APPROVED

By Order No. 4-20 of 8 January 2016

of the Minister for Economy

of the Republic of Lithuania

**DESCRIPTION NO. 1 OF PROJECT FINANCING CONDITIONS FOR MEASURE NO. 01.2.1-LVPA-K-823 “SMARTINVEST LT+” OF THE 1 PRIORITY OF THE EUROPEAN UNION FUNDS INVESTMENT OPERATIONAL PROGRAMME “PROMOTING RESEARCH, EXPERIMENTAL DEVELOPMENT AND INNOVATION” FOR 2014-2020**

**CHAPTER I**

**GENERAL PROVISIONS**

1. The Description No. 1 of project financing conditions for Measure No. 01.2.1-LVPA-K-823 “SMARTINVEST LT+” of the 1 Priority “Promoting Research, Experimental Development and Innovation” of the European Union Funds Investment Operational Programme for 2014-2020 (the Description) sets out the requirements to be followed by applicants when preparing and submitting applications for funding projects co-financed from the budget of the European Union Structural Funds (the application) under measure No. 01.2.1-LVPA-K-823 “SMARTINVEST LT+” (the Measure) of 1 Priority “Promoting Research, Experimental Development And Innovation” of the European Union Funds Investment Operational Programme for 2014-2020*,* approved by Decision No. C(2014)6397 of the European Commission (the Operational Programme), also by project developers implementing projects financed in accordance with the Description, and by institutions evaluating and selecting applications and supervising project implementation.
2. The Description has been prepared in accordance with the following:
   1. Implementation plan of the implementing measures for the Priority of the European Union funds investment operational programme for 2014-2020 and the Description of calculation of national monitoring indicators, approved by Order No. 4-9333 of 19 December 2014 of the Minister for Economy of the Republic of Lithuania approving the Implementation plan of the implementing measures for the Priority of the European Union funds investment operational programme for 2014-2020 and the Description of calculation of national monitoring indicators” (Implementation plan);
   2. Rules governing project administration and financing, approved by Order No. 1K-316 of 8 October 2014 of the Minister for Finance of the Republic of Lithuania approving Project administration and financing rules (Project Rules);
   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) (General Block Exemption Regulation);
   4. Description of the calculation of monitoring indicators for the European Union funds investment operational programme for 2014-2020, approved by Order No. 1K-499 of 30 December 2014 approving the Description of the calculation of monitoring indicators for the European Union funds investment operational programme for 2014-2020 (Description of calculation of monitoring indicators).
3. The terms used in the Description shall be understood as defined in the legal acts specified in paragraph 2 of the Description, in the Rules governing allocation of responsibility and functions between institutions when implementing the European Union Structural Fund Investment Operational Programme for 2014-2020, approved by Resolution No. 528 of 4 June 2014 of the Government of the Republic of Lithuania on the Rules governing allocation of responsibility and functions between institutions when implementing the European Union Structural Funds Investment Operational Programme for 2014-2020, and in the Rules for administering the European Union Funds Investment Operational Programme for 2014-2020, approved by Resolution No. 1090 of 3 October 2014 of the Government of the Republic of Lithuania approving the Rules for administering the European Union Funds Investment Operational Programme for 2014-2020.
4. Other terms used in the Description:
5. **Large enterprise** – a legal person falling outside the definition of a micro-enterprise, small enterprise or medium-sized enterprise, as defined in the Law of the Republic of Lithuania on the Development of Small and Medium-Sized Enterprises (the Law on the Development of Small and Medium-Sized Enterprises).
6. **Experimental development** – the term as defined in Article 2 (86) of the General Block Exemption Regulation.
7. **Innovations** – implementation of organisational and process innovations.
8. **Corporate group** – the term as defined in Article 3 (1) of the Law of the Republic of Lithuania on Corporate Group Consolidated Financial Accounting.
9. **Micro-enterprise –** the term as defined in the Law on the Development of Small and Medium-Sized Enterprises.
10. **Decisive influence –** the term as defined in the Law of the Republic of Lithuania on Competition.
11. **Small enterprise –** the term as defined in the Law on the Development of Small and Medium-Sized Enterprises.
12. **Research –** complies with the term ‘industrial research’, as defined in Article 2 (85)of the General Block Exemption Regulation.
13. **Research and/or experimental development and innovation infrastructure (R&D infrastructure) –** Infrastructure necessary for implementing research and/or experimental development, including facilities that comply with the requirements of good manufacturing practice, as specified in the sectoral good manufacturing practice manual (this manual must be publicly available, e.g.. published on websites), as well as facilities complying with good laboratory practice requirements (such requirements must be publicly available, e.g. published on websites) and necessary for implementing the abovementioned activities. If no established good manufacturing practice or good laboratory practice is available, account can be taken of the specific features of the infrastructure created by the project, e.g. very high requirements for the cleanliness of the facilities, for vibration or similar requirements mostly characteristic for high tech enterprises.
14. **Scientific and study institution –** the term as defined in the Law of the Republic of Lithuania on Education and Studies.
15. **Implementation of organisational innovation –** the term as defined in Article 2 (96) of the General Block Exemption Regulation.
16. **Initial investment –**the term as defined in Article 2 (49) of the General Block Exemption Regulation.
17. **Implementation of process innovation –** the term as defined in Article 2 (97) of the General Block Exemption Regulation.
18. **Undertaking in difficulty –** the term as defined in Article 2 (18) of the General Block Exemption Regulation.
19. **Foreign investor (investor) –** foreign legal or natural persons investing in their own, borrowed or trusted property in accordance with the procedure laid down in the laws of the Republic of Lithuania.
20. **State aid recipient (beneficiary) –** an undertaking that has received state aid.
21. **Effective collaboration –** the term as defined in Article 2 (90) of the General Block Exemption Regulation.
22. **Medium-sized enterprise –** the term as defined in the Law on the Development of Small and Medium-Sized Enterprises.
23. The implementation of the Measure is administered by the Ministry of Economy of the Republic of Lithuania (the Ministry) and the public institution Lithuanian Business Support Agency (the Implementing Authority).
24. The form of financing provided in accordance with the Measure is a non-refundable subsidy.
25. Project selection according to the Measure shall take place in the form of a single-phase tender.
26. The amount of up to EUR 30 000 000 (three million euros) from the European Union (EU) Structural Funds (European Regional Development Fund) is foreseen for implementing projects according to the Description.
27. Three invitations to tender are to be published according to the Description. An allocation of EUR 5 000 000 (five million euros) from the EU Structural Funds (European Regional Development Fund) is foreseen for each invitation. If at the time of an on-going invitation to tender, the amount distributed according to the adopted decisions on project financing and the submitted applications is lower than the amount of funds allocated for the invitation, the left-over amount shall be distributed between other invitations on the basis of pro-rata. When adopting its decision for project financing, the Ministry shall be entitled to increase the amount allocated for an invitation, without exceeding the amount of money allocated for the Measure in accordance with the Measure implementation plan and without prejudice to the legitimate expectations of the applicants.
28. The objective of the Measure is to attract foreign investment in the sectors of research and/or experimental development and innovation(hereafter – R&D) in Lithuania in accordance with the Priority research and experimental (socio-cultural) development and innovation development (smart specialisation) axes, approved by Resolution No. 951 of 14 October 2013 of the Government of the Republic of Lithuania approving Priority research and experimental (socio-cultural) development and innovation development (smart specialisation) axes (smart specialisation axes).
29. The following activities shall be supported according to the Description:
    1. direct foreign investment into research and/or experimental development (R&D) activities;
    2. direct foreign investment aimed at creating new or developing the existing R&D infrastructure of an enterprise;
    3. direct foreign investment into activities related to the implementation of processes or operational innovations.
30. The Applicant may choose to implement all of the three activities specified in paragraph 11 of the Description, or two of the activities specified in paragraph 11 of the Description, or one of the activities specified in subparagraphs 11.1 and 11.2 or the Description.
31. The firs invitation to tender shall be published n the first quarter of 2016, and the second one shall be published after the deadline for the first invitation, while the third one – after the deadline of the second invitation to tender. Invitations to tender shall be published according to smart specialisation axes.
32. All projects not depending on if they are assigned to the same smart specialisation or not shall compete for financing.
33. The financing provided in accordance with the Description is state aid that must comply with all the requirements set out in Chapter I of the General Block Exemption Regulation and the respective special requirements set out in Chapter III of the General Block Exemption Regulation:
    1. The financing for the activity specified in subparagraph 11.1 of the Description shall comply with the provisions of Article 25 of the General Block Exemption Regulation;
    2. The financing for the activity specified in subparagraph 11.2 of the Description shall comply with the provisions of Articles 13 and 14 of the General Block Exemption Regulation;
    3. The financing for the activity specified in subparagraph 11.2 of the Description shall comply with the provisions of Article 29 of the General Block Exemption Regulation.
34. State aid granted according to the Description shall be considered to have an incentive effect, if it complies with the provisions of Article 6 (2) of the General Block Exemption Regulation.

