**MINISTER OF ECONOMY OF THE REPUBLIC OF LITHUANIA**

**ORDER**

REGARDING THE APPROVAL OF THE DESCRIPTION OF THE CONDITIONS OF FUNDING OF SMART FDI PROJECTS UNDER MEASURE NO. 01.2.1-lvpa-T-848 of PRIORITy AXis 1 strenghtening research and development and innovation OF THE OPERATIONal PROGRAMME for the EUROPEAN UNION funds’ INVESTMENT IN 2014–2020

20 of June 2017, No. 4-363

Vilnius

In accordance with Sub-item 6.2.7. of the Rules approved by Resolution No. 528 on 4 June 2014 by the Government of the Republic of Lithuania on the Distribution of Responsibilities and Functions Among Institutions to Implement the Operational Programme for Investments Financed from the European Union Structural Funds 2014–2020, I hereby

A p p r o v e the Description of the Conditions of Funding of Smart FDI Projects under Measure No. 01.2.1-LVPA-T-848 of Priority Axis 1 of Strengthening Research and Development and Innovation of the Operational Programme for the European Union Funds’ Investments in 2014–2020 (enclosed).

|  |  |
| --- | --- |
| Minister of Economy |  |

COORDINATED with

The Ministry of Finance of the Republic of Lithuania

2017- 06-01 letter, No. ((24.37-02)-5K-1708590; 5K-1710854)-6k-1703727)

Drafted by Renata Šalavėjienė

Senior specialist of the Structural Assistance Policy Division

EU Assistance Coordination Department

Ministry of Economy

APPROVED by

Order No. 4-363 of 20 June 2017

By the Minister of Economy

DESCRIPTION OF THE CONDITIONS OF FUNDING OF SMART FDI PROJECTS UNDER MEASURE NO. 01.2.1-lvpa-T-848 OF PRIORITy AXis 1 strenghtening research and development and innovation OF THE OPERATIONal PROGRAMME for the EUROPEAN UNION funds’ INVESTMENTs IN 2014–2020

**CHAPTER I**

**GENERAL PROVISIONS**

1. Description of the Rules of Funding of Smart FDI Projects under Measure No. 01.2.1-LVPA-T-848, Priority Axis 1 ‘Strengthening research and development and innovation’ of the ‘Operational Programme for the European Union Funds’ Investments in 2014–2020’ (hereinafter – the Description) lays down the requirements which shall be followed by (1) applicants when drafting and submitting proposals for funding of projects co-financed from the European Union Structural Funds (hereinafter – proposal) under the ‘Operational Programme for the European Union Funds’ Investments in 2014–2020’ approved by the Implementing Decision of the European Commission of 8 September 2014 approving certain elements of the Operational Programme for the European Union Funds’ Investments in 2014–2020 to the effect that for the purpose of promoting investments into economic growth and job creation the Republic of Lithuania shall be granted assistance from the European Regional Development Fund, the Cohesion Fund, the European Social Fund and special allocation for the Youth Employment Initiative (notification of the said decision was made by the European Commission by document No. C(2014)6397 (hereinafter – the Operational Programme), (2) implementers of co-financed projects from the European Union Structural Funds (hereinafter – projects) under Priority Axis 1 ‘Strengthening research and development and innovation’, Measure No. 01.2.1-LVPA-T-848 Smart FDI (hereinafter – the Measure) when implementing projects financed under the Description and (3) institutions performing evaluation and selection of proposals and monitoring of project implementation.
2. The Description was drafted in accordance with:
   1. Implementation plan of implementing measures for Priority axis of the Operational Programme for the European Union Funds Investments for 2014–2020 approved by Order No. 4-933 of 19 December 2014 by the Minister of Economy of the Republic of Lithuania *On Approval of the Implementation Plan of Implementing Measures for priority axis of the Operational Programme for the European Union Funds’ Investments in 2014–2020 and Description of calculation of national monitoring indicators* (hereinafter – the Plan for Implementation of Measures);
   2. The Project Administration and Funding Rules approved by Order No. 1K-316 of 18 October 2014 by the Minister of Finance of the Republic of Lithuania *On the approval of project administration and funding regulations* (hereinafter – the Project Regulations);
   3. 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 2014 L 187, p. 1) (hereinafter – the General block exemption regulation);
   4. Annex to the Operational Programme for the European Union Funds’ Investments in 2014–2020 approved by Resolution No. 1326 of 26 November 2014 by the Government of the Republic of Lithuania *On Approval of Annex to the Operational Programme for the European Union Funds’ Investments in 2014–2020*;
   5. Description of calculation of monitoring indicators of the Operational Programme for the European Union funds’ investments in 2014–2020 approved by Order No. 1K-499 of 30 December 2014 by the Minister of Finance of the Republic of Lithuania *On Approval of the description of calculation of monitoring indicators of the Operational Programme for the European Union funds’ investments in 2014–2020* (hereinafter – Description of the calculation of monitoring indicators of the Operation Programme);
   6. Recommendations on compatibility of project expenses with requirements of the European Union Structural Funds, approved Operational Programme for Human Resource Development, Operational Programme for Economic Growth, Operational Programme for Cohesion Promotion and the Operational Programme for the European Union Funds’ Investments in 2014–2020 approved by the Steering Committees’ minutes No. 34 of 4 July 2014 (as last amended) and published on the website of structural funds of the European Union (hereinafter – the EU structural funds) www.esinvesticijos.lt (hereinafter – Recommendations on compatibility of project expenses to the requirements of the European Union structural funds).
3. Concepts used in the Description shall have the meaning as defined in legal acts and documents listed in Item 2 of the Description, in the rules of the distribution of responsibilities and functions among institutions to implement the Operational Programme for investments financed from the European Union structural funds 2014–2020 approved by Resolution No. 528 on 4 June 2014 by the Government of the Republic of Lithuania *On the distribution of responsibilities and functions among institutions implementing the Operational Programme for investments financed from the European Union structural funds 2014–2020* and rules for administration of Operational Programme for the European Union Funds’ Investments in 2014–2020 approved by Resolution No. 1090 of 3 October 2014 by the Government of the Republic of Lithuania *On the approval of rules for administration of Operational Programme for the European Union funds’ investments in 2014–2020*.
4. The following concepts are used in the Description:
   1. **Large enterprise** shall mean a legal person which does not comply with the definition of a micro, small and medium-sized enterprise within the meaning of the Law of the Republic of Lithuania on Small and Medium-Sized Business Development (hereinafter – the Law on Small and Medium-Sized Business Development).
   2. **Experimental development** complies with the definition of a pilot applied activity as defined in Article 2(86) of the general block exemption regulation.
   3. **Innovations** – implementation of organisational and procedural innovations.
   4. **Group of enterprises** shall have the meaning as defined in the Law of the Republic of Lithuania on Consolidated Financial Reporting of Group of Enterprises.
   5. **A micro enterprise** shall have the meaning as defined in the Law on Small and Medium-Sized Business Development.
   6. **Decisive influence** shall have the meaning as defined in the Law of the Republic of Lithuania on Competition.
   7. **A higher education and research institution of Lithuania** (hereinafter – a higher education and research institution) shall have the meaning as defined in the law of the Republic of Lithuania on Higher Education and Research.
   8. **A small enterprise** shall have the meaning as defined in the Law on Small and Medium-Sized Business Development.
   9. **Research** shall have the meaning of industrial research as defined in Article 2(85) of the general block exemption regulation.
   10. **Infrastructure of research and/or experimental development and innovations** (hereinafter – R&D infrastructure) shall mean infrastructure necessary for research and/or experimental development, inter alia, facilities complying with the requirements of best manufacturing practice, as defined in the guide on best manufacturing practices of a given area (on the understanding that such guide shall be publicly available, e. g., available on the Internet) and requirements for best laboratory practices (such requirements shall be publicly available, e.g. available on the Internet) that are necessary for the performance of the said activities. If no standing best practices exist or best laboratory practice, then reference could be made to the specific nature of the infrastructure designed within a project, e.g., high hygiene, vibration or similar requirements for facilities are usually typical of high-technology enterprises.
   11. **Implementation of organisational innovation** shallhave the meaning as defined in Article 2(96) of the General block exemption regulation.
   12. **Initial investment** shall have the meaning as defined in Article 2(49)(a) of the General block exemption regulation.
   13. **Implementation of process innovation** shall have the meaning as defined in Article 2(97) of the General block exemption regulation.
   14. **An independent enterprise** shall have the meaning as defined in the Law on Small and Medium-Sized Business Development.
   15. **Undertaking in difficulty** shall have the meaning as defined in Article 2(18) of the General block exemption regulation.
   16. **A foreign investor (investor) or (enterprise)** shall mean foreign legal persons who, in accordance with the procedure established by the laws of the Republic of Lithuania, are investing their own equity, borrowed or fiduciary assets.
   17. **State aid beneficiary** shall mean an economic entity which has been granted State aid.
   18. **Effective collaboration** shall have the meaning as defined in Article 2(90) of the general block exemption regulation.
   19. **Medium-sized enterprise** shall have the meaning as defined in the Law on Small and Medium-Sized Business Development.
5. The administrator of the measure’s implementation shall be the Ministry of Economy of the Republic of Lithuania (hereinafter – the Ministry) and public institution Lithuanian Business Support Agency (hereinafter – the Implementing Authority).
6. The form of funding under the measure – grant*.*
7. Project selection under the measure shall be performed on the basis of continuous project selection.
8. In accordance with the Description, the foreseen amount to be allocated for implementation of projects may be up to EUR 39,137,278 (thirty nine million one hundred thirty seven thousand two hundred seventy eight euros) of EU structural funds (the European Regional Development Fund), out of which EUR 5,689,120 (five million six hundred eighty nine thousand one hundred twenty euros) shall be the reserve fund of the European Regional Development Fund (hereinafter – the reserve of operational funds), which could be allocated to finance project only subject to approval by the Government of the Republic of Lithuania of an amendment to the Annex of the Operational Programme, whereby the reserve of operational funds shall be allocated for the implementation of Priority Axis 1 Strengthening of Research and Development and Innovation under the Operational Programme. Where, following an open call for proposals, the amount requested to be funded under the favourably assessed proposals received is higher than the allocated amount for this call, the Implementing Authority may submit a proposal to the Ministry to increase the allocation of funding for this call for proposals. Subject to the Ministry’s approval, the amount for the call for proposals may be increased within the limit of the total allocation of funds for this Measure provided for in the Implementation Plan of Measures and without violating legitimate expectations of applicants.
9. The purpose of the measure is to attract to the Republic of Lithuania foreign direct investments in the area of research and/or experimental development and/or innovations (hereinafter – R&D) under Priority Areas of research and experimental (socio-cultural) development and innovation development (smart specialisation) approved by Resolution No. 951 of 14 October 2013 by the Government of the Republic of Lithuania *On the Approval of priority areas of research and experimental (socio-cultural) development and innovation development (smart specialisation)* (hereinafter – Smart specialisation areas).
10. The following types of activities shall be supported:
    1. Foreign direct investment into research and/or experimental development (hereinafter – R&D) activities;
    2. Foreign direct investment which will build new or expand the existing R&D infrastructure of an enterprise;
    3. Foreign direct investment into activities related to the implementation of process and organisational innovations.
11. An applicant may choose to implement either all of the three activities indicated in Item 10 of the Description or two operations out of those indicated in Item 10 of the Description or one of the activities indicated in Sub-Item 10.1 and 10.2 of the Description.
12. The call for proposals for eligible activities under the Description is planned to be launched in the second quarter of 2017.
13. All projects, irrespective of their relevant smart specialisation area, shall compete for financing.
14. The financing to be allocated under the Description is State aid which shall be compatible with all the conditions stipulated in Chapter I of the General block exemption regulation and the relevant specific conditions stipulated n Chapter III of the General block exemption regulation:

14.1. The funding to be allocated to activities indicated in Sub-item 10.1 of the Description shall comply with the provisions of Article 25 of the General block exemption regulation;

14.2. The funding to be allocated to activities indicated in Sub-item 10.2 of the Description shall comply with the provisions of Articles 13 and 14 of the General block exemption regulation;

14.3. The funding to be allocated to operations indicated in Sub-item 10.3 of the Description shall comply with the provisions of Article 29 of the General block exemption regulation.

1. State aid granted under the Description shall be deemed as having an incentive effect if it complies with the provisions of Article 6(2) of the General block exemption regulation. During proposals evaluation stage the Implementing Authority shall verify the applicant’s eligibility to State aid under the General block exemption regulation and, provided the Ministry decides to finance a project, the Implementing Authority shall within 5 working days register an amount of granted State aid in the Register of State aid and Immaterial (*de minimis)* Aid Granted, the statutes whereof have been approved by Resolution No. 35 of 19 January 2005 by the Government of the Republic of Lithuania *On the approval of the provisions of the Register of State aid and Immaterial (de minimis) aid granted*.

**CHAPTER II**

**REQUIREMENTS FOR APPLICANTS AND PARTNERS**

1. In accordance with the Description, potential applicant may be a private legal person founded by a foreign investor (enterprise) in the Republic of Lithuania which is under decisive influence of that foreign investor or a branch of a foreign investor (enterprise) founded in the Republic of Lithuania complying with the requirements stipulated in Sub-item 23.4 of the Description.
2. The following may act as partners under the Description:
   1. . For the purpose of activities indicated in Sub-item 10.1 of the Description private legal persons and/or higher education and research institutions may act as partners;

17.2. No partners may be involved for activities under Sub-item 10.2 of the Description;

17.3. If the activity indicated in Sub-item 10.3 of the Description is performed by an applicant which is a large enterprise, it is mandatory for such an activity to be performed in partnership with a micro, small and/or medium-sized enterprise.

