget allocations;
  - 7.1.3 other earmarked appropriations;
  - 7.1.4 donations;
  - 7.1.5 grants from support and assistance measures of the cooperation programs of the Republic of Estonia, international organizations, and foreign countries;
  - 7.1.6 income or funds received from economic activities supporting other statutory objectives of the Foundation and from other sources permitted by law.
- 7.2 Every year, the Foundation prepares and submits a financial plan in accordance with the requirements provided for in § 12 of the State Budget Act, which is the basis for preparing the budget of the Foundation. The Foundation prepares a balanced budget for all income and expenses, which must comply with the Foundation's financial plan, the budget position rules set out in § 6 of the State Budget Act, the net debt rule set out in § 10 of the State Budget Act and the restrictions established on the basis of § 11 of the State Budget Act.
- 7.3 The funds transferred to the Foundation are adopted by the management board. The management board evaluates the assets transferred to the Foundation and performs the necessary transactions and operations for the transfer of the assets to the ownership of the Foundation. The management board shall immediately notify the supervisory board of the

transfer of funds and non-monetary resources to the Foundation.

- 7.4 The Foundation does not accept assets that are in conflict with legislation, good morals, or the goals of the Foundation. The Foundation shall not accept assets from a transferor whose activities are in conflict with the objectives of the Foundation.
- 7.5 The Foundation shall use the income received from economic activities supporting its statutory objectives only for the achievement of the statutory objectives.
- 7.6 The Foundation participates, acquires, and transfers holdings in companies, establishes other foundations, joins other foundations, or divides only on the basis of the decision of the founder.
- 7.7 The Foundation keeps all its funds in the Ministry of Finance, makes payments from the funds through the Ministry of Finance, and may have an account with a credit or financial institution only in agreement with the Ministry of Finance.
- 7.8 The Foundation may not grant loans, secure the obligations of third parties, enter into deposit agreements with a credit or financial institution or invest its funds in financial assets, including securities.
- 7.9 The Foundation may borrow and enter into financial lease agreements only on the basis of a unanimous decision of all members of the supervisory board.
- 7.10 In a contract for the acquisition of an immovable or superficies free of charge, the Foundation assumes the obligation to use the property for the intended purpose and to pay a contractual penalty in accordance with the provisions of the State Assets Act.

**8. AMENDMENTS OF THE ARTICLES OF ASSOCIATION**

8.1 The supervisory board of the Foundation has the exclusive right to amend the articles of association in coordination with the founder.

8.2 An amendment to the articles of association enters into force upon entry of the amendment in the register.

**9. DISSOLUTION, MERGER, AND DIVISION OF THE FOUNDATION**

9.1 The founder shall decide on the dissolution, division, or merger of a foundation with another foundation on the basis of the authorization of the Government of the Republic.

9.2 The Foundation is dissolved pursuant to the procedure prescribed by law.

9.3 Upon liquidation of the Foundation, the remaining assets shall be transferred to the state.

 

first and last name

allkiri  
signature