**DESCRIPTION OF THE REQUIREMENTS FOR THE CONTENT OF THE BUSINESS PLANS FOR FINANCING UNDER MEASURES ADMINISTERED BY THE MINISTRY OF ECONOMY AND INNOVATION OF THE REPUBLIC OF LITHUANIA UNDER PRIORITY AXIS 1 ‘STRENGTHENING RESEARCH AND DEVELOPMENT AND INNOVATION’ OF THE OPERATIONAL PROGRAMME FOR THE EUROPEAN UNION FUNDS’ INVESTMENTS IN 2014–2020**

**MEASURE NO 01.2.1-LVPA-K-823 SMARTINVEST LT+**

**1. SUMMARY**

The legal person presenting its plan (name, main areas of action of the applicant), the foreign investor, the substance of the project to be implemented, the activities which are carried out and are to be carried out, the possibilities for commercialisation of the project (goods, service, technology) (hereinafter referred to as the ‘product’) to be created or substantially improved, uniqueness thereof, the targeted customers and the added value offered to them, required financing, the value of the project (expenses necessary for research and development, hereinafter referred to as the ‘R&D’ activities, purchase of infrastructure), the set long-term objectives shall be descripted (up to one page).

***Note****: a summary of information indicated in paragraphs 1, 3, 4 of the business plan shall be provided in English (Annex 1).*

Description

**2. DESCRIPTION OF THE LEGAL PERSON AND ACTIVITIES CARRIED OUT BY THE LEGAL PERSON**

*(If a partner(s) is (are) involved in the project, the section shall be filled in for each legal unit separately)*

2.1. Information on the shareholders: name, identification code, number of shares held:

2.1.1. Information on the shareholders and the shareholders of the shareholders (up to natural persons) of the applicant:

| **Shareholder** | **Identification code\*** | **Percentage of held shares** |
| --- | --- | --- |
|  |  |  |

*\* If the shareholder is a natural person, the personal identification number shall not be indicated.*

2.1.2. Information on the legal persons the shares of which are held by the applicant:

| **Name of the legal person** | **Identification code** | **Percentage of held shares** |
| --- | --- | --- |
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2.1.3. Information on the legal persons the shares of which are held by the shareholders of the applicant:

| **Name of the legal person** | **Identification code** | **Percentage of held shares** |
| --- | --- | --- |
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2.2. Current activities: information on the nature of activity of the applicant according to the articles of association and the Statistical Classification of Economic Activities (hereinafter referred to as the ‘NACE Rev. 2’). The subclass, class (if impossible), the procedure for decreasing the scope, its part in the whole activities of the enterprise (information on the part of the activities in the whole activities of the enterprise according to the documents of the financial statements for the last year) shall be indicated:

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| --- | --- | --- |
| **Activity(ies) carried out by the applicant** | **Percentage of the activities in the whole activities of the enterprise** | **NACE class** |
|  |  |  |

2.3. Information on exports of the applicant. Structure of direct exports (including export to the EU Member States), during the last three years:

| **Offered products** | **Percentage in the structure of sales** | **Purchaser of the product (country)** |
| --- | --- | --- |
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**3. PRODUCTS FOR THE DEVELOPMENT (IMPROVEMENT) OF WHICH FINANCING IS REQUESTED**

3.1. Description of the new product to be developed or the product substantially improved:

3.1.1. The particular properties, measurable characteristics, technical solutions etc. of which the newly developed product substantially improved is characterised, the novelty of the developed product substantially improved shall be described. The new properties compared with the analogues in the market by which the product substantially improved to be developed is characterised shall also be described, comparisons with analogues or closest substitutes shall be provided (if possible, comparing the specific parameters). If it is impossible to define the particular measurable properties of the product without carrying out any research, a broader description of the intended use of the research results shall be provided. It shall be described how and why the aforementioned advantages of the product are important to the consumers, the benefit of the new products for the consumers, the problems to be solved by the new products etc.