1. If, in accordance with Items 50 and 75 of the Description, and for the purpose of substantiating an efficient cooperation, an applicant (project implementer) and partner(s) shall be independent enterprises vis-à-vis each other within the meaning of independent enterprises as defined in the Law on Small and Medium-Sized Business Development.
2. Financing may be allocated to applicants and partners in all areas, save for the cases provided for in Article 3(3) of the Regulation (EU) 1301/2013 the European Parliament and Council of 17 December 2013 on the European Regional Development Fund and on specific provisions concerning the Investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006 (OJ 2013 L 347, p. 289) and in accordance with restrictions stipulated in Article 1(2)-(5), Articles 4 and 13 of the General block exemption regulation. In accordance with the Description, financing shall not be allocated to an applicant (partner) which are attributed to a category of undertaking in difficulty. In accordance with the Description, financing shall not be allocated if an applicant (partner) has failed to return State aid granted previously which, by the European Commission’s decision, had been acknowledged as illegal and incompatible with internal market.
3. Where a proposal is submitted together with a partner(s), the application shall be accompanied by a copy of a valid joint activity (partnership) agreement. A joint activity (partnership) agreement shall be signed by an applicant and all project partners.
4. A joint activity (partnership) agreement shall explicitly state the rights and obligations of the parties with regard to the project (indicating the financial and intellectual contribution of each party to the project, listing activities to be performed by each of the parties, right to assets developed or acquired jointly, project deliverables, etc.) and liability of the parties, as well as commitment to adhere to the rules of best partnership practice as follows:
   1. All partners shall have read the application to familiarise with their own rights and obligations in project implementation;
   2. During project implementation a project implementer shall consult regularly with partners and inform them on a regular basis about the progress in project implementation;
   3. Project implementer shall forward to all partners copies of reports which had been sent to the Implementing Authority;
   4. All amendments to the project which effect the obligations and rights of the partners shall first of all be coordinated among the partners themselves before seeking the Implementing Authority’s approval.

**CHAPTER III**

**REQUIREMENTS FOR THE PROJECTS**

1. A project must comply with the specific conditions set for project selection and adopted by Resolution No. 44P-2.1 (24) of 30 March 2017 of the Monitoring Committee of the Operational Programme for the European Union Funds’ Investments in 2014–2020.
2. A project satisfies the provisions of the Lithuanian Innovation Development Programme [2014–2020 approved by Resolution No. 1281 of the Government of the Republic of Lithuania of 18 December 2013 Regarding the approval of the Lithuanian Innovation Development Programme 2014–2020](http://ukmin.lrv.lt/uploads/ukmin/documents/files/imported/lt/veikla/veiklos_sritys/ino/LIP_nutarimas.docx) (hereinafter – the Lithuanian Innovation Development Programme 2014-2020) (the evaluation is made as to whether a project contributes to the implementation of Target 1 ‘To promote investments in activities delivering high value added’ of the second objective of the Lithuanian Innovation Development Programme 2014-2020 ‘to enhance innovation potential of business’, i.e. whether a product(s) developed during the project or following project’s implementation is (are) new on the enterprise or market level, or global level, as defined in Oslo Manual. Guidelines for Collecting and Interpreting Technological Innovation Data, 3rd edition, 2005, the publication developed jointly by the Organisation for Economic Cooperation and Development and Eurostat).
   1. A project satisfies the provisions of the Investment Promotion and Industrial Development Programme [2014–2020 approved by Resolution No. 986 of the Government of the Republic of Lithuania on 17 September 2014 *Regarding the approval of the Investment Promotion and Industrial Development Programme 2014–2020*](http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=483265&p_tr2=2) (hereinafter – the Investment Promotion and Industrial Development Programme 2014–2020) (the evaluation is made as to whether a project contributes to the first objective of the Investment Promotion and Industrial development Programme 2014–2020 ‘Enhance direct investments into manufacturing and service sectors’).
   2. A project satisfies the provisions of the ‘Programme of the Priority Areas of Research [and Experimental (Socio-Cultural) and Innovation Development (Smart Specialisation) and Implementation of Priorities’ approved](https://www.e-tar.lt/portal/lt/legalAct/f416d360d77c11e3bb00c40fca124f97) by Resolution No. 411 of the Government of the Republic of Lithuania of 30 April 2014 *Regarding the Approval of Programme of the Priority Areas of Research* [*and Experimental (Socio-Cultural) and Innovation Development (Smart Specialisation) and Implementation of Priorities*](https://www.e-tar.lt/portal/lt/legalAct/f416d360d77c11e3bb00c40fca124f97) (hereinafter – ‘the Programme of the priority areas of research [and experimental (socio-cultural) and innovation development (smart specialisation) and implementation of priorities’](https://www.e-tar.lt/portal/lt/legalAct/f416d360d77c11e3bb00c40fca124f97) and the action plan of at least one of the priorities listed in the Programme (the evaluation is made as to whether a project contributes to the ‘Programme of the priority areas of research [and experimental (socio-cultural) and innovation development (smart specialisation) and implementation of priorities’](https://www.e-tar.lt/portal/lt/legalAct/f416d360d77c11e3bb00c40fca124f97) and implementation of the objective contained in the action plan of at least one of the specific priorities listed in the Programme and complies with the thematic specificity of the priority identified in the priority’s action plan).
   3. An investor (applicant) shall have invested into manufacturing or service sector in the Republic of Lithuania not earlier than 10 years before filing an application and shall be planning to launch R&D activities in the Republic of Lithuania or an investor (applicant) has not carried out any activity in the Republic of Lithuania and intends to launch R&D activities in the Republic of Lithuania (the intention is to specify a range of applicants so as to attract new foreign investor. The evaluation is made as to whether an investor (applicant) has invested into manufacturing or service sector in the Republic of Lithuania at least 10 years prior to submitting a proposal and intends to launch R&D activities in the Republic of Lithuania or whether an investor (applicant) has never operated in the Republic of Lithuania and intends to launch R&D activities in the Republic of Lithuania).
3. A project shall contribute to the implementation of at least one objective stipulated in the European Union Strategy for the Baltic Sea Region as approved by the European Commission’ Communication of 23 March 2012 No. COM(2012) 128 (hereinafter – EUSBSR), published on the European Commission’s website <http://ec.europa.eu/regional_policy/lt/policy/cooperation/macro-regional-strategies/baltic-sea/library/#1>, in accordance with the political area Innovation under the Action Plan of EUSBSR approved by European Commission Decision No. SWD(2015)177 final of 10 September 2015 published on the European Commission’s website <http://ec.europa.eu/regional_policy/lt/policy/cooperation/macro-regional-strategies/baltic-sea/library/#1>.
4. Large-scale projects co-financed from the EU structural funds shall not be financed under the Description.
5. Projects to be financed under the Description shall be compatible with the provisions of Article 8 of the Republic of Lithuania Law on Investment (hereinafter – the Law on Investment). If during the evaluation a project by the Implementing Authority it is determined that there are indications qualifying for restrictions indicated in Article 8(2)-(3), the Implementing Authority shall address competent authorities and upon receipt of clarification therefrom that the project does not meet the requirements stipulated in Article 8 of the Republic of Lithuania Law on Investment, the application shall be rejected.
6. The duration of project activities under the Description shall not exceed:

27.1. 24 months from the date of signature of the project contract to be co-financed from the European Union structural funds (hereinafter – project contract), if under the project only activities indicated in Sub-Item 10.1 or Sub-items 10.1 and 10.3 of the Description are intended to be implemented;

27.2. 36 months from the date of signature of the project contract to be co-financed from the European Union structural funds (hereinafter – project contract), if under the project only activities indicated in Sub-item 10.2 of the Description or when under the project more than one activity is intended to be implemented, one of which is an activity indicated in Sub-item 10.2 of the Description.

1. In certain cases due to objective reasons which a project implementer could not foresee at the time of submitting a proposal and during evaluation thereof, the duration of implementation of project activities indicated in Item 27 of the Description may be extended in the procedure stipulated in the Project regulations, without prejudice to the terms and conditions laid down in Sub-items 213.1 and 213.5 of the Project regulations.
2. A project may be launched only upon registration of a proposal with the Implementing Authority, but any project expenses incurred from the moment of registration of the proposal with the Implementing Authority until the signature of the project contract shall be at the applicant’s and partner(s)’ own risk. Where implementation of a project for which financing is sought is launched prior to the registration date of the proposal with the Implementing Authority, the project in its entirety becomes ineligible and no financing shall be allocated thereto.
3. Project activities shall be implemented in the Republic of Lithuania.
4. In the proposal the applicant shall specify to which of the priority areas listed in the ‘Programme of the priority areas of research [and experimental (socio-cultural) and innovation development (smart specialisation) and implementation of priorities’](https://www.e-tar.lt/portal/lt/legalAct/f416d360d77c11e3bb00c40fca124f97) the project shall be attributed as well as indicate the priority’s thematic specificity to which the project complies. A final decision of (non)attributing a given project proposal to a specific area of smart specialisation and priority thereof shall be made by the Implementing Authority during the evaluation phase. In the event that the Implementing Authority determines that a project shall be attributed to an area of smart specialisation and/or priority thereof other than the one indicated by the applicant himself, the applicant shall be given the possibility, on the basis of the evaluation performed by the Implementing Authority, to clarify the information on the area of smart specialisation and the priority area thereof indicated in the proposal. In the event that the applicant refuses to clarify the information, the proposal shall be rejected.
5. A project shall have as its intended objective the following monitoring indicators of the Measure, the three of which listed in Sub-items 32.1, 32.2 and 32.4 or 32.5 the Description shall be mandatory for an applicant (the applicant shall choose at least one of the two indicators as mandatory):
   1. Product monitoring indicator ‘Number of enterprises receiving subsidies’, code P.B. 202;
   2. Product monitoring indicator ‘Private investments complying with public support to innovations or R&D projects’, code P.B. 227;
   3. Product monitoring indicator ‘Number of enterprises cooperating with research institutions’, code P.B. 226;
   4. Product monitoring indicator ‘Number of enterprises which have received investments for the purpose of placing new products on the market’, code P.B. 228;
   5. Product monitoring indicator ‘Number of enterprises which have received investments for the purpose of developing new products within an enterprise’, code P.B. 229;
   6. Product monitoring indicator ‘Number of enterprises which have received investments for the purpose of creating long-term jobs’, code P.N. 804;
   7. Product monitoring indicator ‘Number of enterprises which have received investments for the purpose of developing products, services or process prototypes (concepts)’, code P.N. 814;
   8. Result monitoring indicator ‘Jobs for researchers created in enterprises which have received investments’, code R.N. 811.
6. For the purpose of calculation of the Measure’s monitoring indicators stipulated in Sub-items 32.6, 32.7 and 32.8 of the Description, the National description for the calculation of monitoring indicators shall be applied which was approved by Order No. 4-933 of 19 December 2014 of the Minister of Economy of the Republic of Lithuania ‘*On the approval of the plan for the implementation of the implementation measures of a priority under the Operational Programme for the EU Structural Funds Investments for 2014–2020, and of the National description for the calculation of monitoring indicators*’. To calculate the Measure’s implementation indicators given in Sub-items 32.1, 32.2, 32.3, 32.4 and 32.5 of the Description, the Description of calculation of monitoring indicators of the Operational Programme shall be applied. All descriptions of calculation of all Measure’s implementation indicators listed in Item 32 of the Description are published on the EU structural funds website [www.esinvesticijos.lt](http://www.esinvesticijos.lt).
7. Project maturity requirements do not apply.
8. There shall be no restrictions of the project that could have an adverse effect upon the implementation of the principles of gender equality, non-discrimination based on gender, race, nationality, language, origin, social standing, beliefs and views, disability, sexual orientation, ethnicity or religion.
9. There shall be no project actions that could adversely affect the implementation of the sustainable development principle.
10. The activities under the project shall be started to be implemented no later than within 6 months from the project contract signature date in the event of project activity indicated in Sub-item 10.1 of the Description or project activities indicated in Sub-items 10.2 and 10.3 of the Description, or not later than within 12 months from the project contract signature date if only project activity under Sub-item 10.2 is intended to be implemented or if more than one project activity is intended to be implemented and one of such activities is activity listed in Sub-item 10.2 of the Description.
11. The project and project activities may not have been or be funded from the budget of the State of the Republic of Lithuania and/or municipalities budgets, other monetary resources at the disposal of the State and/or municipalities, EU structural funds or other measures of the EU financial assistance or other international support, and where granted EU structural funds, such measures would be recognised eligible for funding and/or paid on more than a single occasion.