**CHAPTER II**

**REQUIREMENTS FOR APPLICANTS AND PARTNERS**

1. For the purposes of the Description, potential investors shall be legal persons established in Lithuania by foreign investors (enterprises), over which they exercise dominant influence, or foreign investors (enterprises).
2. For the purposes of the Description, potential partners for the activity specified in subparagraph 11.1 of the Description are the following:
   1. Private legal persons
   2. Research and study institutions
3. If the activity specified in subparagraph 11.3 of the Description is performed by an applicant which is a large enterprise, such activity shall be performed together with a partner – a micro-enterprise, small enterprise or medium-sized enterprise.
4. Partners are not allowed for the activity specified in subparagraph 11.2 or the Description.
5. An applicant (project developer) or a partner may only be a legal person. Branches or agencies of legal persons are not eligible applicants (project developers).
6. The applicant (project developer) and partner(s) must be independent enterprises in relation to each other, as defined in the Law on the Development of Small and Medium-Sized Enterprise, if the increase of financing part of the project is applied for, as specified in paragraph 58 of the Description.
7. Financing may be granted to applicants and partners in all sectors, except for cases specified in Article 3 (3) of Regulation (EU) No 1301/2013 of the European Parliament and of the 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, and the restrictions specified in Articles 1 (2) – 1 (5), 4 and 13 of the General Block Exemption Regulation.
8. If an application is submitted together with a partner(s), a copy of a partnership contract shall be attached to the application. The partnership contract shall be signed by the applicant and each project partner.
9. The partnership contract must include clear responsibilities and rights of the parties in relation to the project (the financial and material contribution to the project by each party, the activities to be performed by each party, rights with regard to the jointly created or acquired property, project results, etc.), as well as liabilities of the parties, and their obligations to comply with the key rules on good partnership practice:
   1. each partner must have read the application and have become aware of their rights and obligations when implementing the project;
   2. the project developer must regularly consult the partners during project implementation and inform them on a regular basis on the progress of project implementation;
   3. the project developer must forward to each partner copies of all the reports submitted to the implementing authority ;
   4. all project amendments affecting the rights and responsibilities of the partners shall be agreed with the partners in advance, before applying to the implementing authority.

**CHAPTER III**

**REQUIREMENTS FOR PROJECTS**

1. The project must comply with the general project requirements set out in Section 10, Chapter III of the Project Rules.
2. The project must comply with the following special project selection criteria, approved by Resolution No. 44(P)-6.1(8) of 9 July 2015 of the European Union funds investment operational programme for 2014-2020 monitoring committee meeting:
   1. the project complies with the provisions of the Lithuanian innovation development programme for 2014-2020, approved by Resolution No. 1281 of 18 December 2013 of the Government of the Republic of Lithuania approving the Lithuanian innovation development programme for 2014-2020 (Lithuanian innovation development programme for 2014-2020) (the evaluation shall be based on the contribution of the project to the implementation of the first task “To promote investment into large added value activities” of the second objective “Increasing business innovation potential” of the Lithuanian innovation development programme for 2014-2020, i.e. the product/s created during or after the implementation of the project shall be new on corporate or market level, or on the global level, as specified in the Oslo Manual (Guidelines for Collecting and Interpreting Innovation Data, 3rd Edition, OECD, Eurostat, 2005);
   2. the project complies with the provisions of the Investment and industry development promotion programme for 2014-2020, approved by Resolution No. 986 of 17 September 2014 of the Government of the Republic of Lithuania approving the Investment and industry development promotion programme for 2014-2020 (Investment and industry development promotion programme for 2014-2020) (the evaluation shall be based on the contribution of the project to the implementation of the first objective ’To increase direct investment into manufacturing and services sectors’ of the Investment and industry development promotion programme for 2014-2020);
   3. the project complies with the provisions the Priority research and experimental (socio-cultural) development and innovation development (smart specialisation) axes and their priority implementation programme, approved by Resolution No. 411 of 30 April 2014 of the Government of the Republic of Lithuania approving the Priority research and experimental (socio-cultural) development and innovation development (smart specialisation) axes and their priority implementation programme (Priority research and experimental (socio-cultural) development and innovation development (smart specialisation) axes and their priority implementation programme) and at least one priority action plan set out in this programme (the evaluation shall be based on whether the project contributes to the Priority research and experimental (socio-cultural) development and innovation development (smart specialisation) axes and their priority implementation programme and complies with at least one thematic feature of the priority specified in the priority action plan);
   4. at least 20% of new jobs created will be assigned for researchers (if 20% of new jobs created amount to less than 1 position, then at least one of the newly created jobs in terms of full-time equivalent must be a researcher’s position). The new jobs shall be kept for at least 5 years (at least 3 years in the case of micro-enterprises, small and medium-sized enterprises) from the first day of employment (the intention is to incentivise the creation of jobs for researchers and the basis of the evaluation is whether during project implementation and 3 years after its implementation is over, at least 20% of all new jobs directly related to the project will be assigned to researchers (if the 20% of the jobs created amount to less than 1 job position, then at least one of the newly created jobs in terms of full-time equivalent must be a researcher’s position) and whether these positions will be kept for at least 5 years (at least 3 years in the case of micro-enterprises, small and medium-sized enterprises) from the first day of employment);
   5. the average annual income of the investor (including investor company group earnings) during the last 3 financial years before the submission of the application shall amount to at least EUR 1 000 000 (one million euros), and investment into R&D during this period shall amount to 1% of average annual income during at least one financial year (the intention is to incentivise direct foreign investment into R&D sector, and the evaluation is based on whether the annual income of the investor during the last 3 financial years before the submission of the application amounts to at least EUR 1 000 000 (one million euros) and investment into R&D during this period amounted to 1% of average annual income or investor’s assets ( including investor company group assets) during last financial year before the submission of the application shall amount to at least EUR 1000 000 (one million euros). Investment into R&D shall be evaluated on the basis of the information provided by the applicant in the application;
   6. the investor has been engaged in R&D activities for at least 1 year (the intention is to incentivise direct foreign investment into R&D sector, therefore, the evaluation is based on whether at least one of the R&D activities undertaken by the investor has continued for at least 1 year before the submission of the application. The evaluation shall be based on the information provided by the applicant in the application).