Description

3.1.2. Concerning the level of novelty of the product substantially improved developed in the course of implementation of the project:

| **Product** | **Level of novelty\*** | **Justification that the product for the development (improvement) of which financing is requested is new** |
| --- | --- | --- |
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*The level of novelty shall be assessed as specified in the Oslo Manual, Guidelines for Collecting and Interpreting Innovations Data, 4th Edition, OECD, Eurostat, 2018.*

3.1.3. Justification that the project contributes to implementation of the Programme on the Implementation of Priority Areas of Research and (Social, Cultural) Development and Innovations (Smart Specialisation) and Their Priorities and concerns the topics in relation to implementation of at least one priority area:

| **Smart specialisation priority area(s) and topics\*** | **Justification that the project contributes to at least one priority area established in the smart specialisation programme and concerns the topics in relation to implementation of at least one priority area** |
| --- | --- |
|  |  |

*\*The smart specialisation priority areas and topics in relation to implementation are approved by Resolution No 411 of the Government of the Republic of Lithuania of 30 April 2014 ‘On the Approval of Programme on the Implementation of Priority Areas of Research and (Social, Cultural) Development and Innovations (Smart Specialisation) and Their Priorities’.*

3.1.4. The research fields of the project (*chosen in accordance with Order No V-93 of the Ministry of Education, Science and Sport of the Republic of Lithuania of 6 February 2019 ‘On the Approval of the Classifications of Research Areas and Areas of Art’):*

| **Research field(s) of the project**\* |
| --- |
| 1.  2. |

*\* Not more than two fields shall be indicated, specifying the main field*

3.1.5. Keywords of the project (*keywords describing the substance of the research of the project. Not more than 100 words shall be provided*).

Description

3.2. The matters concerning intellectual property of the products to be produced: Will be products be patented? If yes, where they shall be patented and to whom shall the intellectual property belong?

Description

**4. PLAN FOR DEVELOPMENT (IMPROVEMENT) OF THE PRODUCT FOR WHICH FINANCING IS REQUESTED**

4.1. Place (exact address) of implementation of the project; premises intended for the activities described in paragraph 10.2 of the description and the purpose of the premises.

Description

4.2. The project implementation team: justification that the applicant has (or has planned) a sufficient number of persons of appropriate qualification who shall implement the project (curriculum vitae of the current employees and/or other documents supporting qualification, qualification requirements for new posts detailed in subparagraphs 4.2.1 and/or 4.2.2 herein below etc. shall be provided in Annex 4 to the business plan), the project manager of the R&D activities shall be indicated (the function cannot be assigned to the project manager of administrative activities).

*(If a partner(s) is (are) involved in the project, the section shall be filled in for each legal unit separately)*

4.2.1. **Current** employees of the enterprise responsible for implementation of the R&D activities:

| **Position in the project** | **Area of responsibility in carrying out the R&D activities** | **Minimum qualification requirements for employees** |
| --- | --- | --- |
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4.2.2. **Additional** employees necessary for carrying out of the R&D activities:

| **Position in the project** | **Area of responsibility in carrying out of the R&D activities** | **Minimum qualification requirements for employees** | **Period (year and month) of planned employment** |
| --- | --- | --- | --- |
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4.2.3. Tasks to be carried out by each employee of the Applicant and a partner(s) (if planned) carrying out R&D activities in implementation of each activity provided for in Table 4.5.1 of the business plan, specifying the number of hours planned for fulfilment of the tasks and the expected result of the tasks:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Seq. No** | **Name, surname of the employee (if known)** | **Position** | **Task(s) to fulfilled** | **Number of working hours for the particular task** | **Result of the planned tasks (relation to the physical indicators of implementation of the activities specified in the application)** |
| 1. |  |  |  |  |  |
| N. |  |  |  |  |  |

4.2.4. Project administration team: position, experience, area of responsibility.

Description

4.3. Justification of the R&D activities necessary for development (improvement) of the product. Justification that there is a lack of certain knowledge for development or substantial improvement of the new product. Justification why the activities to be carried out are considered as R&D activities\*, i.e. existence of the particular scientific and/or technological uncertainties/problems which must be solved in order to develop (improve) the planned product shall be specified. The activities needed to deal with the uncertainties shall be described:

| **Problems arising in development or substantial improvement of the product** | **Activity(ies) needed to deal with the problems (in relation to information provided in subparagraph 4.5.1)** |
| --- | --- |
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| --- |
| *! \** For the purposes of determining if the activity(ies) provided for in the project is/are attributed to R&D,the Frascati Manual 2015 (Guidelines for Collecting and Reporting Data on Research and Experimental Development, Organisation for Economic Cooperation and Development, 2015) shall be followed. |

4.4. Review of national and international research in the area of development of the product: brief analysis of literature shall be provided (only links to the sources shall be provided and only the main results of the research shall be described. Scope: up to three pages).