**CHAPTER IV**

**ELIGIBLE EXPENSES OF PROJECTS AND FINANCING REQUIREMENTS**

**SECTION ONE**

**GENERAL REQUIREMENTS**

1. Project expenses shall satisfy the requirements set in Chapter VI of the Project regulations and ‘Recommendations on conformity of project expenses to the EU Structural funds requirements’.
2. The largest amount of financing which may be allocated to a project shall be:
   1. With regard to an activity indicated in Sub-item 10.1 of the Description – EUR 3,000,000 (three million euros);
   2. With regard to an activity indicated in Sub-item 10.2 of the Description – EUR 6,500,000 (six million five hundred thousand euros);
   3. With regard to an activity indicated in Sub-item 10.3 of the Description – EUR 500,000 (five hundred thousand euros);
3. The lowest amount of financing which could be allocated to a project shall be EUR   
   50,000 (fifty thousand euros).
4. Acquisition or leasing (financial leasing) expenses and depreciation expenses of the same property item may not be eligible for funding, i.e., the same long-term asset shall be either acquired (including the possibility of leasing (financial leasing)) as provided for in Table 4 of the Description by means of invoking upon Article 14 of the General block exemption regulation, or depreciation expenses of the same property item may be funded as provided for in Table 4 of the Description be means of invoking upon Article 25 of the General block exemption regulation and Article 29 of the General block exemption regulation under Table 6 of the Description.
5. In addition to the requirements stipulated in Chapter VI of the Project regulations, project expenses shall be subject to the provisions of Articles 13, 14, 25 and 29 of the General block exemption regulation.
6. The project budget shall be compiled following the *Recommendations regarding the compliance of project expenses with the requirements of structural funds of the European Union*. The project budget table in the Application form shall be completed following the Instruction on completing the project budget form provided in the *Recommendations regarding the compliance of project expenses with the requirements of structural funds of the European Union.*
7. Project expenses funded at a flat rate of project expenses indicated in Item 7, Table 2, and Item 7, Table 6, of the Description shall comply with Section 35, Chapter VI of the Project Rules.
8. The following shall be regarded as ineligible expenses under the Description:

46.1. Expenses laid down in Section 34, Chapter VI, of the Project Rules;

46.2. Not listed in Tables 2, 4 and 6 of the Description.

1. State aid expenses eligible for funding to be determined which may be subject to exemption under the General block exemption regulation, may be cumulated together with:

47.1. Any other State aid, provided that these measures are related to different categories of eligible expenses which may be identified;

47.2. Any other State aid related to the same eligible expenses for funding which may coincide, in part or in full, provided that such aggregate amount does not exceed the allowed State aid intensity or provided that the total amount of State aid under the General block exemption regulation is applied to that State aid.

1. State aid which is subject to exemption under the General block exemption regulation as provided for in Article8(5) of the General block exemption regulation shall not be cumulated with any *de minimis* aid related to the same eligible expenses, where such accumulation would result in exceeding the State aid intensity referred to in Resolution No. 571 of the Government of the Republic of Lithuania of 25 June 2014 *On regional aid map of the Republic of Lithuania for 2014−2020* (where State aid is granted on the basis of Article 14 of the General block exemption regulation), Article 25 of the General block exemption regulation (where State aid is granted in accordance with this Article) or Article 29 of the General block exemption regulation (where State aid is granted in accordance with this Article).
2. In the event that a project implementer fails to reach the committed monitoring indicators of the Measure implementation, the provisions of Section 22, Chapter IV of the Project Regulations shall apply.

**SECTION TWO**

**WHEN STATE AID IS GRANTED TO ACTIVITY INDICATED IN SUB-ITEM 10.1 OF THE DESCRIPTION UNDER ARTICLE 25 OF THE GENERAL BLOCK EXEMPTION REGULATION**

1. Financed share of the project (calculated from the eligible expenses for activity indicated in Sub-item 10.1 of the Description) is indicated in Table 1 of the Description.

Table 1. Financed share of the project.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| *No.* | *R&D activities* |  | *The baseline financed share may be subject to increase up to a maximum of 80 percent of total eligible expenses* | | | *The largest possible financed share by the status of State aid beneficiary* | | |
| *Baseline financed share* | *Subject to increase for medium-sized enterprises* | *Subject to increase for small and micro enterprises* | *Subject to increase for efficient cooperation, provided that the conditions stipulated in Article 25(6)(b) of the General block exemption regulation are met* | *Large enterprise* | *Medium-sized enterprise* | *Micro or small enterprise* |
| *1.* | *Research* | 50% | 10 percentage points | 20 percentage points | 15 percentage points | 65% | 75% | 80% |
| *2.* | *Experimental development* | 25% | 10 percentage points | 20 percentage points | 15 percentage points | 40% | 50% | 60% |

1. The financed share of a project for every single State aid beneficiary (including partner) shall be determined individually.
2. A share of eligible expenses of a project not covered by the allocated amount of funds shall be financed from the funds of a project implementer and/or partner.
3. An applicant and/or partner at their own initiative and/or using their own or other sources of funding may contribute to the project implementation with a larger amount of funds than is required.
4. If a project is implemented jointly with partners, the applicant shall incur at least 70 percent of eligible expenses in an activity indicated in Sub-item 10.1 of the Description and, where it is seeking an increase in a financed share of a project for efficient cooperation as indicated in Table 1 of the Description, not more than:

54.1. 70 percent of eligible expenses allocated for an activity indicated in Sub-item 10.1 of the Description, provided that a partner or one of the partners is a micro, small or medium-sized enterprise;

54.2. 90 percent of eligible expenses allocated for an activity indicated in Sub-item 10.1 of the Description, provided that a partner or one of the partners is a research and higher education institution.

1. If a project is implemented with partners and it is intended to seek an increase in the financed share of the project for efficient cooperation as indicated in Table 1 of the Description, the partner shall incur at least:

55.1. 10 percent of eligible expenses allocated for an activity indicated in Sub-item 10.1 of the Description, provided that a partner is a research or higher education institution. If more than one research and higher education institution are acting as partners, they shall jointly incur at least 10 percent of eligible project expenses allocated for an activity indicated in Sub-item 10.1 of the Description;

55.2. 30 of eligible expenses for an activity indicated in Sub-item 10.1 of the Description, provided that a partner is a legal person. If more than one legal person are acting as partners, they shall jointly incur at least 30 percent of eligible project expenses allocated for an activity indicated in Sub-item 10.1 of the Description.

1. Where a project is implemented with a research and higher education institution as a project partner, the latter’s contribution into the project may also be in-kind, e.g. voluntary work, which shall be accounted for in fixed unit costs in accordance with the procedure stipulated in Sub-item 420.2 of the Project regulations on the basis of the ‘Study report on determination of fixed unit costs in research projects’ approved by Order No. V-227 of 10 November 2014 by the Chairman of the Research Council of Lithuania *On approval of the study on determination of fixed unit costs as remuneration in research projects* (hereinafter – ‘Report on the study of determination of fixed unit costs for remuneration in research projects’). Voluntary work shall not be paid from the project financing funds, instead it shall be accounted for and indicated in a proposal for the purpose of assessment of contribution of a research and higher education institution to project implementation.
2. Expenses incurred by partners which comply with the requirements indicated in Item 39 and the conditions contained in Table 2 of the Description, shall be qualified as eligible expenses subject to reimbursement by the project implementer. The financing for project implementation shall be received by a project implementer directly who shall then pay the partners. Partners shall not receive any financing funds directly. The financing intensity to partners shall be subject to monitoring and verification upon receipt of payment claims. A project implementer shall transfer the allocated amount of financing to its partners within 5 working days from receipt thereof. A project implementer shall not be entitled to use the financing allocated for its partner.
3. Categories of eligible and ineligible expenses are presented in Table 2 of the Description.

Table 2. Eligible and ineligible expenses

|  |  |  |
| --- | --- | --- |
| Expense category No. | Title of an expense category | Requirements and clarifications |
| 1. | Land | Ineligible expenses. |
| 2. | Immovable property | Ineligible expenses. |
| 3. | Construction, reconstruction, repairs and other works | Ineligible expenses. |
| 4. | Plant, fixtures and other assets | To be qualified as eligible expenses shall be acquisition costs of patented know-how and inventions or rights under a license agreement from external sources under normal business conditions, i.e. when an acquisition is made from external sources for market prices on the basis of a contract by the parties, provided there are no elements of a secret arrangement. Such expenses, together with expenses indicated in Sub-item 5.1 and 5.2, Table 2 of the Description, may not account for more than 50 percent of eligible expenses for an activity indicated in Sub-item 10.1 of the Description.  Acquisition costs of software licenses constitute ineligible expenses. |
| 5. | Project implementation | The following expenses shall be qualified as eligible:  5.1. acquisition costs of R&D services from external sources under normal market conditions, i.e. when acquisition is made from external sources for market prices on the basis of a contract concluded by the parties, provided there are no elements of secret agreement by the parties;  5.2. acquisition costs of consultation or equivalent services to be used exclusively for R&D activity;  5.3. expenses related to other operating costs, including costs for materials, low-value inventory, stocks and similar products to be qualified as short-term assets, directly related to R&D activity;  5.4. depreciation expense of long-term tangible assets (fixtures, equipment, tools, facilities, machinery and installations, buildings and/or premises) used for R&D project activities, provided that no public funds (including public funds of foreign states) have been used for the acquisition thereof;  5.5. salaries and employment-related expenses for project staff as part of the employer’s obligations calculated in the procedure provided for in labour laws and other laws regulating salaries and employment relations. Salary expenses for project staff for annual paid leave and/or compensation for unused annual leave shall be paid by means of applying maximum flat rates of annual leave. The rates are fixed in accordance with the study performed by the Ministry of Finance of the Republic of Lithuania on 19 January 2016 ‘Study report on determination of flat rates of annual leave and additional leave expenses’ which is published on the EU Structural Funds website <http://www.esinvesticijos.lt/lt/dokumentai/kasmetiniu-atostogu-ismoku-fiksuotuju-normu-nustatymo-tyrimo-ataskaita> (where a research and higher education institution is a project partner, the fixed unit costs shall be applied in accordance with ‘Study report on determination of fixed unit costs of salaries in research projects’);  5.6. business trip expenses of project staff calculated in the procedure established in the laws regulating calculation of business trip expenses. Transport expenses in the Republic of Lithuania for project staff performing project activities (business trips of operational project staff) shall be paid by means of applying fixed units costs of fuel and public transport expense. Fixed unit costs are determined on the basis of the study performed by the Ministry of Finance of the Republic of Lithuania of 25 April 2015 ‘A study report on determination of fixed unit costs for fuel and public transport expenses’ which is published on the EU Structural Funds website <http://www.esinvesticijos.lt/lt/dokumentai/>supaprastinto-islaidu-apmokejimo-tyrimai;  5.7. overheads directly related to project implementation and distributed proportionately by type of activity (on a *pro rata* basis) – rental fees for equipment (except for the one acquired from the funds of EU structural funds or other EU financial instruments);  5.8. overheads directly related to project implementation and distributed proportionately by type of activity (on a *pro rata* basis) – rental fees for buildings or premises necessary for project implementation.  Expenses given in Sub-items 5.1 and 5.2 of Table 2 of the Description together with expenses given in Item 4 of Table 2 of the Description may not account for more than 75 percent of total eligible expenses for an activity indicated in Item 10.1 of the Description.  Expenses given in Sub-items 5.7 and 5.8 of Table 2 of the Description together with expenses given in Item 7 of Table 2 of the Description may not account for more than 10 percent of total eligible expenses for an activity indicated in Item 10.1 of the Description. |
| 6. | Information about project | Ineligible expenses. |
| 7. | Indirect expenses and other expenses at project flat rate | The amount of indirect project expenses at flat rates shall be calculated in accordance with Annex 10 of the Project Rules.  Expenses given in Item 7 of Table 2 together with expenses given in Sub-items 5.7 and 5.8 of Table 2 of the Description together with expenses given of the Description may not account for more than 10 percent of total eligible expenses for an activity indicated in Item 10.1 of the Description |

1. Where a project is being implemented jointly in partnership with a research and higher education institution it shall be presumed that indirect State aid has not been transferred to other legal persons participating in the project via a research and higher education institution provided that one of the following conditions has been met:

59.1. the results which are not covered by intellectual property rights may be made publicly available and all intellectual rights to R&D and innovation results related to the activity of the research and higher education institution participating in the project are vested entirely to the research and higher education institution, i.e. the research and higher education institution derives full economic benefit out of these rights and reserves the right to use all of them, in particular the right to title and licence right; these conditions may also be met where a research and higher education institutions decides to continue concluding contracts on these rights, including licencing of these rights to cooperation partner;

59.2. when a research and higher education institution receives a compensation from a legal person participating in the project which is equal to the market price of the respective intellectual property rights related to the activity of the research and higher education institution during project implementation and which are transferred to legal persons participating in the project, i.e. compensation for all economic benefit derived from such rights; on the basis of general State aid principles and having regard to the fact that it may be difficult to determine a market price for intellectual property rights in an objective way this condition shall be regarded as having been met if the research and higher education institution acting in the capacity of the seller negotiates for the highest benefit at the time of concluding intellectual property transfer agreement. Any contribution by a legal person participating in the project to cover expenses incurred by the research and higher education institution shall be deducted from such compensation.