28. The project shall contribute to at least one objective of the EU Baltic Sea Region Strategy, approved by Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions of 10 June 2009 concerning the European Union Strategy for the Baltic Sea Region (EC BSRS), published on the website of the European Commission <http://ec.europa.eu/regional_policy/lt/policy/cooperation/macro-regional-strategies/baltic-sea/library/#1>, according to the policy area ‘Innovations’ of the action plan approved by the European Commission Decision No SWD(2015)177 final of 10 September 2015, published on the website of the European Commission at the following address: <http://ec.europa.eu/regional_policy/lt/policy/cooperation/macro-regional-strategies/baltic-sea/library/#1> .

29. Project selection shall be based on priority project selection criteria specified in Annex 2 of the Description. The compliance with such priority project selection criteria shall be evaluated on the basis of points (the maximum possible number of points according to each criterion is specified in Annex 2 of the Description). According to the Description, the minimum number of points is 40. If projects obtain equal number of points, then they shall be arranged in accordance with point 151 of the Project Rules.

30. If in the result of project benefit and quality evaluation the project obtains the number of points that is lower than 40, the application shall be rejected.

31. According to the Description, large projects co-financed from the EU Structural Funds shall not be eligible for financing.

32. According to the Description, projects providing for R&D activities that are related to and/or the created R&D infrastructure is to be used for R&D activities related to areas where EU and/or national legislation prohibits from pursuing R&D activities or which are referred to in the EU and/or national legislation as areas where R&D activities are not supported, shall not be eligible for financing.

33. Projects financed according to the Description shall comply with the provisions of Article 8 of the Law of the Republic of Lithuania on Investment (Law on Investment). If at the time of evaluation the implementing authority reveals that the restrictions referred to in Articles 8(2) and 8(3) of the Law on Investment may be applied, it shall address the competent entities in accordance with the law. After discovering that the project fails to comply with the requirements of Article 8 of the Law on Investment, the application shall be rejected.

34. The duration of implementation of projects submitted according to the Description shall be at least the following:

34.1 24 months from the date of signing the contract for the project co-financed from the EU Structural Funds (hereinafter – the project contract), if the project foresees only the activities referred to in subparagraph 11.1 of the Description or the activities referred to in subparagraphs 11.1 and 11.3 of the Description;

34.2 36 months from the date of signing the project contract, if the project foresees only the activities referred to in subparagraph 11.2 of the Description or one of the activities foreseen in the project (if the project foresees more than one activity) is the one referred to in subparagraph 11.2 of the Description.

35. In certain cases, for objective reasons that the project developer could not have foreseen at the time of submission and evaluation of the application, the period for implementation of project activities referred to in paragraph 34 of the Description may be extended in accordance with the Project Rules.

36. Project implementation may start after registering the application with the implementing authority at the earliest, but project costs from the date of application registration to the date of contract signature shall be incurred at the risk of the applicant and partner(s). If the implementation of the project for which financing is requested starts before the date of registration of the application with the implementing authority, the entire project shall be ineligible for financing and no funding shall be allocated.

37. Project activities must take place in the Republic of Lithuania.

38. The applicant shall state in its application the smart specialisation axis and their priorities referred to in the Priority research and experimental (socio-cultural) development and innovation development (smart specialisation) axes and their priorities implementation programme, to which the project is assigned, and the thematic feature of the priority matching the project. The implementing authority shall determine final assignment or non-assignment to the particular smart specialisation axis and its priority at the time of evaluation. If the implementing authority reveals that the project shall be assigned to another smart specialisation axis and/or its priority than that stated by the applicant, the latter shall be given the opportunity to specify the information provided in the application according to the experimental evaluation of the implementing authority, as to the smart specialisation axes and their priorities to which the project should be assigned. If the applicant refuses to specify such information, the application shall be rejected.

39. The project shall aim at achieving the following monitoring indicators, four of which, referred to in subparagraphs 39.1, 39.2, 39.4 and 39.8 of the Description, shall be mandatory:

39.1 product monitoring indicator ‘Number of subsidised enterprises’, code P.B. 202;

39.2 product monitoring indicator ‘Private Investment matching public support for innovation or R&D projects’, code P.B. 227;

39.3. product monitoring indicator ‘Number of enterprises collaborating with research institutions’, code P.B. 226;

39.4. product monitoring indicator ‘Number of enterprises that obtained investment to provide new products’, code P.B. 229;

39.5 product monitoring indicator ‘Newly created long-term jobs in enterprises that obtained investment’, code P.B. 804;

39.6 product monitoring indicator ‘Product, service or process prototypes (conceptions) created by enterprises that obtained investment’, code P.B. 814;

39.7 result monitoring indicator ‘Business sector expenses for R&D per capita’, code R.S. 302;

39.8 result monitoring indicator ‘Jobs for researchers created in enterprises that obtained investment’, code R.N. 811.

40. The Description for the calculation of monitoring indicators referred to in subparagraphs 39.5, 39.6 and 39.8 of the Description is contained in the Measure implementation plan. The Description for the calculation of monitoring indicators referred to in subparagraphs 39.1, 39.2, 39.3, 39.4 and 39.7 of the Description is laid down in the Description of calculation of action programme monitoring indicators. The descriptions for the calculation of all monitoring indicators referred to in paragraph 39 of the Description is published on the EU Structural Funds website [www.esnvesticijos.lt](http://www.esnvesticijos.lt)

41. No project preparedness requirements are applied.

42. No project restrictions are possible that may negatively affect gender equality and implementation of principles of non-discrimination based on gender, race, nationality, language, origin, social status, religion, belief, age, disability, sexual orientation, ethnic origin.