Description

4.5. Plan for the R&D activities. The activities to be implemented to deal with the particular research or technological problems shall be specified. The need for the equipment to be purchased shall be justified (if applicable):

|  | **YES\*** | **NO** |
| --- | --- | --- |
| 1. Are the activities provided for in subparagraph 10.1 of the description to be carried out in the project? |  |  |
| 2. Are the activities provided for in subparagraphs 10.1 and 10.2 of the description to be carried out in the project? |  |  |

*\* If you answered YES to question (1), please complete Table 4.5.1; if you answered YES to question (2), please complete Table 4.5.1 and Table 4.5.2.*

4.5.1. Plan for the R&D activities in implementation of the project. A separate table shall be completed for each project activity (the level of detail of the table must be such that the content and consistency of the works to be carried out and the expenses to be incurred are disclosed):

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| --- | --- | --- |
| **Number and title of the project activity** |  | |
| **Details of the project activity and description of the actions to be carried out, and necessary resources and sources** | *The purpose of the activity, information on the R&D activities carried out, uncertainties to be dealt with, the need for equipment etc. shall be indicated. The tasks of the activities shall be detailed, specifying the duration of the task (from month X of the project to month Y of the project) (not calendar month)) and the expected result of the task (e.g. technical specification, report, active prototype function, test report etc.), and the questions to be answered in implementation of the task shall be described.*  *The resources necessary for performance of the activities shall be indicated and the need for such resources and the expected scope for performance of the activities shall be justified.*  *It is to be noted that the resources to be used must directly correlate with those indicated in No 2 ‘Necessary Resources’ in the business plan(s).* | |
| **Success criteria** | *The success criteria on the basis of which it is planned to accept an intermediate result and achieve the next TRL shall be listed\*.* | |
| **Technological readiness level (TRL)\*\* and date of expiry of the TRL** | *The TRL to be achieved and the date on which the TRL is to be achieved shall be indicated.* | |
| **Number(s) and name(s) of the physical indicator(s)** |  |  |

\* *The technological readiness levels shall be perceived as the stages of research and development set out in the Description of the Recommended Classification of Research and Experimental Development Stages approved by Resolution No 650 of the Government of the Republic of Lithuania of 6 June 2012 ‘On the Approval of the Description of the Recommended Classification of Research and Experimental Development Stages’.*

*\*\* Separately filled in for each TRL; if achievement of any TRL is not planned, the words ‘Not planned’ shall be indicated.*

4.5.2. Plan for the R&D activities at least for the period of 36 months from the completion of the project. The plan shall be drawn up only for the R&D activities for the performance of which the equipment to be purchased in the project shall be used (the activities described in paragraph 10.2 of the description):

| **Name of the R&D activity** | **Purpose and description of the R&D activity** | **Duration of the activity (in months from the end of the project)** | **Expected result of the activity (prototypes to be developed)** | **Justification of the need for the R&D activities \*** |
| --- | --- | --- | --- | --- |
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*\* The need for equipment and technical characteristics thereof for carrying out of such activities shall be indicated. If the infrastructure is to be used for production, the ratio of the time of use of the infrastructure to the R&D activities and other activities not related to R&D, the intensity of use of the infrastructure for performance of the R&D activities shall be indicated.*

4.6 Evaluation of the risk of R&D activities:

| **Stage** | **Risks** | **Critical points\*** | **Risk level\*\*** | **Risk mitigation actions** |
| --- | --- | --- | --- | --- |
| Formulation of the concept and confirmation of feasibility |  |  |  |  |
| Design, testing and examination of the layout |  |  |  |  |
| Development and demonstration of the prototype |  |  |  |  |
| Production and evaluation of the test batch |  |  |  |  |

*\* If any, the most risky R&D activities (critical points) the failure in implementation of which (failure in achievement of the expected result) would result in it being impossible to carry out other R&D activities or non-development (non-improvement) of the final product which is being substantially changed and/or has the expected properties shall be indicated.*

*The measures (tactics) of management of the risks related to the R&D activities to escalate, avoid, transfer, mitigate, accept the negative risks; escalate, exploit, share, enhance the positive risks (possibilities).*

*\*\*Marked: 1 – very low risk, 2 – low risk, 3 – medium risk, 4 – high risk, 5 – very high risk. If the risk is evaluated as 4–5 points, the risk mitigation action plan (2–3 sentences) shall be provided.*