1. There may be no indirect State aid if, after evaluating the joint activity (partnership) agreement concluded between the partners, the Implementing Authority draws a conclusion that all intellectual rights to R&D and innovation results and possibilities for exercising the rights to these results shall be distributed among different partners and a proper record of this shall be made to reflect their interest in the project, the work load, financial and other contribution to project implementation.
2. If none of the conditions given in Item 59 of the Description has been met, and after evaluation of the project in accordance with Item 60 of the Description the Implementing Authority determines that State aid has been granted, the total value of the contribution of the research and higher education institution into project implementation (eligible expenses) shall be regarded as State aid, and the Implementing Authority shall reduce the financed share by that value either for the applicant and/or partner depending on whichever of these has received this State aid (e.g. an enterprise implements a research project in partnership with a university. The enterprise is subject to 50 percent of the financed share. The eligible expenses incurred by the enterprise amount to EUR 600,000 (six hundred thousand euros). If during project implementation it has been allocated EUR 300,000 (three hundred thousand euros) of funding and it turns out that at least one of the conditions described in Item 59 of the Description has not been met, e.g. the university transferred intellectual property rights to the enterprise at a price lower than the market price (the market price shall be determined in the manner prescribed in the internal procedure of the Implementing Authority), i.e. the market price equals EUR 35,000 (thirty five thousand euros), while the university transferred intellectual property rights for a compensation of EUR 15,000 (fifteen thousand euros), then the financing granted to the enterprise under the Description shall be reduced by EUR 20,000 (twenty thousand euros) (the financing allocated may not exceed EUR 280,000 (two hundred eighty thousand euros).

**SECTION THREE**

**WHEN STATE AID IS GRANTED TO ACTIVITY INDICATED IN SUB-ITEM 10.2 OF THE DESCRIPTION UNDER ARTICLE 14 OF THE GENERAL BLOCK EXEMPTION REGULATION**

1. Financed share of the project (calculated from the eligible expenses for activity indicated in Sub-item 10.2 of the Description) is indicated in Table 3 of the Description.

Table 3. Financed share of the project.

|  |  |  |
| --- | --- | --- |
| *No.* | *Status of an applicant* | *Financed share of the project up to* |
| 1. | Large enterprise | 25 percent |
| 2. | Medium-sized enterprise | 35 percent |
| 3. | Micro or small enterprise | 45 percent |

1. A share of eligible expenses of a project not covered by the allocated amount of funds shall be financed from the funds of a project implementer.
2. An applicant at his own initiative and using his own or other sources of funding may contribute to the project implementation with a larger amount of funds than is required.
3. The applicant shall, from the funds of his own or raised from external sources without any public assistance, offer a financial contribution which shall be equal at least to 25 percent of eligible expenses allocated for an activity indicated in Item 10.2 of the Description, as provided for in Article 14(14) of the General block exemption regulation.
4. Categories of eligible and ineligible expenses under the Description are listed in Table 4 of the Description.

Table 4. Categories of eligible and ineligible expenses.

|  |  |  |
| --- | --- | --- |
| No. of category of expenses | Title of the category of expenses | Requirements and clarifications |
| 1. | Land | Ineligible expenses. |
| 2. | Immovable property | Ineligible expenses. |
| 3. | Construction, reconstruction, repairs and other works | The following shall be regarded as eligible expenses:  3.1. construction expenses attributable to R&D infrastructure elements;  3.2. reconstruction and capital repairs expenses attributable to R&D infrastructure elements, provided that reconstruction and capital repairs enhance useful properties and/or extend the useful life of the asset. |
| 4. | Plant, fixtures and other assets | Acquisition or leasing (financial leasing) expenses of the below listed long-term assets (the period of leasing (financial leasing) may not be longer than the period of project implementation, i.e. tangible asset acquired through leasing (financial leasing) arrangement shall become property of the project implementer before the end of project implementation). The following shall be regarded as eligible expenses:  4.1. furniture directly necessary for the performance of R&D activities and for furnishing newly established workplaces for researchers and auxiliary staff;  4.2. computer hardware. Expenses for this asset may not account for more than 50 percent of the total allocated amount for activity indicated in Sub-item 10.2 of the Description, if the activity indicated in Sub-item 10.1 is not implementing;  4.3. patents and licences related to R&D infrastructure or use thereof;  4.4. other plant, fixtures, tools and machinery attributable to R&D infrastructure. |
| 5. | Project implementation | Ineligible expenses. |
| 6. | Information about the project | Ineligible expenses. |
| 7. | Indirect and other expenses at project flat rates | Ineligible expenses. |

1. Where State aid is granted for an initial investment related to a fundamental change in the existing production process of an enterprise or diversification of activities thereof, eligible expenses shall satisfy the provisions of Article 14(7) of the General block exemption regulation. Information as to whether State aid is requested for an initial investment related to a fundamental change in the existing production process of an enterprise of diversification of activities thereof shall be specified in the business plan requesting for financing under the Measure; the recommended template and requirements for the contents thereof have been established in the ‘Description of content requirements for financing business plans’ under measures administered by the Ministry of Economy of the Republic of Lithuania under Priority Axis 1 Strengthening Research and Development and Innovation of the Operational Programme for the European Union Funds’ Investment in 2014–2020 Operational Programme of the European Union which has been published on the Ministry’s website at [www.ukmin.lt](http://www.ukmin.lt) (hereinafter – the Business plan).
2. All long-term tangible assets acquired in the project prior to their acquisition shall be brand new (not second-hand) and produced not earlier than 3 years before the acquisition date.
3. For the purpose of calculating investment expenses, any intangible asset shall satisfy the following requirements:

69.1. They must be used exclusively in the activity of the project implementer;

69.2. They must be amortisable;

69.3. They must be purchased under market conditions from third parties unrelated to the buyer;

69.4. They must be included in the assets of the project implementer and must remain associated with the project for which the aid is granted for at least five years in the case of large enterprises or three years in the case of micro, small and medium-sized enterprises upon termination of aid.

Where R&D infrastructure developed during the project is intended to be used in production, the funds of the Measure may be granted to cover such share of development and installation expenses of the R&D infrastructure which shall be proportionate to the intended use of R&D infrastructure exclusively for R&D activities. The proportionality of the R&D infrastructure to R&D activities being developed shall be determined by means of assessing the proportion of time when such infrastructure is going to be used exclusively for R&D activities and other activities not related to R&D. For the purpose of establishing whether an activity constitutes an R&D activity reference shall be made to the ‘Description of recommended classification of stages of research and experimental development’ as approved by Resolution No. 650 of the Government of the Republic of Lithuania on 6 June 2012 *On the approval of the description of recommended classification of stages of research and experimental development* and Frascati Manual (measuring of research and experimental development activities and standard practices recommended for statistical reviews of research and experimental development, Frascati Manual, Organisation for Economic Cooperation and Development, 2015). The time of using infrastructure for R&D activities shall include time used directly for R&D activities as well as time spent in preparation of the infrastructure for respective R&D activities and downtime in-between relevant R&D activities. In all cases the time used for R&D activities shall be economically reasonable.

**SECTION FOUR**

**WHEN STATE AID IS GRANTED TO ACTIVITY INDICATED IN SUB-ITEM 10.3 OF THE DESCRIPTION UNDER ARTICLE 29 OF THE GENERAL BLOCK EXEMPTION REGULATION**

1. Financed share of the project (calculated from the eligible expenses for activity indicated in Sub-item 10.3 of the Description) is indicated in Table 5 of the Description.

Table 5. Financed share of the project.

|  |  |  |
| --- | --- | --- |
| *No.* | *Status of State aid beneficiary* | *Financed share of the project up to* |
| 1. | Large enterprise provided that the conditions of Article 29(2) of the General block exemption regulation have been met | 15 percent |
| 2. | Micro, small or medium-sized enterprise | 50 percent |

1. The financed share of a project for every single State aid beneficiary (including partner) shall be determined individually.
2. A share of eligible expenses of a project not covered by the amount of funds allocated for the project shall be financed from the funds of a project implementer and/or partner.
3. An applicant and/or partner at their own initiative and/or using their own or other sources of funding may contribute to the project implementation with a larger amount of funds than is required.
4. If an applicant falls within the category of large enterprise it shall effectively cooperate with partner(s), such as micro, small and medium-sized enterprise(s) which shall incur at least 30 percent of the total eligible expenses allocated for an activity indicated in Item. 10.3 of the Description. Otherwise, no State aid shall be granted to an applicant.
5. If a project is being implemented jointly with partner(s), the applicant shall incur at least 70 percent of the total eligible expenses allocated for an activity indicated in Item 10.3 of the Description.
6. Expenses incurred by partners satisfying the conditions set in Item 39 and Table 6 of the Description during project implementation shall be qualified as eligible expenses which shall be reimbursed by a project implementer. Funds for project implementation may be received exclusively by a project implementer directly who shall then pay the partners. The funding intensity to partners is subject to monitoring and verification upon receipt of a payment claim. A project implementer must transfer the amount of funding due to partners within 5 working days from receipt thereof. A project implementer may not use the funds allocated for a partner.
7. Categories of eligible and ineligible expenses according to the Procedure have been defined in Table 6 of the Description.

Table 6. Categories of eligible and ineligible expenses.

|  |  |  |
| --- | --- | --- |
| No. of expense category | Title of an expense category | Requirements and clarifications |
| 1. | Land | Ineligible expenses |
| 2. | Immovable property | Ineligible expenses |
| 3. | Construction, reconstruction, repairs and other works | Ineligible expenses |
| 4. | Plant, fixtures and other assets | To be regarded as eligible expenses shall be acquisition costs for know-how and patents or licencing rights from external sources at normal market conditions, i.e. when an acquisition is made from external sources for market prices under the contract between the parties, provided there are no elements of secret arrangement.  Acquisition costs of software shall not be regarded as eligible expenses. |
| 5. | Project implementation | The following categories shall be regarded as eligible expenses:  5.1. acquisition costs of services from external sources under normal market conditions, i.e. when acquisition is made from external sources for market prices on the basis of a contract concluded by the parties, provided there are no elements of secret arrangements by the parties;  5.2. expenses related to other operating costs, including costs for materials, low-value inventory, stocks and similar products to be qualified as short-term assets;  5.3. depreciation expense of long-term tangible assets (fixtures, equipment, tools, facilities, machinery and installations, buildings and/or premises), provided that no public funds (including public funds of foreign states) have been used for the acquisition thereof;  5.4. salaries and employment-related expenses for project staff as part of the employer’s obligations calculated in the procedure provided for in labour laws and other laws regulating salaries and employment relations. Salary expenses for project staff for annual paid leave and/or compensation for unused annual leave shall be paid by means of applying maximum flat rates of annual leave. The rates are fixed in accordance with the study performed by the Ministry of Finance of the Republic of Lithuania on 19 January 2016 ‘Study report on determination of flat rates of annual leave and additional leave expenses’ which is published on the EU Structural Funds website <http://www.esinvesticijos.lt/lt/dokumentai/kasmetiniu-atostogu-ismoku-fiksuotuju-normu-nustatymo-tyrimo-ataskaita> (where a research and higher education institution is a project partner, the fixed unit costs shall be applied in accordance with ‘Study report on determination of fixed unit costs of salaries in research projects’);  5.5. business trip expenses of project staff calculated in the procedure established in the laws regulating calculation of business trip expenses. Transport expenses in the Republic of Lithuania for project staff performing project activities (business trips of operational project staff) shall be paid by means of applying fixed units costs of fuel and public transport expense. Fixed unit costs are determined on the basis of the study performed by the Ministry of Finance of the Republic of Lithuania on 25 April 2015 ‘A study report on determination of fixed unit costs for fuel and public transport expenses’ which is published on the EU Structural Funds website <http://www.esinvesticijos.lt/lt/dokumentai/supaprastinto-islaidu-apmokejimo-tyrimai>; |
| 6. | Information about the project | Ineligible expenses. |
| 7. | Indirect expenses and other expenses at project flat rate | An amount of indirect project expenses at flat rate shall be calculated on the basis of Annex 10 of the Project regulations. |

**SECTION V**

**DRAFTING OF PROPOSALS, INFORMATION TO AND CONSULTATION OF APPLICANTS, SUBMISSION OF PROPOSALS AND EVALUATION**

1. In order to receive funding an Applicant shall complete a proposal in a partially pre-filled form in PDF format which is available at the ‘Related documents’ section of Chapter Financing of the EU structural funds internet website [www.esinvesticjos.lt](http://www.esinvesticjos.lt).
2. An applicant shall complete a proposal (the applicant may submit his proposal only in Lithuanian or in the Lithuanian and English languages if he wishes to ensure an appropriate quality of the translation (a translation is deemed to be of an appropriate quality if it has been certified by a translator‘s signature and a stamp of a translation agency or by a signature and stamp of an authorised representative of the supplier), the document in Lithuanian shall take precedence during evaluation) and shall upload it together with the Annexes referred to in Item 84 of the Description by the last day of the deadline for the submission of proposals to the website on the exchange of data of projects co-funded from the European Union structural funds (hereinafter – DMS), and in case the functionalities of the DMS have not been installed – applications shall be submitted to the Implementing Authority in writing in the procedure set forth in Section 12 of Chapter III of the Project Regulations.

If, in accordance with Item 80 of the Description, a proposal is submitted in writing, it may be submitted in one of the following ways:

81.1. In a signed hard copy of the proposal and its annexes addressed to the Implementing Authority (accompanied by a proposal and its annexes recorded in an electronic medium). The content of the original and the electronic versions of the proposal must be identical. Having established that the content of the electronic version of the proposal does not match the content of the original version, the information provided in the original version of the proposal shall prevail. A proposal may be submitted by a registered mail, via a mail courier, or delivered in person to the address indicated in the call for proposals;

81.2. In an electronic document signed by a secure electronic signature sent to the Implementing Authority at the electronic mail address indicated in the call for proposals. When the proposal is submitted in the latter method the documents attached and/or digital copies of the documents attached do not need to be certified by an electronic signature.

82. Where the proposals are submitted through the DMS, the applicant shall log-in to the DMS through the State Information Resources Interoperability Platform, and register as a DMS user.