43. No project actions negatively affecting the implementation of the principle of sustainable development are possible.

44. Project activity shall start no later than in 6 months after signing the project contract, in case of activity referred to in subparagraph 11.1 of the Description or the activities referred to in subparagraphs 11.1 and 11.3 of the Description, or in 12 months from the date of signing the project contract in case of the activities referred to in subparagraph 11.2 of the Description or one of the activities foreseen in the project (if the project foresees more than one activity) is the one referred to in subparagraph 11.2 of the Description.

45. The project and its activities may not have been or be financed from the State budget and/or municipal budgets, other funds held by the state and/or municipalities, EU Structural Funds, other EU financial support measures or other international support, if after covering them with EU Structural Funds they would be admitted eligible for financing and/or they would be subject to multiple payments.

**CHAPTER IV**

**REQUIREMENTS FOR ELIGIBLE PROJECT COSTS AND PROJECT FINANCING**

**SECTION ONE**

**GENERAL REQUIREMENTS**

46. Project costs shall comply with the requirements set out in Chapter VI of the Project Rules and the requirements of project costs set out in the Recommendations for the compliance of project costs with the requirements of the EU Structural Funds, approved by the managing committee of the Human Resources Development Action Programme, Economic Growth Action Programme, Cohesion Support Action Programme and EU funds investment action programme by minutes No 34 of 4 July 2014 (as amended) and published on the website [www.esinvesticijos.lt](http://www.esinvesticijos.lt) (the Recommendations).

47. The maximum possible amount of financing per project shall be the following:

47.1 for the activity referred to in subparagraph 11.1 of the Description – EUR 3 000 000 (three million euros);

47.2 for the activity referred to in subparagraph 11.2 of the Description – EUR 6 500 000 (six million five hundred thousand euros);

47.3 for the activity referred to in subparagraph 11.3 of the Description – EUR 5 00 000 (five hundred thousand euros);

48. The minimum amount of financing per project is EUR 50 000 (fifty thousand euros).

49. Costs of acquiring the same property or leasing and depreciation costs, i.e. the same fixed property or property that is being acquired (including leasing) shall not be eligible for financing, as referred to in paragraph 74 of the Description, in accordance with Article 14 of the General Block Exemption Regulation, or depreciation costs of the same fixed property, as referred to in paragraph 66 of the Description, in accordance with Article 25 of the General Block Exemption Regulation, and in paragraph 86 of the Description, in accordance with Article 29 of the General Block Exemption Regulation.

50. If the applicant wishes to acquire property by leasing, it shall provide a written justification as to the reasons why leasing is the most economically advantageous means to use the property.

51. In addition to the requirements set out in Chapter VI of Project Rules, project costs shall also be subject to the provisions of Articles 13, 14, 25 and 29 of the General Block Exemption Regulation.

52. Project budget shall be prepared on the basis of the Recommendations.

53. Project costs covered on the basis of the fixed project costs rate given in point 7 of Table 2 and point 7 of Table 6 of the Description shall comply with the section thirty five of the Project Rules.

54. According to the Description, the following shall be treated as ineligible costs:

54.1 the costs referred to in section thirty four in Chapter VI of the Project Rules;

54.2. the costs not referred to in paragraphs 66, 74 and 86 of the Description.

54.3 State aid with identifiable eligible costs and which is exempted according to the General Block Exemption Regulation, may be summed up with:

55.1 any other state aid, if the measures are related to different identifiable eligible costs;

55.2. any other state aid related to the same partly or fully overlapping eligible costs, only if after such cumulation the maximum intensity of state aid or the amount of state aid is not exceeded for that state aid under the General Block Exemption Regulation.

56. State aid exempted on the basis of the General Block Exemption Regulation, as specified in Article 8(5) of the General Block Exemption Regulation, shall not be cumulated with any *de minimis* aid related to the same eligible costs, if after cumulation the intensity of state aid referred to in the Resolution No 571 of 25 June 2014 on the Lithuanian regional aid map for 2014-2020 is exceeded (if state aid is provided on the basis of Article 14 of the General Block Exemption Regulation), Article 25 of the General Block Exemption Regulation (if stated aid is granted according to that article) or Article 29 of the General Block Exemption Regulation (if state aid is granted according to that article).

57. If the project developer fails to achieve the monitoring indicator values undertaken to achieve, the provisions of section twenty two of Chapter IV of Project Rules shall apply.

**SECTION TWO**

**WHEN STATE AID IS GRANTED FOR THE ACTIVITIES REFERRED TO IN SUBPARAGRAPH 11.1 OF THE DESCRIPTION UNDER ARTICLE 25 OF THE GENERAL BLOCK EXEMPTION REGULATION**

58. The aided part of the project (calculated as of the eligible costs for the activities referred to in subparagraph 11.1 of the Description) shall be specified in Table 1 of the Description.

Table 1. Aided part of the project

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| No | Possible increase of the basic aided part, but no more than up to 80% of the eligible costs | | | Maximum aided part in view of the status of the beneficiary | | | | |
|  |  | Basic aided part | Increased for medium-sized enterprises | Increased for micro- and small enterprises | Increased for effective collaboration, if complied with the requirements of Article 25(6)(b) of the General Block Exemption Regulation | Large enterprise | Medium-sized enterprise | Micro- and 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% |

59. The aided part of the project for each beneficiary (including partner) shall be set individually.

60. The part of eligible project costs not covered by the project funds shall be financed from the project developer’s and /or partner’s funds.

61. The applicant and/or partner may on their own initiative, by using their own funds or funds from other sources, contribute to project implementation with the larger amount of funds than required.

62. If the project is implemented with partners, the applicant shall cover at least 50% of eligible costs for the activities referred to in subparagraph 11.1 of the Description, and if the increase of the aided part of the project is applied for on the basis of effective collaboration, as referred to in paragraph 58 of the Description, no more than:

62.1 70% of eligible costs for the activities referred to in subparagraph 11.1 of the Description, if the partner or one of the partners is a private legal person;

62.2 90% of the eligible costs for the activities referred to in subparagraph 11.1 of the Description, if the partner is a scientific and study institution;

63. If the project is implemented with partners and if the increase of the aided part of the project is applied for on the basis of effective collaboration, as referred to in paragraph 58 of the Description, the partner shall cover at least:

63.1 10% of eligible costs for the activities referred to in subparagraph 11.1 of the Description, if the partner is a scientific and study institution. If the partners consist of more than one scientific and study institution, they shall together cover at least 10% of eligible costs of the activities referred to in subparagraph 11.1 of the Description.