4.7 Reasonableness and benefits of the partnership (applicable if the project is implemented with partners).

Description

**5. DESCRIPTION OF PLACING THE PRODUCT ON THE MARKET**

5.1. Description of the product market:

5.1.1. Product demand and supply forecast (the estimates supporting the forecast) shall be provided;

Description

5.1.2. The main targeted consumers of the products to be produced, market characteristics including the size of the products, forecasted growth, seasonal variations in the market and product cycles;

Description

5.1.3. Product substitution level.

Description

5.2. Main competitors (five main competitors shall be assessed, if the number of competitors is lower, please provide explanations) and the plans for competition in the future (positioning in respect of competitors):

| **Name of the competitor** | **Market share (in the chosen market in which competition is to take place)** | **Attractiveness of the competitor to consumers (in terms of the price, quality, logistics etc., strengths and weaknesses of the competitor)** |
| --- | --- | --- |
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5.3. Pricing:

5.3.1. Information on the price of the product, comparison with the prices of similar products (if any) offered by the main competitors.

Description

5.3.2. Assumptions on the basis of which the price of the product is determined and the main factors influencing determination of the price.

Description

5.4. Commercial potential of the products developed (improved) in the course of implementation of the project:

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| --- | --- | --- | --- |
| **Product** | **Technological readiness level\* of the product before starting the project activities** | **Technological readiness level of the product after implementation of the project** | **Justification that the product meets the respective technological readiness level** |

*\* The level of technological preparedness of the product shall be established in accordance with the Description of the Recommended Classification of Research and Development approved by Resolution No 650 of the Government of the Republic of Lithuania of 6 June 2012.*

5.5. Assessment of the risks in relation to placing the product on the market:

| **Risk categories** | **Risk level\*** | **Risk mitigation actions** |
| --- | --- | --- |
| Customer power risks |  |  |
| Supplier power risks |  |  |
| Risks of competition in the business/industry |  |  |
| New competitor risks |  |  |
| Alternate product risks |  |  |

*\* Marked: 1 – very low risk, 2 – low risk, 3 – medium risk, 4 – high risk, 5 – very high risk (the evaluation may be entered only once). If the risk is evaluated at 4–5 points, the risk mitigation action plan (2–3 sentences) shall be provided*

**6. RESOURCES NECESSARY FOR DEVELOPMENT (IMPROVEMENT) OF THE PRODUCT**

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| *! The resources necessary for development (improvement) of the product shall be listed in the Excel form ‘Necessary Resources’ attached to Annex 2 of the business plan and the need for the resources and details of the resources shall be described in subparagraph 4.5.1 of the business plan.* |

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| *!* *Separate sheets of the Excel form shall be completed for each physical indicator of the project.*  *The wage expenses shall include the wage to be calculated and paid out and expenses in relation to the employment-related obligations of the employer and wages for annual leave and/or compensation for not used annual leave and payment for extra rest days.*  *The wage expenses shall not exceed the market rates applicable to employees of the respective specialisation and qualification.*  *For the purposes of determining conformity of the wage rates with the average market rates, it is recommended to use the project promoter’s historical data of the wages per person or data on the wage for the same functions and/or position which is usually applicable in the enterprise (for example, certificates concerning the average wage of the particular employee for six months, certificates concerning the overall average of the wages of the employees in the respective position (or fulfilling similar functions) etc.).* |

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| --- |
| *!* *The expenses of depreciation or amortisation of the assets purchased from the public funds (including funds of other states) shall not be eligible.* |

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| --- |
| *!If a partner(s) seeking for financing is/are involved in the project, the indirect expenses of each partner shall also be calculated.*  *The area of the premises allocated for the project is calculated on a pro rata basis.*  *If it is planned to rent some additional area (e.g. specific laboratories), such expenses shall be given in factual expression and the commercial proposals, letters of intent or other documents supporting the amount of rent shall be provided.*  *To substantiate the expenses of rent of the premises, a contract for rent of the premises, commercial proposals shall be provided.*  *To substantiate the equipment rent expenses, the contracts, letters of intent or commercial proposals shall be provided.* |

6.1. Description of the main assets and resources available to the applicant (partner) and used in the course of implementation of the R&D activities:

| **Name of the assets (land, premises, equipment etc.)** | **Form of ownership** | **Part used for carrying out of the R&D activities (m2, per cent, units)** | **R&D activities for which the assets shall be used** |
| --- | --- | --- | --- |
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|  |  |  |  |

6.2. Ensuring of the environmental protection requirements (if applicable)

Description

6.3. Ensuring of eligibility of the regional investment aid (compliance with the provisions of Article 14(7) of Commission Regulation (EU) No 651/2014 of 17 June 2014)