83. Where the functionalities of the DMS are temporarily not available, and for that reason the applicants are not able to upload the proposal or an Annex(-s) thereto on the last day of the deadline for the submission of proposals, the Implementing Authority shall extend the deadline for the submission of proposals for 7 (seven) days, and/or provide for a possibility to submit the proposal and the Annexes in another way, and announce about that in the procedure specified in Item 82 of the Project Regulations.

84. Attached to the proposal the applicant is required to submit the following Annexes: (templates of Annexes indicated in Sub-items 84.1 and 84.2 of the Description are announced in section ‘Documents’ of the EU Structural Funds website [www.esinvesticijos.lt](http://www.esinvesticijos.lt), document type – ‘templates of annexes of proposals’):

84.1. if the applicant is requesting to qualify the value-added tax expense as eligible expense, i.e. it includes these expenses into a project budget – a filled-in Checklist on eligibility of value-added tax on purchase and/or import for funding from the EU structural funds or budgetary funds of the Republic of Lithuania;

84.2. If a project is implemented jointly with a partner – budgetary breakdown by applicant and partner(s);

84.3. if a project is implemented by an applicant and partner(s) – a declaration on the status of a small and medium-sizes business entity in a template approved by Order No 4-119 of 26 March 2008 of the Minister of Economy of the Republic of Lithuania *On the approval of the description of the procedure for the declaration of the status of the small and medium-sized business entity, and the form for the declaration of the status of a small and medium-sized business entity*;

84.4. information about the State aid received, other financing sources and the data required to assess the compliance of the project with the conditions of financing according to the Description of the conditions for the funding of the projects under Measure No. 01.2.1-LVPA-T-848 Smart FDI of Priority Axis 1 Strengthening Research and Development and Innovation of the Operational Programme for the European Union Funds’ Investments in 2014–2020, and the project selection criteria (Annex 3 of the Description);

84.5. Documents justifying reasonability of the budget (commercial proposals, references to market prices, etc.);

84.6. A business plan (where a business plan is submitted in a form other than a recommended form, it shall nevertheless contain all the information indicated in a recommended form). An applicant may submit a business plan only in Lithuanian or in the Lithuanian and English languages provided that an appropriate quality of translation is ensured and that the Lithuanian version will be given preference during evaluation);

84.7. Preliminary sources of funding (applicant’s contribution and compensation of ineligible expenses);

84.8. If a project is implemented jointly with partner(s) – a copy of a joint activity (partnership) agreement;

84.9. If a project is intended to be implemented jointly with partner(s) – a declaration(s) by partner(s) (the form of a partner’s declaration shall be an integral part of a completed form of the proposal);

84.10. certificate issued not earlier than 1 month before the day of submitting a proposals to the Implementing Authority attesting to the fact that an applicant has fulfilled all obligations related to taxes and state social insurance contributions (applicable only in cases when an applicant is a foreign investor (enterprise);

84.11. If a project is implemented jointly by an applicant and/or partner(s) – certified financial statements for the past two financial years (not applicable if an applicant and/or partner(s) have submitted annual financial statements to the Register of Legal Persons);

84.12. If a project is implemented jointly by an applicant and/or partner(s) – documents attesting to the fact that an applicant and/or partner(s) have a legal basis to engage in that activity (perform functions) for the launch and/or performance, and/or development of which the project is intended (applicable if there is a statutory requirement by legal acts of the Republic of Lithuania to have such legal basis);

84.13. A summary of a project and its business plan in English.

85. In addition to the documents listed in Item 84 of the Description the applicant may also furnish an expert opinion of the Agency of Science, Innovation and Technology of Lithuania (MITA) or the Research Council of Lithuania on compatibility of project activities to R&D and contribution by the project to priority areas of research and experimental (socio-cultural) development and innovations (smart specialisation) and implementation programme of priorities in these areas as well as compliance with at least one thematic specificity indicated in the action plan of at least one specific priority (experts who have evaluated an application shall not be related either with an applicant or a partner(s) (if a project is implemented jointly with partner(s), i.e. having not been in employment relationship either with an applicant or partner(s) for at least for 5 years; an expert and an applicant or partner(s) shall have no personal property or non-property interests, nor shall they be closely related either by blood or marriage with an applicant and partner(s)). The contact information and documentation required for obtaining an expert opinion is provided on the websites [www.mita.lt](http://www.mita.lt) and [www.lmt.lt](http://www.lmt.lt).

86. If, in accordance with legal acts regulating environmental impact assessment with regard to a planned economic activity an environmental impact assessment must be made, before the signature of a project contract an applicant shall have drafted a report on environmental impact assessment and should possess a decision or conclusion on the selection (copy) by a competent authority. Where environmental impact assessment is not mandatory, an applicant shall submit to the Implementing Authority a letter in free form which shall indicate information on the basis of which it has been determined that a project is not subject to environmental impact assessment, providing justification thereof with relevant provisions of the law of the Republic of Lithuania on environmental impact assessment of a planned economic activity. In the event that the Implementing Authority extends the deadline for signature of a project contract indicated in Item 101 of the Description, the deadline for submission of the documents listed above in this Item of the Description shall be extended accordingly.

87. If an applicant and a project comply with the eligibility requirements of the project as indicated in Annex 1 of the Description, and if an applicant is planning a new construction, reconstruction or major repairs necessary for the performance of the activity indicated in Item 10.2 of the Description, the applicant shall, not later than within 1 month from the date of submission of the proposals to the Implementing Authority, submit to the Implementing Authority a technical design for the construction, reconstruction or major repairs drawn and approved in the procedure of legal acts regulating new construction, reconstruction or major repairs.

1. If the applicant’s contribution or part of the contribution is a bank credit, then not later than before the deadline necessary for the decision on evaluation of a proposal notified by the Implementing Authority, an applicant shall submit a decision of a bank (other credit institutions, legal persons) to extend a credit for a specific project, and prior to the conclusion of a project contract he shall have concluded a credit contract. If the applicant’s contribution or part of the contribution is increase of a share capital, then prior to the signature of a project contract an applicant shall submit to the Implementing Authority an agreement on subscription of shares and documents certifying the payment for shares (1/4 stake). In the event of failure by the applicant to comply with this requirement within the deadline established by the Implementing Authority for the signature of a project contract, the invitation to sign a project contract is invalidated and the project is not to be funded. In the event that the Implementing Authority extends the deadline for signature of a project contract, then the deadline for the signature of credit contract, share subscription contract and documents certifying the subscription of shares (1/4 stake) and other sources of funding indicated in Item 101 of the Description shall be extended accordingly.

89. The last date of the deadline for the submission of applicants is set in the call for proposals which is published on the EU structural funds website www.esinvesticijos.lt. An on-going project selection is completed before the deadline if, in accordance with the decisions to finance the received projects and the newly submitted applications, the amount allocated and requested for financing allow distributing the total allocated amount of the call for proposals and the Ministry has not issued a decision to increase the amount of the call, as defined in Item 8 of the Description.

90. The applicants shall be informed and consulted in the manner set forth in Section 5 of Chapter II of the Project Regulations. The information about the persons providing consultations of the Implementing Authority and their contact details shall be indicated in the notice on the call for proposals published according to the Description in the website of the EU structural funds [www.esinvesticijos.lt](http://www.esinvesticijos.lt).

91. The Implementing Authority shall carry out the evaluation of the project eligibility in the manner specified in Sections 14 and 15 of Chapter III of the Project Regulations, and according to the requirements set forth in Annex 1 of the Description.

1. In the course of an examination of a proposal the Implementing Authority may request the applicant to provide missing information and/or documents (inter alia, information and/or documents in English). The applicant shall provide the information and/or documents within the term set by the Implementing Authority. If need be, the Implementing Authority may arrange for project discussion via conference call or other means of communication in the presence of experts of the Implementing Authority, the applicant and public institution Invest Lithuania.
2. During evaluation of compliance of project proposals with the general requirements laid down in Sub-items 1.1 and 1.2 of the Description and with the specific project selection criterion indicated in Item 23.3 of the Description, the Implementing Authority shall be guided by the conclusion given in Item 85 of the Description (if any) and, if need be, an opinion of an expert of its choice. If the two expert opinions do not match, either a third expert is involved or an expert group discussion is arranged (the discussion may take place interactively), drawing upon additional experts if and where appropriate.
3. The proposals shall be evaluated for a period no longer than 60 days from the receipt of the proposals by the Implementing Authority. Every two months the Implementing Authority shall submit the proposals it has evaluated to the Ministry for making a final decision. The date of the first submission of the proposals is the date of registration of the first proposal at the Implementing Authority.
4. In case of a failure to evaluate the proposals within the deadline set forth in Item 94 of the Description (in case the evaluation of the proposals requires applying to other institutions, or an on-the-spot check at the project implementation and/or administration site), the evaluation deadline may be extended by a decision of the Implementing Authority. The Implementing Authority shall notify the applicants about the new deadline for the evaluation of the proposals in the manner set forth in Item 127 of the Project Regulations via the DMS, and in case the DMS functionalities are not available, the respective information shall be provided in writing, also such information shall be provided in writing to the Ministry and the Managing Authority in accordance with Item 9 of the Project Regulations (if the functionality is available – through sub-system SFMIS2014 of the 2014–2020 European Union structural funds), and shall indicate the reasons for the extension.
5. The proposal shall be rejected for reasons specified in the Description in the procedure set forth in Item 93, and Sections 14 and 15 of Chapter III of the Project Regulations. An applicant shall be notified of the rejection of its proposal in writing (if the functionalities of the DMS have been installed – through the DMS) within 3 working days from the date of the decision to reject the proposal.
6. The applicant shall have the right of appeal against the decision to reject the proposal in the procedure set forth in Section 43 of Chapter VII of the Project Regulations no later than within 14 days from the day on which the applicant learned or should have learned about the contested decision of the Implementing Authority.
7. After the Implementing Authority completes the evaluation of the proposals, the decision regarding the financing or the refusal to finance a project shall be taken by the Ministry in the manner set forth in Section 17 of Chapter III of the Project Regulations.
8. After the Ministry passes the decision to finance a project, the Implementing Authority shall within 3 working days of the receipt of the decision by electronic mail (if the functionalities are available – via the DMS) notify the applicants of this decision.
9. For the purpose of implementing the projects financed under the Description, trilateral project contracts shall be concluded between the applicants, the Implementing Authority and the Ministry. Project contracts shall be drawn up only in Lithuanian or in the Lithuanian and English languages (bilingual contracts), provided that the appropriate quality of translation services is ensured and on the understanding that the Lithuanian version shall take precedence over the English version. The project contracts shall be amended or terminated in the manner set forth in Section 19 of Chapter IV of the Project Regulations.
10. After the Ministry passes the decision regarding the financing of a project, the Implementing Authority shall in the manner set forth in Section 18 of Chapter IV of the Project Regulations, and using the form provided in Annex 4 of the Project Regulations which has been adapted for this Description and coordinated with the Ministry, draw up and submit to the applicant a draft contract, and indicate the deadline for signature of the draft contract in the manner set forth in Item 166 of the Project Regulations. In the event of failure by the applicant to sign the project contract within the term of validity of the offer set by the Implementing Authority, the offer to sign the project contract shall be considered as expired. The applicant shall have the right to apply to the Implementing Authority with a request to change the term for signing the project contract due to objective reasons beyond the applicant‘s control. In the event that the applicant refuses to sign the project contract, or fails to sign the contract within the established deadline, the Implementing Authority shall notify the Ministry thereof and the applicant in the manner set forth in Item 168 of the Project Regulations.
11. The Implementing Authority seeking to verify that at the time of allocating financing (the moment of the signature of the project contract) neither the applicant and/or partner(s) (if the project is to be implemented jointly with partner(s)) is not an undertaking in difficulty, before earmarking the financing (before the conclusion of the contract) may request from the applicant and/or partner(s) (if the project is to be implemented jointly with partner(s)) to submit annual financial statements for the past financial year (this requirement shall not apply to the applicant and/or partner(s) who have already submitted their annual financial statement to the Register of Legal Persons). Should it transpire that at the time of allocating financing (the moment of the signature of the project contract) the applicant is an undertaking in difficulty, the financing shall not be granted (no project contract shall be concluded) (should it transpire that a partner(s) is an undertaking in difficulty (if the project is to be implemented jointly with partner(s)) the project may be submitted for re-evaluation without the involvement of this partner in the project).
12. The rights in rem of the applicant to immovable property which will be used directly during project implementation shall be registered in the Register of Immovable Property prior to the conclusion of the project contract. The applicant’s rights in rem to property shall be verified by the Implementing Authority against the Register of Immovable Property. The destination of the property to be used during project implementation shall coincide with the type of project activity and shall be registered as such in the Register of Immovable Property. If the Implementing Authority decides to extend the deadline for the signature of the project contract in cases referred to in Item 101 of the Description, the deadline for registration in the Register of Immovable Property of the applicant’s rights in rem to the immovable property which will be used directly during project implementation shall be extended accordingly.
13. The original of the project contract may be drafted and submitted as:

104.1. A signed hard-copy document or

104.2. An electronic document signed by secure electronic signature means which have a qualified certificate of an electronic signature, depending on whichever of the two options of the document is chosen by the project implementer.