64. If the project is implemented together with a scientific and study institution, its contribution to the project may take the form of a non-monetary contribution, such as voluntary work, to be calculated on the basis of subparagraph 420.2 of the Project Rules in accordance with the minimum wage set by Lithuanian Government resolutions.

65. The costs incurred by partners and complying with the requirements referred to in paragraphs 46 and 66 of the Description shall be eligible costs for project implementation, but they shall be compensated by the project developer. The project developer shall be the only one to receive the financing assigned for project implementation and shall settle with partners. Partners shall not directly receive any financing. Financing intensity for partners shall be monitored and verified after obtaining the payment application. The project developer shall transfer the amount of financing assigned for partners in 5 working days from receipt of application. The project developer shall not use the financing assigned for the partner.

Table 2. Categories of eligible and ineligible costs

|  |  |  |
| --- | --- | --- |
| **Category No** | **Name of cost category** | **Requirements and clarifications** |
| 1. | **Land** | Ineligible costs |
| 2. | **Real estate** | Ineligible costs |
| 3. | **Construction,**  **reconstruction,**  **repair and other works** | Ineligible costs. |
| 4. | **Installations, equipment and other assets** | Costs for technical knowledge and invention patents or rights under licence agreement from external sources based on normal market conditions, i.e. when purchased from external sources for market prices, on the basis of the transaction concluded by the parties, where no related elements of a collusive agreement exist. Such costs, together with the costs referred to in subparagraphs 5.1 and 5.2 of Table 2 of the Description cannot exceed 72% of the eligible costs for the activities referred to in subparagraph 11.1 of the Description.  Costs for acquiring software shall be ineligible costs. |
| 5. | **Project implementation** | 5.1 Costs for acquiring R&D services from external sources on the basis of normal market conditions, i.e. when purchased based on normal market conditions, i.e. when purchased from external sources for market prices, on the basis of the transaction concluded by the parties, where no related elements of a collusive agreement exist;  5.2 Costs related to acquisition of consulting and equivalent services used solely for R&D activities;  5.3 Costs related to other activities, including costs for materials, low-value inventory, stocks and similar products, assigned to short-term property, directly related to R&D activities;  5.4 Depreciation costs of fixed tangible property used for the project’s R&D activities (equipment, installations, tools, machinery and facilities, buildings and/or premises), if no public funds (including those of foreign states) were used to acquire such property;  5.5 wages of staff engaged in the project and expenditure for employer’s obligations related to employment relations, calculated on the basis of the relevant legislation;  5.6 mission costs of staff engaged in the project, calculated on the basis of the relevant legislation;  5.7 additional costs directly related to project implementation and distributed for activities on the basis of pro rata – for renting the equipment (except for the equipment acquired with the support of EU Structural Funds or other EU financial tools);  5.8 additional costs directly related to project implementation and distributed for activities on the basis of pro rata – costs for renting buildings and premises required for implementing the project;  5.9 Costs referred to in subparagraphs 5.1 and 5.2 of the Description together with the costs referred to in subparagraphs 4.1 and 4.2 of the Description may not exceed 75% of the eligible costs for the activities referred to in subparagraph 11.1 of the Description;  5.10 The costs referred to in subparagraphs 5.7 and 5.8 in Table 2 of the Description together with the costs referred to in subparagraphs 7.1 and 7.2 of the Description may not exceed 10% of the eligible costs for the activities referred to in subparagraph 11.1 of the Description. |
| 6. | **Communication of the project** | Ineligible costs |
| 7. | **Indirect costs and other costs in accordance with the fixed project cost rate** | 7.1 Eligible costs:  7.1.1 Wage of project administrators and costs for employer’s obligations related to employment relations, calculated on the basis of the relevant legislation;  7.1.2 Costs for acquiring goods related to project administration needs;  7.2 Amount of indirect project costs under the fixed project cost rate shall be calculated by multiplying the maximum amount of eligible direct costs by the fixed rate that may be applied to the project, on the basis of Annex 10 of the Project Rules;  7.3 The costs referred to in subparagraphs 7.1 and 7.2 in Table 2 of the Description together with the costs referred to in subparagraphs 5.7 and 5.8 in Table 2 of the Description shall not exceed 10% of the eligible costs for the activities referred to in subparagraph 11.1 of the Description. |

67. If the project is implemented together with the scientific and study institution, it shall be regarded that no indirect state aid has been granted via the scientific and study institution to other legal persons involved in the project, if one of the following conditions is complied with:

67.1 The results not covered by intellectual property rights may be widely communicated and all intellectual property rights to R&D and innovation results related to the activity of the scientific and study institution in the project are fully assigned to the scientific and study institution, i.e. the scientific and study institution obtains the entire economic benefit from such rights and reserves the right to exercise all of such rights, in particular the ownership right and the licensing right; such conditions may also be complied with, if the scientific and study institution decides to continue the conclusion of contracts for such rights, including their licensing to the collaborating partner;

67.2 When the scientific and study institution obtains a compensation from the legal person involved in the project, amounting to the market price of the intellectual property rights related to the activity of the scientific and study institution while implementing the project and transferred to the legal persons involved in the project, i.e. a compensation for the entire economic benefit derived from such rights; on the basis of the general principles governing state aid and in view of the fact that it is objectively difficult to determine the market price for intellectual property rights, this condition shall be fulfilled if the scientific and study institution as a seller will negotiate in order to obtain the maximum benefit at the time of conclusion of the contract. Any contribution of the legal person involved in the project for covering the costs of the scientific and study institution shall be deducted from such compensation.

68. Indirect state aid may also be non-present, if, after evaluating the partnership contract signed between partners, the implementing authority concludes that all intellectual property rights to R&D and innovation results and the possibilities to exercise the rights to such results are assigned to different partners and their respective interest in the project, financial and other input in the project implementation is duly reflected.

69. If none of the conditions referred to in paragraph 67 of the Description is complied with, and after evaluating the project on the basis of paragraph 68 of the Description, the implementing authority concludes that stated aid has been granted, the entire value of the contribution of the scientific and study institution to the implementation of the project (eligible costs) shall be treated as state aid, and the implementing authority shall reduce the applicant’s and/or partner’s financing by that amount, depending on who has obtained the aid (e.g. an undertaking implements a research project together with a partner, who is a university. The aided part for the enterprise amounts to 50%. The eligible costs of the enterprise amount to EUR 600 000 (six hundred thousand euros). Financing of EUR 300 000 (three hundred thousand euros) is allocated for project implementation. While implementing the project it appears that at least one of the conditions referred to in paragraph 67 of the Description was not complied with, e.g. the university transferred intellectual property rights to the enterprise below market price (the market price shall be set in accordance with the internal procedures of the implementing authority), i.e. the market price is EUR 35 000 (thirty five thousand euros), and the university transferred intellectual property rights for the compensation of EUR 15 000 (fifty thousand euros). In such case, the financing granted to the enterprise under the Description shall be reduced by EUR 20 000 (twenty thousand euros) (the allocated financing shall not exceed EUR 280 000 (two hundred and eighty thousand euros).