\* *Paragraph 6.3 shall be completed only in the case where, according to the project, the activities provided for in paragraph 10.2 of the description are planned and the aid would be granted to an operating enterprise (not a new incorporated enterprise which has not operated yet (the legal person that shall implement the project)).*

|  | **YES\*** | **NO** |
| --- | --- | --- |
| 1. Will the EU investment be used for substantial change of the production process? |  |  |
| 2. Will the EU investment be used for diversification of the current activities of the enterprise? |  |  |

*\* If you answered YES to question (1), please complete paragraph 6.4.1; if you answered YES to question (2), please complete paragraph 6.3.1.*

6.3.1. Assessment of the investment used for substantial change of the production process\*:

|  | **Total, EUR** | **20...**  **actual** | **20...**  **actual** | **20...**  **actual** |
| --- | --- | --- | --- | --- |
| 1. Depreciation of the assets being modernised (over a period of three financial years) |  |  |  |  |
| 2. Eligible expenses of the project |  |  |  |  |
|  |  |  |  |  |
| Are eligible expenses of the project higher than the total amount of depreciation of the assets related to the activities being modernised? | | |  | |

\* *Applicable only to a large enterprise (not applicable to SMEs). If the aid is granted to large enterprises for making substantial changes in the production process, the eligible expenses must exceed depreciation of the assets related to the activities being modernised during the previous financial year.*

6.3.2. Assessment of the investment used for diversification of the current activities of the enterprise\*:

|  | **20...**  **actual** |
| --- | --- |
| 1. Value of the reused assets recorded in the balance sheet in the financial year before the start of the project, EUR |  |
| 2. Eligible expenses of the project, EUR (only for the activities provided for in paragraph 10.2 in the description) |  |
|  |  |
| Are eligible expenses of the project higher than the value of the reused assets by 200 per cent? (‘YES’ if (2) > 2 \* (1) and ‘NO’ if (2) < 2 \* (1)) |  |

\* *If the aid is granted for diversification of the current activities of the enterprise, the eligible expenses must exceed the carrying amount of the repeatedly used assets registered in the financial year before starting the works at least by 200 per cent.*

**7. FINANCIAL PLAN**

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| *!**The financial plan shall be completed on the Excel form ‘Financial Plan’ laid down in Annex 3 to the business plan* |

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| *! The assumptions of financial forecasting shall be based on the data of the financial statements and/or statistical information of the reference year and/or previous year.*  *The information provided in the financial forecasts shall not be contrary to the information indicated in paragraph 6 of the business plan and provided taking into consideration the information given in other paragraphs.*  *The financial forecasting tables shall be completed in accordance with the methods and rules employed for management accounts and drawing up financial statements.* |

|  |
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| *! For the purposes of drawing up the financial plan:*  *Financial forecasts (details of the balance sheet, profit (loss) account) shall be provided during the project implementation period.*  *The forecasts of sales of the products developed in the course of the project shall be provided in the course of implementation of the project (if planned) and for three years from the end of implementation of the project activities.* |

7.1. Ratio of the income expected by the enterprise from implementation of the project during the period of implementation of the project and 36 months from the end of implementation of the project activities, and the products directly developed and placed on the market in the course of implementation of the project, to the eligible expenses of the project:\*

| **Received income, EUR** | **Eligible expenses of the project, EUR** | **Ratio of income to expenses, per cent** |
| --- | --- | --- |
|  |  |  |

\* *Provided data concerning the income to be received by the enterprise within three years of the date of implementation of the project shall be calculated according to the expected income amount within 36 months from the date of completion of the project activities (for example, if implementation of the project is completed in June 2022, the expected income should be indicated for the period from 1 July 2022 to 30 June 2025)*

**8. REFERENCES**

The references used (scientific articles, information on the internet etc.) shall be indicated.

**9. ANNEXES**

1. A summary of the information provided in paragraphs 1, 3, 4 of the business plan in the English language shall be provided.

2. Excel table ‘Necessary Resources’, 1A and 1B.

3. Excel table ‘Financial Plan’.

4. Other information which may be important in the assessment of the business plan and was not provided in the business plan: curriculum vitae of employees, job descriptions of new employees, diagrams, plans, financial data, market research, preliminary contracts with purchasers, etc.

**10. FINAL PROVISIONS**

The structure of the business plan shall be clear and logical. The recommended scope of the business plan shall be up to 30 pages (excluding annexes).

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