**CHAPTER VI**

**REQUIREMENTS FOR PROJECT IMPLEMENTATION**

1. The project is implemented following the requirements of the project contract, the Description and the Project Regulations.
2. A Project steering committee shall be set up for carrying out the supervision of project implementation; the project steering committee shall monitor the project progress and submit recommendations to project implementers regarding the implementation course. The Project steering committee shall be composed from representatives of the Implementing Authority and the Ministry; representatives of other institutions, enterprises or organisations may also be invited to be members of the Steering committee. The composition of the Steering committee is approved by an Order of the Minister of Economy of the Republic of Lithuania, and its operational principles shall be set forth in the rules of procedure of the Committee.
3. If the applicant is a foreign investor (entity), such applicant shall, not later than before the signature of the project contract, register with the Register of Legal Persons of the Republic of Lithuania a private legal entity whereupon it shall exercise a decisive influence, or a branch, and notify the Implementing Authority accordingly.
4. Following termination of project financing continuity of investments shall be ensured for 5 years in the case of large enterprises or 3 years in the case of enterprises having the status of micro, small and medium-sized enterprises, in the procedure set forth in Section 27, Chapter IV of the Project Regulations.
5. With regard to long-term tangible assets which were acquired or developed through project financing during project implementation, a project implementer shall take out an all-risk insurance for a maximum replacement value. The insurance coverage of assets shall last throughout the entire duration of the project as of the moment of its development or acquisition and for at least five years in the case of large enterprises and 3 years in the case of enterprises having the status of a micro, small or medium-sized enterprise from the termination of the project financing, in the procedure set forth in insurance legal acts and regulations. In the case of an insured event the project implementer shall restore the lost asset as well as to insure that such obligations is also respected by his partner(s).
6. A joint activity (partnership) agreement may be amended after the project contract has entered into force. Only such amendments to the joint activity (partnership) agreement are possible which did not have a material impact for the decision on granting financing to the project. Amendments to the joint activity (partnership) agreement shall be coordinated with the Implementing Authority. Amendments to a joint activity (partnership) agreement shall be effected by means of amending or supplementing a joint activity (partnership) agreement.
7. A project implementer intending to perform activity during project implementation for which financing has been granted and which is subject to authorisation, licencing or activity certificate in accordance with the law, upon project completion and within the deadline set forth in the project contract shall submit to the Implementing Authority a copy of such authorisation, licence or activity certificate obtained. Failure to submit a copy of such authorisation, licence or activity certificate obtained may result in the demand by the Implementing Authority of recovery of project financing from the project implementer.
8. The Implementing Authority shall have the right to unilaterally terminate the project contract in the procedure set forth in Item 192of the Project Regulations and subject to the Ministry’s approval if the project activity has not been launched within 6 months from the date of signature of the project contract, if the project activity is the one indicated in Item 10.1 or activities indicated in Items 10.1 and 10.3 of the Description, or within 12 months from the date of signature of the project contract if the project activity is the one indicated in Item 10.2 of the Description or if more than one activity is intended to be carried out under the project, with one of such activity being the one indicated in Sub-item 10.2 of the Description.
9. The project implementer shall inform about the project under implementation or a completed project in the procedure set forth in Section 37, Chapter VII of the Project Regulations.
10. A new item of immovable property developed during the project shall be registered with the Register of Immovable Property not later than by the date of submission of the last payment claim to the Implementing Authority.
11. A project implementer and partner(s) shall make an entry of expenses on R&D activities in their annual income tax return to be submitted to the State Tax Inspectorate under the procedure set forth by the Ministry of Finance of the Republic of Lithuania.
12. When providing information to statistical authorities in the manner prescribed, the project implementer and partner(s) are obliged to provide information about expenses on R&D works.
13. The project implementer is obliged to submit to authority(-ies) indicated in the Description of development of priority areas of research and development (socio-cultural) and innovation development as well as evaluation and monitoring of the impact of implementation of priority areas, and strengthening cooperation among business entities and research and higher education institutions approved by Order No. V-1218/4-911 of the Minister of Education and Science and the Minister of Economy of the Republic of Lithuania of 15 December 2014 *On the approval of* *the description of development of priority areas of research and development (socio-cultural) and innovation development as well as evaluation and monitoring of the impact of implementation of priority areas, and strengthening cooperation among business entities and research and higher education institutions* information which is necessary for monitoring and evaluating the implementation of priorities and the implementation programme of the priority areas of research and development (socio-cultural) and innovation development, R&D priorities and R&D priority action plan.
14. The requirements for project completion are provided for in Section 27, Chapter IV of the Project Regulations.
15. All documents related to project implementation shall be kept on file in the procedure and for a period provided for in Section 42, Chapter VII of the Project Regulations, as well as for a period stipulated in Article 12 of the General block exemption regulation.

**CHAPTER VII**

**PROCEDURE FOR AMENDING THE DESCRIPTION**

1. The procedure for amending the Description is defined in Section 11 of Chapter III of the Project Regulations.
2. If the Description is being amended after the projects have been already selected, such amendments of the Description shall, without prejudice to the principle of equality, also apply to projects under implementation in the cases specified in Item 91 of the Project Regulations.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Description of the conditions of funding of Smart FDI projects under Measure No. 01.2.1-LVPA-T-848 of Priority Axis 1 Strengthening research and development and innovation under the Operational Programme for the European Union Funds’ Investment in 2014–2020

Annex 1

**ASSESSMENT TABLE TO DETERMINE THE PROJECT’S ELIGIBILITY FOR FUNDING**

|  |  |
| --- | --- |
| **Proposal’s code** |  |
| **Applicant’s name** |  |
| **Project’s title** |  |
| **The project is to be implemented:**  ** with partner(s)  without partner(s)** | |
| ** INITIAL REVISED**  *(“Revised” shall be selected when this table is returned for repeated assessment.)* | |