**SECTION THREE**

**WHERE STATE AID IS PROVIDED FOR THE ACTIVITIES SPECIFIED IN SUBPARAGRAPH 11.2 OF THE DESCRIPTION UNDER ARTICLE 14 OF THE GENERAL BLOCK EXEMPTION REGULATION**

70. The financed part of the project (estimated of the eligible costs for the activities specified in subparagraph 11.2 of the Description) is specified in Table 3 of the Description.

Table 3. Financed part of the project.

|  |  |  |
| --- | --- | --- |
| Seq. No | *Status of the applicant* | *Financed part of the project up to* |
| 1. | Large enterprise | 25% |
| 2. | Medium-sized enterprise | 35% |
| 3. | Micro and small enterprise | 45% |

1. Where financing allocated to the project is not sufficient for part of the eligible costs of the project, the project developer shall provide the remaining financing.
2. The applicant may at its own initiative and using its own and/or other funds contribute more funds to the implementation of the project than it is required.
3. The applicant shall make a financial contribution from its own resources or from external funds provided without any public aid, in the amount of at least 25% of eligible costs for the activities specified in subparagraph 11.2 of the Description as laid down in Article 14(14) of the General Block Exemption Regulation.
4. Categories of eligible and ineligible costs according to the Description are specified in Table 4 of the Description.

Table 4. Categories of eligible and ineligible costs.

|  |  |  |  |
| --- | --- | --- | --- |
| **Category No** | **Name of the category** | | **Requirements and explanations** |
| **1.** | **Land** | | Ineligible costs |
| **2.** | **Real estate** | | Ineligible costs |
| **3.** | **Construction,**  **reconstruction,**  **repair and other works** | | 3.1. Construction costs of the buildings attributable to the R&D and innovation infrastructure, provided the applicant justifies that this is the most efficient and cost-effective method;  3.2. Reconstruction costs of the buildings attributable to the R&D and innovation infrastructure and major repair costs, provided the reconstruction or major repair improve the properties of the assets and/or prolong the useful life of assets. |
| **4.** | **Installations,** | | Acquisition or financial leasing costs of the assets specified bethe acquisition of non-current assets |
|  | | **equipment and other assets** | below (the term of the financial leasing cannot be longer than the project implementation term, i.e. tangible assets purchased by way of the financial leasing must be owned by the project developer before the end of the project):  4.1. Furniture required directly for R&D activities and for new work places for researchers and auxiliary personnel;  4.2. Computer hardware and software (excluding the upgrade of the existing software). Costs for such assets cannot exceed the sum of eligible costs for the activities specified in subparagraph 11.2 of the Description by more than 50%;  4.3. Patents and licenses related to the R&D and innovation infrastructure and its use;  4.4. Other facilities, machinery, tools, instruments and equipment allocated to the R&D and innovation infrastructure. |
| **5.** | | **Project implementation** | Ineligible costs |
| **6.** | | **Communication of the project** | Ineligible costs |
| **7.** | | **Indirect costs and other costs in accordance with the fixed project cost rate** | Ineligible costs |

1. If state aid is provided for initial investment related to an essential change of the enterprise’s production process or its diversification, eligible costs must meet the provisions of Article 14(7) of the General Block Exemption Regulation. Information as to whether the state aid is requested for initial investment related to an essential change of the enterprise’s production process or its diversification is detailed in the business plan.
2. Prior to their acquisition, all project non-current tangible assets must be new (unused) and produced not more than three years prior to the acquisition date.
3. Intangible assets used for calculating investment costs must comply with the following conditions:
4. they must be used only in the activities of the project developer;
5. they must be depreciable;
6. they must be purchased at market conditions from third parties which are not related with the buyer;
7. they must be listed on the project developer’s books and remain linked with the financed project for at least five years, or three years for micro, small and medium-sized enterprises, after the end of the project.

78. If the R&D and innovation infrastructure created during the project is used in production, the proportional part of the costs for the creation and installation of any such infrastructure used only in R&D can be financed from the funds of the Measure. The proportion of the created R&D and innovation infrastructure for R&D activities is determined by estimating the time ratio when the created infrastructure is used exclusively for R&D and other than R&D activities. When establishing whether any activity is an R&D activity, the Description of the Recommended Classification of the Stages of R&D Activities approved by Resolution No 650 ‘On the approval of the Description of the Recommended Classification of the Stages of R&D Activities’ of 6 June 2012 of the Government of the Republic of Lithuania, and FrascatiManual (Proposed Standard Practice for Surveys on Research and Experimental Development, Frascati Manual, Organisation for Economic Cooperation and Development, 2002). The time when the infrastructure is used for R&D activities includes not only the time when R&D activities are directly carried out, but also the time of the preparation of the infrastructure for specific R&D activities and also the downtime between R&D activities. In all cases the time when the infrastructure is used for R&D activities must be economically justified.

**SECTION FOUR**

**WHERE STATE AID IS PROVIDED FOR THE ACTIVITIES SPECIFIED IN SUBPARAGRAPH 11.3 OF THE DESCRIPTION UNDER ARTICLE 29 OF THE GENERAL BLOCK EXEMPTION REGULATION**

79. The financed part of the project (estimated for the eligible costs for the activities specified in subparagraph 11.3 of the Description) is specified in Table 5 of the Description.

Table 5. Financed part of the project.

|  |  |  |
| --- | --- | --- |
| Seq. No | *Status of the applicant* | *Financed part of the project up to* |
| 1. | Large enterprise if conditions of Article 29(2) of the General Block Exemption Regulation are met | 15% |
|  | Micro, small or medium-sized enterprise | 50% |

1. The financed part of the project for each beneficiary (including the partner) is determined individually.
2. Where the financing allocated to the project is not sufficient for the eligible costs of the project, the project developer and/or the partner shall provide the remaining financing.
3. The applicant and/or the partner may at its own initiative and using its own and/or other funds contribute more funds to the implementation of the project than it is required.
4. If the applicant falls within the large company category, there must be effective cooperation with the partner(s) – a micro, small and medium-sized enterprise that will pay at least 30% of eligible costs for the activities specified in subparagraph 11.3 of the Description. Otherwise the state aid shall not be granted to the applicant.
5. If the project is implemented together with the partner(s), the applicant must pay at least 50% of eligible costs for the activities specified in subparagraph 11.3 of the Description.
6. Project costs incurred by partners, which corresponds to the conditions laid down in paragraphs 46 and 86 of the Description, is eligible costs, but it shall be reimbursed by the project developer. Only the project developer shall receive financing directly for the implementation of the project and disburse the funds to partners. Partners shall not receive financing directly. The intensity of the financing disbursed to partners shall be monitored and checked after the receipt of payment request. The project developer must transfer financing to partners within 5 business days after the date of receipt of any such financing. The project developer may not use the financing which is allocated to the partner.
7. Categories of eligible and ineligible costs according to the Description are specified in Table 6 of the Description.