|  |  |  |  |
| --- | --- | --- | --- |
| **General requirement/**  **special project selection criterion (hereinafter – special criterion), the aspects of its assessment and explanations** | **The specification of the general requirement/ special criterion** | **The assessment of the general requirement/ special criterion** | |
| **Yes / No/ Not applicable/ Yes with reservations** | **Comments** |
| **1. The project envisaged to be financed shall contribute to the implementation and results of at least one specific priority task of the Operational Programme for the European Union Funds Investment (hereinafter – the Operational Programme) in 2014-2020, and at least one activity eligible for funding in accordance with the description of the conditions for project funding.** | | | |
| 1.1. The objectives and tasks of the project shall comply with at least one specific task and targeted outcome of the Operational Programme. | The objectives and tasks of the project shall comply with the specific task 1.2.1. ‘Strengthening R&D and innovation activity in private sector’ of the Operational Programme Priority Axis 1 ‘Strengthening R&D and innovation’ and its targeted outcome.  Source of information – the proposal for funding a project co-financed from the European Union’s Structural Funds (hereinafter – the proposal). |  |  |
| 1.2. The objectives, tasks and activity of the project shall comply with at least one activity laid down in the description of the conditions for project funding. | The objectives, tasks and activity of the project shall comply with the activity referred to in Item 10 and Item 11 of the description of the conditions of funding of Smart FDI projects under Measure No. 01.2.1-LVPA-T-848 of Priority Axis 1 Strengthening research and development and innovation under the Operational Programme for the European Union Funds’ Investment (hereinafter – the Description).  Source of information – the proposal. |  |  |
| 1.3. The project shall comply with other requirements relating to project activity referred to in the description of the conditions for project funding. | The project shall comply with the requirements, referred to in Sub-Items 23.3 and 23.4 and Items 25, 26 and 29 of the Description.  Sources of information – the proposal, Annex 3 of the Description. |  |  |
| **2. The project shall comply with the provisions of strategic planning documents.** | | | |
| 2.1. The project shall comply with the provisions of strategic planning documents. | The project shall comply with national strategic planning documents, referred to in Sub-Items 23.1 and 23.2 of the Description.  Source of information – the proposal. |  |  |
| 2.2. The project shall contribute to the implementation of at least one objective of the European Union Strategy for the Baltic Sea Region, approved by the European Council Conclusions No. 15265/09 on 30 October 2009 and adjusted on 23 March 2012 by the European Commission’s Communication No. COM (2012) 128. The objective shall be implemented in accordance with at least one policy area, horizontal action or implementation example, referred to in the action plan of the European Union Strategy for the Baltic Sea Region, approved by the European Commission Decision No. SWD (2015)177 on 10 September 2015. | The project shall contribute to the implementation of the European Union Strategy for the Baltic Sea Region, as Item 24 of the Description stipulates.  Source of information – the proposal. |  |  |
| **3. The project shall achieve clear and real quantitative goals.** | | | |
| 3.1. The project shall contribute to the implementation of at least one national product and (or) achievement of a result indicator, that are specified in the description of the conditions for project funding and (or) the Ministry’s measure implementation plan. | The project shall attain monitoring indicators, specified in Item 32 of the Description.  Source of information – the proposal. |  |  |
| 3.2. The consistent inherent logic of the project shall be retained, i.e. the outcome of the project is determined by project activity. Project activity preconditions for the implementation of the project’s objectives and the latter precondition for the achievement of the project’s targeted result. | Source of information – the proposal. |  |  |
| 3.3. The project’s objectives shall be specific (i.e. reflect the essence and characteristics of the project), they can be evaluated (they are quantifiable and measurable). The objectives shall be implementable, and the beginning as well as the end of the activity shall be clear. | Source of information – the proposal. |  |  |
| **4. The project shall comply with horizontal (sustainable development as well as non-discrimination and equality between women and men) principles, the implementation of the project is compatible with the provisions of the European Union’s (hereinafter – the EU) Competition Policy.** | | | |
| 4.1. There shall be no project actions that could adversely affect the implementation of the sustainable development principle: |  |  |  |
| 4.1.1. the environmental domain (quality of the environment and natural resources, landscape and biological diversity preservation, climate change, environmental protection, etc.); | Source of information – the proposal. |  |  |
| 4.1.2. the social domain (employment, poverty, social exclusion, public health, education and science, preserving cultural identity, sustainable consumption); | Source of information – the proposal. |  |  |
| 4.1.3. the economic domain (sustainable development of the main regions and industries); | Source of information – the proposal. |  |  |
| 4.1.4. the territorial development domain (reducing environmental, social and economic disparities); | Source of information – the proposal. |  |  |
| 4.1.5. the information and knowledge society domain. | Not applicable. |  |  |
| 4.2. Specific actions (initiatives) demonstrating that the project promotes the implementation of the sustainable development principle shall be proposed. | Not applicable. |  |  |
| 4.3. There shall be no restrictions to the project that could have an adverse effect upon the implementation of the principles of gender equality, non-discrimination based on gender, race, nationality, language, origin, social standing, beliefs and views, age disability, sexual orientation, ethnicity or religion. | Source of information – the proposal. |  |  |
| 4.4. The proposed specific actions shall demonstrate that the project contributes to the implementation of the principle of gender equality and (or) promotes non-discrimination based on gender, race, nationality, language, origin, social standing, beliefs and views, age disability, sexual orientation, ethnicity or religion. | Not applicable. |  |  |
| 4.5. The project shall be compatible with the provisions of the EU’s Competition Policy: |  |  |  |
| 4.5.1. the funding provided shall not exceed *de minimis* aid ceilings and meet the requirements applicable for *de minimis* aid. | Not applicable. |  |  |
| 4.5.2. the project shall be financed in accordance with the harmonized state aid scheme or the European Commission’s decision or Commission Regulation (EU) No. 651/2014 of 17 June 2014, which stipulates that certain categories of aid are considered compatible with the internal market under Articles 107 and 108 of the Agreement (OL 2014, L 187, p. 1) with compliance to all the requirements laid down in it. | The project shall meet the general requirement, if it meets the requirements of the Description and Commission Regulation (EU) No. 651/2014 of 17 June 2014, which stipulates that certain categories of aid are considered compatible with the internal market under Articles 107 and 108 of the Agreement (OL 2014, L 187, p. 1).  Annex 2 of the Description shall be filled in the process of compliance assessment with regard to this assessment aspect.  Sources of information – the proposal, the Registry of State aid and *de minimis* aid whose regulations were approved by Resolution No. 35 of 19 January 2005 of the Government of the Republic of Lithuania ‘On the approval of the regulations of the registry of State aid and *de minimis* aid’. |  |  |
| 4.5.3. project financing does not constitute unlawful state or *de minimis* aid. | Not applicable. |  |  |
| **5. In organizational terms, the applicant and partner(s) shall be capable of implementing the submitted project properly and on time, and meet the requirements imposed on them.** | | | |
| 5.1. The applicant and partner(s) shall be legal persons, legal entity’s branches, representatives (hereinafter – a legal person) or natural persons, engaged in an economic or commercial activity (hereinafter – a natural person) as established in the description of the conditions for project funding. |  |  |  |
| 5.2. The applicant and partner(s) shall be included in the list of eligible candidates, laid down in the description of the conditions for project funding. | The list of eligible applicants (partners) shall be provided in Items 16, 17 and 18 of the Description.  Sources of information – the proposal, the documents referred to in Sub-Item 84.12 of the Description. |  |  |
| 5.3. The applicant and partner(s) have a legal base to perform the activity (carry out functions) that the project is intended to start and (or) implement and (or) develop. | Sources of information – the proposal, the documents referred to in Sub-Item 84.12 of the Description. |  |  |
| 5.4. The applicant and partner(s) shall be subject to no restrictions regarding financing:  5.4.1. the applicant and partner(s), who are legal persons, shall not be subject to insolvency or restructuration proceedings, criminal proceedings concerning their economic or commercial activity. The applicant and partner(s) shall not be in the course of liquidation and they shall not be subject to the agreement, reached in a creditors’ meeting, to enforce insolvency proceedings with regard to out-of-court procedures *(this provision shall not be applicable for institutions financed by the state budget)*. The applicant and partner(s), who are natural persons, shall not be subject to insolvency proceedings or criminal proceedings concerning their economic or commercial activity;  5.4.2. at the time the proposal is assessed, the applicant and partner(s) shall have fulfilled liabilities regarding tax and social insurance payments in accordance with the legislation of the Republic of Lithuania or other country’s legislation in case the applicant and partner(s) are legal persons established abroad or natural persons are foreign nationals *(this provision shall not be applicable for institutions, whose activity is financed by the budget of the Republic of Lithuania and (or) its municipalities and (or) State funds, and applicants whose tax or social insurance payment deadlines have been deferred in accordance with the legislation of the Republic of Lithuania*);  5.4.3. at the time the proposal is assessed, the applicant and partner(s), who are natural persons or heads of legal persons, managing partners of limited partnerships, representatives of small partnerships, who have the right to transact on behalf of a legal person, or accountants or other persons who have the right to record and sign the applicant’s accounting documents shall not hold a valid criminal record or there shall not be any binding court conviction ordered in course of the last 5 years regarding the activities, defined by the Rules governing the return of financial support and general funds to the budget of the Republic of Lithuania, approved by Resolution No. 590 of 30 May 2005 of the Government of the Republic of Lithuania ‘On the approval of the rules governing the return of financial assistance and general funds to the budget of the Republic of Lithuania’ Annex 3 ‘The Description of the restrictions on the European Union’s financial support, 2004–2009 European Economic Area and (or) Norway’s financial mechanisms, 2009–2014 European Economic Area and (or) Norway’s financial mechanisms, the financial support to the Lithuanian-Swiss cooperation programme in 2007–2012’ Item 2 (*this provision shall not be applicable if the activity of the applicant and partners is financed by the budget of the Republic of Lithuania and (or) its municipalities and (or) State funds);*  5.4.4. at the time the proposal is assessed, should the applicant and partners transfer their production operations inside the member state or to another member state, no recovery procedure shall be or shall not have been initiated (*this provision shall not be applicable for public legal persons);*  5.4.5. at the time the proposal is assessed, the applicant and partner(s) shall not be under the restriction (for a term of up to 5 years) disallowing the allocation of the EU’s financial support due to illegal employment of third-country nationals (*this provision shall not be applicable for public legal persons);*  5.4.6. at the time the proposal is assessed, the applicant and partner(s) shall not be under the restriction to receive financial support due to failure to return or fully repay funds in the timeframe specified in the decision governing funds repayment *(this provision shall not be applicable for institutions whose activity is financed by the budget of the Republic of Lithuania and (or) its municipalities and (or) State funds as well as institutions whose activity is financed by EU Funds for 2007–2013 or EU Structural Funds for Technical Assistance for 2014–2020, the European Investment Fund and  the European Investment Bank);*  5.4.7. at the time the proposal is assessed, the applicant and partner(s) shall have submitted annual financial statements as well as annual consolidated financial statements to the Register of Legal Entities, as it is stipulated in the provisions of the Register of Legal Entities, approved by Resolution No. 1407 of 12 November 2003 of the Government of the Republic of Lithuania ‘On the establishment of the register of legal entities and approval of the provisions of the register of legal entities’ *(this provision shall not be applicable should the applicant be a natural person; this provision shall be applicable only in case financial statements must be completed in accordance with laws applicable for legal persons, foreign legal persons or other organizations).* | Sources of information – the proposal, the information from the State Tax Inspectorate Under the Ministry of Finance of the Republic of Lithuania and The State Social Insurance Fund Board under the Ministry of Social Security and Labour, the Authority of Audit, Accounting, Property Valuation and Insolvency Management under the Ministry of Finance of the Republic of Lithuania, State Enterprise Centre of Registers, and information available for the Public Institution Lithuanian Business Support Agency (hereinafter - the Implementing Authority). |  |  |
| 5.5. The applicant and partner(s) shall have (shall be able to ensure) sufficient administrative capacity needed to implement the project. | Source of information – the proposal. |  |  |
| 5.6. The maturity of the project complies with the requirements laid down in the description of the conditions for project funding. | Not applicable. |  |  |
| 5.7. Partnership in the implementation of the project is substantiated and beneficial. *(This assessment aspect is taken into consideration only when the applicant is planning to implement the project with a partner or partners).* | Sources of information – the proposal, the documents referred to in Sub-Item 84.8 of the Description. |  |  |
| **6. The sources of financing for project expenses shall be clearly identified and ensured.** | | | |
| 6.1. The contribution of the applicant and partner(s) complies with the requirements laid down in the description of the conditions for project funding, and the financing of the contribution is ensured. | The applicant and partner(s) shall contribute to project implementation by the portion of funds referred to in Items 52, 53, 54, 55, 56, 64, 65, 73, 74, 75 and 76 of the Description.  Sources of information – the information is cross-checked with the records of the Register of Legal Entities, the list of creditors and debtors to the applicant and partner(s) (cases of indebtedness are provided with the list which is drafted no later than 30 days before the submission of the proposal to the Implementing Authority), cash flows projected (in months) for the project implementation period, which shall specify and identify the sources of financing according to the schedule of the project, the estimated expenditure (in accordance with funding conditions), the estimated amounts of financial assistance, etc. Projected cash flows shall demonstrate that the applicant and partner(s) will have sufficient sources of financing to fund their own contribution and ensure the smooth financing of project activity and they shall be based on the documents of planned sales (contracts, offers for commercial nature, orders, etc.), projected sources of financing (own funds, funds from banks or other credit institutions, legal persons’ loans or other sources); other documents that prove the capacity of the applicant and (or) partner(s) to ensure the continuity of their activity during the period of project implementation and contribute to the project’s financing. |  |  |
| 6.2. The financing of ineligible project-related expenditure shall be ensured. | Sources of information – the sources of information referred to in Annex 1 Sub-Item 6.1 of the Description. |  |  |
| 6.3. The continuity of financial project (activities) results shall be ensured. | Source of information – the proposal. |  |  |
| **7. Efficient use of funds necessary for project implementation shall be ensured.** | | | |
| 7.1. The choice of the alternative for project implementation shall be based upon the results of a cost-benefit analysis: | Not applicable. |  |  |
| 7.1.1. assumptions regarding befits, costs, sources of financing, benefit creation and other matters, employed in order to assess project implementation alternative or alternatives shall be justifiable; |  |  |  |
| 7.1.2. a reasonable period of time of the same length shall be allowed to assess project implementation alternative or alternatives; |  |  |  |
| 7.1.3. similar and reasonable discount rates shall be employed in order to assess project implementation alternative or alternatives; |  |  |  |
| 7.1.4. an optimal project implementation alternative shall be selected in the light of financial and (or) economic indicators (net present value, the internal rate of return, cost-benefit ratio) of project implementation alternatives; |  |  |  |
| 7.1.5. there shall be no known legal, technical and social restrictions to the selected project implementation alternative. |  |  |  |
| 7.2. The selection of project implementation alternative shall be based upon the cost efficiency indicator. | Not applicable. |  |  |
| 7.3. The main risks to the project shall be assessed, and risk management measures as well as the resources necessary for their implementation shall be envisaged. | Source of information – the proposal. |  |  |
| 7.4. The envisaged project activity shall be eligible for funding and meet the requirements set for activities of the same scope. Expenses shall meet the established requirements and be necessary for project implementation. Activity and expenses shall be planned in an efficient and justifiable manner with regard to public procurement procedures initiated or completed before the submission of the proposal. No refinancing shall be allocated to projects concerning the same activities that the applicant and partner(s) implemented and (or) are implementing. | Source of information – the proposal. |  |  |
| 7.5. The applicant shall implement the project’s goals, activity, objectives and achieve its results in the course of the project implementation period; the project implementation period meets the requirements laid down in the description of the conditions for project funding. | The project implementation period/deadline shall meet the requirement laid down in Item 27 of the Description.  Source of information – the proposal. |  |  |
| 7.6. The project shall meet the requirements established for cross-financing. | Not applicable. |  |  |
| 7.7. The flat rate of project expenses, the fixed unit cost of project expenses, fixed amounts of project expenses and (or) awards shall be reasonably applied. | The flat rate of project expenses, that is applicable for the project, shall meet the requirements, established in Table 2 and Table 6 of the Description.  Source of information – the proposal. |  |  |
| 7.8. The proposal shall adequately specify the project’s category, the revenue that is expected to be received from the project (including net revenue), correctly calculate and adequately determine the level of financing necessary for the project with regard to whether:  – no revenue is generated;  – revenue is generated and it is estimated beforehand;  – revenue is generated but it is impossible to estimate it beforehand. | Not applicable. |  |  |
| **8. Project activity shall be performed inside the programme area.** | | | |
| 8.1. Project activity shall be performed inside the Republic of Lithuania or outside the Republic of Lithuania, but products, achieved results and benefits (or a part of them, proportional to the financial contribution of the Republic of Lithuania) obtained in the course of their implementation shall be granted to the Republic of Lithuania, and the project shall comply with at least one of these conditions:  8.1.1. project expenses, co-funded with the European Regional Development Fund and the Cohesion Fund and carried outside the Republic of Lithuania, but in the territory of the EU, shall not exceed the percentage specified in the description of the conditions for project funding; the same applies to activities, designed for representation and conducted in accordance with the description of the conditions for project funding;  8.1.2. project activity, co-funded with the European Social Fund shall be carried out in:  – EU territory;  – outside EU territory, but the expenses for such activities shall not exceed the percentage specified in the description of the conditions for project funding;  8.1.3. project activity linked with technical assistance shall be carried out. | The programme area for project activity shall meet the requirements established in Item 30 of the Description.  Source of information – the proposal. |  |  |

**THE FINAL CONCLUSION REGARDING THE ASSESSMENT OF THE PROJECT’S COMPLIANCE WITH GENERAL REQUIREMENTS:**

1. **The proposal** **is assessed positively with regard to all general requirements and specific criteria:**

Yes No Yes with reservations

Comments: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. **The applicant did not attempt to obtain any confidential information or exercise pressure on the institution that is performing the assessment in the course of the current proposal’s assessment or during selection process:**

No attempts were made

Attempts were made

Comments: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

*(It is obligatory to fill this field only if the answer selected is “Attempts were made”, i.e. factual circumstances should be provided.)*

**Expenses determined to be eligible for funding and declaration to the European Commission (hereinafter – the EC) in the course of the assessment of the project’s eligibility for funding:**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Total project value (including eligible and ineligible expenses) (Eur)** | **The maximum amount of project expenses eligible for funding:** | | | | | **Revenue decreasing the amount of expenses eligible for declaration to the EC (Eur)** | **Expenses eligible for declaration to the EC** | |
| **Total (Eur)** | **Of them:** | | | | **The maximum amount of expenses eligible for declaration to the EC (Eur)** | **The share of expenses eligible for funding (%)** |
| **Maximum funding request (Eur)** | **The share of expenses eligible for funding (%)** | **Own funds of the applicant and partner(s) (Eur)** | **The share of expenses eligible for funding (%)** |
| 1 | 2 | 3 | 4=(3/2)\*100 | 5 | 6=(5/2)\*100 | 7 | 8 | 9=(8/2)\*100 |
|  |  |  |  |  |  |  |  |  |

**Notes:**

|  |
| --- |
| *As appropriate, taking into consideration the risks involved in the project, in this field the Implementing Authority may introduce supplementary conditions which it proposes to be included in the contract for the project.* |

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(job title of the person responsible for the

institution that assessed the proposal) (date) (name, surname, signature, if the document is filled in paper form)

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Description of the conditions of funding of Smart FDI projects under Measure No. 01.2.1-LVPA-T-848 of Priority Axis 1 Strengthening research and development and innovation under the Operational Programme for the European Union Funds’ Investment in 2014–2020

Annex 2

**The SHEET FOR THE VERIFICATION OF THE PROJECT’S COMPLIANCE WITH STATE AID RULES**

|  |
| --- |
| **1. The legal basis of the measure** |
| Commission Regulation (EU) No. 651/2014 of 17 June 2014 which stipulates that certain categories of aid are considered compatible with the internal market under Articles 107 and 108 of the Agreement (OL 2014, L 187, p. 1) (hereinafter – the Regulation). |

|  |  |
| --- | --- |
| **2. Data relating to the proposal** **/project** | |
| **Proposal/project code** |  |
| **Applicant/project developer’s name** |  |
| **Project’s title** |  |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **3. Verification questions to determine whether the proposal/project is compliant with the Regulation** | | | | | | | | | |
| **No.** | **Questions** | | | **Result** | | | | **Notes** | |
| 3.1. | What category does the applicant belong to (only one option can be chosen)? | | | □ Yes | | □ No | |  | |
| - a micro enterprise | | |  | |  | |  | |
| - a small enterprise | | |  | |  | |  | |
| - a medium-sized enterprise | | |  | |  | |  | |
| - a large enterprise | | |  | |  | |  | |
| 3.2. | What category does the partner belong to (only one option can be chosen)? (If applicable) | | | □ Yes | | □ No | |  | |
| - a micro enterprise | | |  | |  | |  | |
| - a small enterprise | | |  | |  | |  | |
| - a medium-sized enterprise | | |  | |  | |  | |
| - a large enterprise | | |  | |  | |  | |
| 3.3. | Does the State aid granted comply with the provision laid down in Article 1 Part 2 of the Regulation? | | | □ Yes | | □ No | |  | |
| 3.4. | Does the State aid granted comply with the provisions laid down in Article 1 Part 3 of the Regulation? | | | □ Yes | | □ No | |  | |
| 3.5. | Does the State aid granted comply with the provisions laid down in Article 1 Part 4 of the Regulation? | | | □ Yes | | □ No | |  | |
| 3.6. | Does the State aid granted comply with the provisions laid down in Article 1 Part 5 of the Regulation? | | | □ Yes | | □ No | |  | |
| 3.7. | Does the State aid granted comply with the provisions laid down in Article 4 Part 1 of the Regulation? | | | □ Yes | | □ No | |  | |
| 3.8. | Does the State aid granted comply with the provisions laid down in Article 4 Part 2 of the Regulation? | | | □ Yes | | □ No | |  | |
| 3.9. | Is the State’s incentive effect reasonable with regard to Article 6 Part 2 of the Regulation? | | | □ Yes | | □ No | |  | |
| 3.10. | Are all State requirements regarding aid cumulation laid down in Article 8 of the Regulation met? | | | □ Yes | | □ No | |  | |
| *Applicable if State aid is granted under Article 14 of the Regulation:* | | | | | | | | | |
| 3.11. | Is State aid granted for initial investment (as it is defined in Article 2 Item 49 Sub-Item a of the Regulation) as indicated in Article 14 Part 3 of the Regulation? | | | □ Yes | | □ No | |  | |
| 3.12. | Is State aid requested to finance eligible investment expenses for tangible and intangible assets laid down in Article 14 Part 4 Item a of the Regulation? | | | □ Yes | | □ No | |  | |
| 3.13. | Are the provisions laid down in Article 14 Part 5 of the Regulation observed, i.e. is it envisaged that after the investment is ended, investment into the area that receives State aid shall be retained for at least 5 years in cases of large enterprises or at least 3 years in cases of micro, small and medium-sized enterprises? | | | □ Yes | | □ No | |  | |
| 3.14. | Does State aid intensity comply with the provisions laid down in Article 14 Part 12 of the Regulation? | | | □ Yes | | □ No | |  | |
| 3.15. | Does the State aid granted comply with the provisions laid down in Article 13 of the Regulation? | | | □ Yes | | □ No | |  | |
| 3.16. | Are assets acquired in compliance with Article 14 Part 6 of the Regulation? | | | □ Yes | | □ No | |  | |
| 3.17. | Are the provisions laid down in Article 14 Part 7 of the Regulation observed in the calculation of eligible expenses? (If applicable) | | | □ Yes | | □ No | |  | |
| 3.18. | Are the provisions regarding intangible assets laid down in Article 14 Part 8 of the Regulation observed? | | | □ Yes | | □ No | |  | |
| 3.19. | Does the State aid granted comply with the provisions laid down in Article 14 Part 13 of the Regulation? | | | □ Yes | | □ No | |  | |
| 3.20. | Are the provisions regarding the amount of state aid recipient’s financial contribution laid down in Article 14 Part 14 of the Regulation observed? | | | □ Yes | | □ No | |  | |
| *Applicable if State aid is granted under Article 25 of the Regulation:* | | | | | | | | | |
| 3.21. | Does the State aid granted comply with the provisions laid down in Article 25 Part 2 Items b and (or) c of the Regulation? | | | □ Yes | | □ No | |  | |
| 3.22. | Is State aid granted to finance eligible expenses specified in Article 25 Part 3 Item a of the Regulation? | | | □ Yes | | □ No | |  | |
| 3.23. | Does State aid intensity comply with the provisions laid down in Article 25 Part 5 of the Regulation? | | | □ Yes | | □ No | |  | |
| 3.24. | Does State aid intensity comply with the provisions laid down in Article 25 Part 6 of the Regulation? (If applicable) | | | □ Yes | | □ No | |  | |
| *Applicable if State aid is granted under Article 29 of the Regulation:* | | | | | | | | | |
| 3.25. | Does the State aid granted comply with the provisions laid down in Article 29 Part 2 of the Regulation? (If applicable) | | | □ Yes | | □ No | |  | |
| 3.26. | Is State aid granted to finance eligible expenses specified in Article 29 Part 3 of the Regulation? | | | □ Yes | | □ No | |  | |
| 3.27. | Does State aid intensity comply with the provisions laid down in Article 29 Part 4 of the Regulation? | | | □ Yes | | □ No | |  | |
|  | | | | | | | | | |
| **4. State aid’s compliance assessment** | | | | | | | | | |
| Does the State aid granted comply with the provisions of the Regulation? | | | □ Yes | | □ No | | | |  |
| \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  (assessor) | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  (signature) | | | | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  (date) | | |
| **The revision of the assessment:**  □ To support the assessor’s conclusion  □ Not to support the assessor’s conclusion  *Notes:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_* | | | | | | | | | |
| \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  (the head of the division) | | \_\_\_\_\_\_\_\_\_\_\_\_  (signature) | | | | | \_\_\_\_\_\_\_\_\_\_\_\_  (date) | | |

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Description of the conditions of funding of Smart FDI projects under Measure No. 01.2.1-LVPA-T-848 of Priority Axis 1 Strengthening research and development and innovation under the Operational Programme for the European Union Funds’ Investment in 2014–2020

Annex 3

**InFORMATION ON STATE AID RECEIVED, OTHER FINANCING sources, AND the DATA required for the assessment of THE COMPLIANCE OF the project with the provisions of the description of The conditions Of funding of Smart FDI projects under Measure No. 01.2.1-LVPA-T-848 of Priority Axis 1 Strengthening Research and Development and Innovation under the Operational Programme for the European Union Funds’ Investment in 2014–2020 AND PROJECT SELECTION CRITERIA**

1. **The activities carried out by the applicant and partner(s) (if there are any partners) and project activities are assigned according to the Classification of Economic Activities approved by Order DĮ-226 of 31 October 2007 by the Director General of the Department of Statistics of the Republic of Lithuania ‘On the approval of the classification of economic activities’ (hereinafter – EVRK, version 2) (applicable in the assessment of the project’s compliance with the provisions in Item 10 of the description of the conditions for the funding of Smart FDI projects under Measure No. 01.2.1-LVPA-T-848, Priority Axis 1 Strengthening research, development and innovation under the Operational Programme for the European Union Funds’ Investment in 2014–2020) (hereinafter – the Description).**

|  |  |
| --- | --- |
| * 1. The activity(ies) of the applicant according to EVRK version 2. |  |
| 1.2. The activity(ies) of the applicant according to EVRK, version 2, for which the project results shall be used (in case project results are attributed to several activities, indicate the breakdown of the results in percentage). |  |
| 1.3. The activity(ies) of the partner according to EVRK version 2 *(to be completed if the project is implemented with a partner).* |  |
| 1.4. The activity(ies) of the partner according to EVRK version 2, for which the project results shall be used (in case project results are attributed to several activities, indicate the breakdown of the results in percentage). *(to be completed if the project is implemented with a partner).* |  |

1. **Shareholders of the applicants (indicate all the shareholders of the entity holding 10 per cent or more shares of the entity).**

|  |  |  |
| --- | --- | --- |
| No. | Shareholder | Shareholding (per cent) |
| 2.1. |  |  |
| 2.2. |  |  |

1. **The decisive influence of an investor upon a private legal entity (hereinafter – the Enterprise) established by the investor in the Republic of Lithuania or a branch of a foreign investor (enterprise) established in the Republic of Lithuania (applicable in the assessment of the project’s compliance with Item 16 of the Description).**

|  |
| --- |
| **Describe the situation of how the controlling person (investor) implements or is in a position to implement his decisions in relation to the economic activity of the controlled undertaking, the decisions of its bodies or the composition of its personnel.** |
| *Detailed description.* |
| **Provide the data on the founding (registration) of the foreign investor’s (enterprise’s) branch in the Republic of Lithuania.** |
| *The date and registration code of the established branch.* |

**4. Received (anticipated) State aid for the project with regard to the applicant (or the applicant and partners).**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | 1. Intended amount of the assistance *(from sources other than the Ministry of Economy of the Republic of Lithuania)*. | Amount of State aid received | 1. State aid provider | 1. Article in the general block exemption regulation that foresees the granting of State aid | 1. Information on state aid and the basis for its granting | 1. State aid provision date |
| 1. 4.1. Other State aid |  |  |  |  |  |  |
| 1. 4.2. Intended *de minimis* aid granted to implement the project (indicate expenses which are envisaged to be covered by *de minimis* aid) |  |  |  |  |  |  |
| 1. 4.3. Other financial State aid in various forms for legal persons (State granted guarantees, microcredits, interest reimbursement of guaranteed loans, etc.) |  |  |  |  |  |  |

**5. Information on the investor’s investment or intended investment in the field of scientific research and (or) experimental development and innovations (hereinafter – R&D) (applicable in the assessment of the project’s compliance with the provisions laid down in Sub-Item 23.4 of the Description):**

**5.1. information on the investor’s (including the investor’s enterprise group) investment in the Republic of Lithuania into the sectors of production or services made no earlier than 10 years before the date of submission of the proposal to the Public Institution Lithuanian Business Support Agency (hereinafter - the Implementing Authority).**

|  |  |  |
| --- | --- | --- |
|  | N-10  *(the investment made in 10 years before the date of the submission of the proposal is cumulated)* | N  *(on the date of submission of the proposal)* |
| 5.1.1. the investor’s investment into the sectors of production or services (Eur) |  |  |

**5.2. indicate the information concerning the investment and activity in the field of R&D (applicable in the assessment of the project’s compliance with the provisions laid down in Sub-Item 23.4 of the Description):**

|  |  |
| --- | --- |
| The applicant did not carry out any activity and (or) invest in the field of R&D in the Republic of Lithuania | *Mark Yes (No)* |

**5.3.** **information on intended investment into the field of R&D in terms of the policy direction for priority research and experimental (social, cultural) development and innovations (smart specialisation), approved by Order No. 411 of 30 April 2014 of the Government of the Republic of Lithuania ‘On the approval of the operational programme and its priorities for the policy directions on priority research and experimental (social, cultural) development and innovations (smart specialisation)’ (hereinafter – smart specialisation policy direction), and one of the specific smart specialisation policy direction’s priorities in the course of project implementation and in the first 3 years following the completion of project implementation activity.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | The number of years (Y) from the beginning of project implementation until the financing of project implementation is completed *(it shall comply with the value of mandatory monitoring indicators, specified in Sub-Item 32.2 of the Description)* | Y+1 | Y+2 | Y+3 |
| 5.3.1. Private investment into R&D (Eur) |  |  |  |  |
| 5.3.2. The overall amount of private investment into R&D made in the course of project implementation and in 3 years following the completion of project implementation activity (Eur) | | | | |
|  | | | | |
| 5.3.3. Provisions that form the basis for the calculation of private investment into R&D made in 3 years following the completion of project implementation activity | | | | |
|  | | | | |

**6. The project is assigned to one of the directions of smart specialisation policy and one specific priority of the direction.**

|  |  |  |  |
| --- | --- | --- | --- |
| **The direction of smart specialisation policy** *(select one option)* | | **The priority of smart specialisation policy’s direction**  *(select one option)* | |
| **6.1. Energy and sustainable environment** |  | 6.1.1. Smart energy generators, network and consumer energy efficiency, systems for diagnostics, monitoring, accounting and management. |  |
| 6.1.2. The generation of energy and fuel from biomass or waste, the treatment, storage and disposal of waste. |  |
| 6.1.3. Digital building – the technology of construction and exploitation of smart, low energy consumption buildings. |  |
| 6.1.4. Solar installations and technologies to use solar installations for the generation of electricity, heating and cooling. |  |
| **6.2. Health technologies and biotechnologies** |  | 6.2.1. Molecular technologies for medicine and bio pharmacy. |  |
| 6.2.2. Advanced technologies, applied for personal and public health. |  |
| 6.2.3. Advanced medical engineering for early diagnosis and treatment. |  |
| **6.3. Agro-innovations and food technologies** |  | 6.3.1. Sustainable agro-biological resources and safer food. |  |
| 6.3.2. Functional food. |  |
| 6.3.3. Innovative production, improvement and processing of bio-based raw materials (biorefinery). |  |
| **6.4. New production processes, materials and technologies** |  | 6.4.1. Photonics and laser technologies. |  |
| 6.4.2. Functional materials and coatings. |  |
| 6.4.3. Construction and composite materials. |  |
| 6.4.4. Flexible technological systems of product creation and production. |  |
| **6.5. Transport, logistics and information and communication technologies** |  | 6.5.1. Smart transport systems and information and communication technologies. |  |
| 6.5.2. Technologies (models) for the management of international transport corridors and the integration of transport modes. |  |
| 6.5.3. Advanced digital content, technologies to create it and interoperability of information systems. |  |
| 6.5.4. Solutions and services for the infrastructure of information and communication technologies and cloud computing |  |
| **6.6. Inclusive and creative society** |  | 6.6.1. Modern educational technologies and processes. |  |
| 6.6.2. The technologies and processes to create and install breakthrough innovations. |  |
| *Information shall be provided with regard to the thematic specificities of the selected priority that is in compliance with the project.* | | | |

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_