Table 6. Categories of eligible and ineligible costs

|  |  |  |
| --- | --- | --- |
| **Category No** | **Name of the category** | **Requirements and explanations** |
| **1.** | **Land** | Ineligible expenditure |
| **2.** | **Real estate** | Ineligible expenditure |

|  |  |  |
| --- | --- | --- |
| **3.** | **Construction,**  **reconstruction,**  **repair and other works** | Ineligible expenditure |
| **4.** | **Installations, equipment and other assets** | Costs of knowledge and patents or rights under a license agreement from external sources under normal market conditions, i.e. where the purchase is made from external sources for the market price according to the transaction concluded by the parties, where there is no element of collusion involved. Costs of acquisition of software licenses are ineligible. |
| **5.** | **Project implementation** | 5.1. Costs of acquisition of R&D services from external sources under normal market conditions, i.e. where the purchase is made from external sources for the market price according to the transaction concluded by the parties, where there is no element of collusion involved;  5.2. Costs related to other operating costs, including expenditure for materials, low value inventory, reserves and similar products allocated to current assets;  5.3. Depreciation costs of non-current tangible assets (instruments, tools, equipment, machinery, buildings and/or premises), provided no public funds (including those of other states) have been used for the acquisition thereof.  5.4. Salaries of the personnel implementing the project and social security expenditure payable by the employer and calculated in the manner prescribed by legal acts.  5.5. Expenditure of personnel duty trips calculated in the manner prescribed by legal acts. Calculated in the manner prescribed by legal acts. |
| **6.** | **Communication of the project** | Ineligible costs |
| **7.** | **Indirect costs and other costs in accordance with the fixed project cost rate** | 7.1. Eligible costs:  7.1.1. Salaries of the personnel implementing the project and social security expenditure payable by the employer and calculated in the manner prescribed by legal acts;  7.1.2. Acquisition costs of the goods related to the administration of the project;  7.2. Indirect total costs of the project in accordance with the fixed project cost rate calculated by multiplying the maximum eligible direct project costs and the fixed rate applicable to the project in accordance with Annex 10 to the Project Rules. |

**CHAPTER FIVE**

**Preparation of applications, NOTIFICATION AND CONSULTING OF applicants, SUBMISSION AND ASSESSMENT OF APPLICATIONS**

87. In order to obtain financing the applicant must fill in the application that is partly filled in and provided in a PDF format online at [www.esinvesticijos.lt](http://www.esinvesticijos.lt/), ‘Financing’ section and are available together with the documents of the call for proposals.

1. The applicant shall submit the filled in application together with annexes specified in paragraph 89 of the Description via the Co-financing with the EU Structural Funds project data exchange website (hereinafter – DEW) and, if no DEW functionality is available, they shall be submitted to the implementing authority in writing (together with the application and the annexes in the electronic media) by the final day of the term specified in the call for proposals according to the procedure specified in Section Twelve of the Project Rules.
2. Together with the application, the applicant must provide the following annexes (the forms of the annexes specified in subparagraphs 89.1 and 89.2 of the Description are provided online at [www.esinvesticijos.lt,](http://www.esinvesticijos.lt/) ‘Document’ section and are available by searching for ‘forms of annexes to applications’ of the document type):
3. The filled in Questionnaire regarding the eligibility of the purchase costs and/or import value added tax to be financed from EU funds and/or state budget of the Republic of Lithuania, if the applicant requests to recognise purchase costs or and/or import value added tax as eligible costs, i.e. includes these costs into the project budget;
4. The project budget allocation by the applicant and the partner(s), if the project is implemented with the partner(s);
5. Declaration of the status of the small and medium-sized business entity according to the form approved by order No. 4-119 ‘On approval of the description for declaring the status of the small and medium-sized business entity and the form of the declaration of the status of the small and medium-sized business entity’ of 26 March 2008 of the Minister of Economy of the Republic of Lithuania prepared on the basis of the data of the last reporting period;
6. Information required to assess conformity of the project with the project selection criteria (Annex 4 to the Description);
7. Supporting documents for the project budget (commercial offers, references to the existing market prices, etc.);
8. A business plan for financing under the Measure; the recommended form and content requirements for the business plan financed under the measures of the Lithuanian 2014–2020 EU fund investment Action Programme Priority 1 ‘Promotion of research, development and innovation promotion’ administered by the Ministry of Economy of the Republic of Lithuania and provided in the list of content requirements published on the website of the Ministry of Economy of the Republic of Lithuania at [www.ukmin.lt](http://www.ukmin.lt) (hereinafter – business plan). Upon presentation of the business plan in another than the recommended form, it must contain all the information specified in the recommended form;

89.7. Supporting documents for the sources of financing (contribution by the applicant and payment of ineligible costs);

1. A copy of the partnership agreement if the project is being implemented with the partner(s);
2. The investor’s financial documents of the past three reporting years prior to submitting the application or a statement signed by the investor’s financier (with enclosed power of attorney) about the average annual investor’s revenue over the past three reporting years prior to submitting the application;
3. The partner’s(s’) declaration(s), if the project is implemented together with the partners (the form of the Partner’s Declaration is integrated into the application form that is being filled in);
4. Supporting documents that the applicant (partner) has legal grounds to get engaged in the particular business (to carry out the functions) for starting and/or conducting and/or developing of which the project is intended (applicable only if the legal acts of the Republic of Lithuania require to have such legal grounds);
5. Documents certifying the legal fact that the applicant’s rights in real estate to be directly used in the implementation of the project are valid for at least five years in the case of large enterprises and three years for micro, small and medium-sized enterprises after the completion of the project. The intended use of the property to be used for the implementation of the project must comply with the activities carried out under the project;
6. A certificate issued not earlier than one month prior to submitting the application proving that the applicant has fulfilled its obligations related to the payment of taxes and state social insurance contributions (applicable only in cases where the applicant is a foreign investor/ enterprise);
7. Annual financial statements of the applicant and the partner(s), if the project is implemented with the partner(s), endorsed according to the procedure specified in legal acts and the founding documents of the legal entity (endorsed last year’s annual financial statements and the last intermediate financial statements of the current year).

90. The applicant must provide the following annexes (these may be submitted together with the application) to the implementing authority no later than within 30 days after the submission of the application:

1. If it is required to carry out an environmental impact assessment according to the procedure specified in legal acts, an environmental impact assessment of the planned economic activity and the decision of the responsible authority; if an environmental impact assessment is not required, the decision of the responsible authority or the applicant’s letter in a free form stating that the project is exempt from the requirement to carry out an environmental impact assessment;
2. Where construction, reconstruction or major repair are planned in the project, a technical draft for the construction, reconstruction or major repair (and a copy in the electronic media), prepared and approved in the manner prescribed by legal acts.
3. The last day for the submission of applications shall be determined in the call for proposals.
4. Applicants shall be notified and advised according to the procedure specified in Section Five of Chapter II of the Project Rules. Information about specific members of the staff of the implementing authority who would provide consultancy and their contact details shall be provided in the call for proposals made, according to the Description, online at[www.esinvesticijos.lt.](http://www.esinvesticijos.lt/)
5. The implementing authority shall perform project eligibility assessment according to the procedure specified in Section Fourteen and Section Fifteen of Chapter III of the Project Rules according to the requirements specified in Annex 1 of the Description and the evaluation of the quality and benefit of the project according to the procedure specified in Section Fourteen and Section Sixteen of Chapter III of the Project Rules according to the requirements specified in Annex 2 of the Description.
6. During the assessment of the application, the implementing authority may ask the applicant to submit the missing information and/or documents according to the procedure specified in paragraph 118 of the Project Rules. The applicant must provide the following information and/or documents within the timeframe set by the implementing authority.
7. Applications shall be evaluated for not longer than 90 days after the final date for submission of the applications specified in the call for proposals.
8. Should the implementing authority fail to assess the applications within the prescribed timeframe (where it is necessary to contact other authorities in order to assess applications or to perform a check on the site where the project will be implemented and/or administered, and also where applications are submitted the total sum whereof is higher than the sum of money allocated to the call for proposals), the timeframe for evaluation may be extended by the decision of the implementing authority. The implementing authority shall notify the applicants in writing as per paragraph 13 of the Project Rules (via DEW if the functionality is in place) about the new timeframe for evaluation of applications according to the procedure specified in paragraph 127 of the Project Rules, and shall also notify the Ministry and the managing authority in writing as per paragraph 9 of the Project Rules (via 2014-2020 EU Structural Fund subsystem SFMIS2014 if the functionality is in place), and shall indicate the reasons for any such extension*.*
9. The application shall be rejected due to the reasons set out in the Description and paragraph 93 of the Project Rules, Section Fourteen, Section Fifteen and Section Sixteen of Chapter III of the Project Rules, according to the procedure specified therein. The applicant shall be notified about the rejection of the application (via DEW if the functionality is in place) within 3 business days after the date of the decision concerning the rejection of the application.
10. The applicant may appeal against the decision rejecting the application according to the procedure specified in Section Forty-Three of Chapter VII of the Project Rules not later than within 14 days after the day the applicant became aware or ought to have become aware of the actions or omissions of the implementing authority.
11. The Ministry shall organise the final discussion of the evaluation of the applications and approve the composition of the working group for the final discussion of the evaluation of the applications according to the procedure laid down in paragraph 146 of the Project Rules. The operating principles of the working group for the final discussion of the evaluation of the applications shall be established according to the rules of procedure of the working group.
12. At the end of the evaluation of the applications and prior to submitting a report on the selected projects to the Ministry, the implementing authority shall ascertain on the basis of the annual financial statements whether the applicants (partners) are not enterprises in difficulty. If necessary, the implementing authority may request to provide other documents too (e.g. interim financial statements, etc.).
13. The Ministry shall adopt the decision whether to finance the project or not according to the procedure specified in Section Seventeen of Chapter III of the Project Rules. If the decision on financing of the project stipulates that the state aid will be paid in instalments, the number of instalments and how the aid shall be discounted to its value at the moment of granting the aid as laid down in Article 7(3) of the General Block Exemption Regulation shall be specified.
14. If the Ministry adopts the decision to finance the project, the implementing authority shall within three business days after the receipt of the decision in writing by e-mail (via DEW if the functionality is in place) announce the decision to the applicants.
15. For the projects financed under the Description trilateral project contracts between the applicants, the implementing authority and the Ministry will be concluded. Project contracts shall be amended or terminated according to the procedure specified in Section Nineteen of Chapter IV of the Project Rules.
16. Should the Ministry adopt the decision regarding financing, the implementing authority shall, according to the procedure specified in Section Eighteen of Chapter IV of the Project Rules in the form set out in Annex 4 of the Project Rules adapted to this Description and agreed with the Ministry, prepare and provide a draft project contract to the applicant and shall indicate the term for the offer to sign the draft project contract according to the procedure specified in paragraph 166 of the Project Rules. Should within the term for the offer to sign the project contract proposed by the implementing authority the applicant fail to sign the project contract, the offer to sign the project contract shall become invalid. The applicant shall have the right to request the implementing authority to reschedule the term for signing the draft contact due to the objective reasons that are beyond the control of the applicant. If the applicant refuses to sign the draft contract or fails to sign it within the prescribed timeframe, the implementing authority shall notify the Ministry and the applicant according to the procedure specified in paragraph 168 of the Project Rules.
17. In order to ascertain that during the allocation of financing (conclusion of the project contract), the applicant (partner) is not an enterprise in difficulty, prior to the allocation of financing (award of the project contract) the implementing authority may request to provide the financial statement of the last quarter prior to the allocation of financing (award of the project contract). If it transpires that during the allocation of financing (conclusion of the project contract) the company is in difficulty, financing shall not be allocated (the project contract shall not be awarded).
18. The original project contract may be prepared and provided:
19. as a signed hard copy document or
20. as an electronic document endorsed by means of electronic signature supported with qualified certificates, depending the form of these documents selected by the project developer.

**Chapter VI**

**REQUIREMENTS FOR THE IMPLEMENTATION OF PROJECTS**

1. The project shall be implemented according to the requirements specified in the project contract, the Description and the Project Rules.
2. The supervisory committee for the projects of the measure shall be formed to supervise the implementation of the projects. The composition of the committee shall be approved by the order of the Minister of Economy and the principles of the committee activities shall be established by its rules of procedure.
3. If the applicant is a foreign investor (enterprise), it shall, no later than before the date of signing of the project contract, register the private legal entity on which it exerts influence in the Register of Legal Entities of the Republic of Lithuania according to the procedure stipulated by legal acts*.*
4. For five years after the end of financing, or three years in the case of the project developers with the status of the micro, small and medium-sized enterprise, the continuity of investments must be ensured according to the procedure specified in Section Twenty-Seven of Chapter IV of the Project Rules.
5. During the implementation of the project and three years after the end of the implementation of project activities, newly created jobs, including the jobs of researchers, must be retained for at least five years, or at least 3 years in the case of the project developers with the status of the micro, small and medium-sized enterprise, after the first working day at the new job.
6. The project developer must insure the non-current tangible assets for the acquisition or creation of which project financing has been used for the maximum recoverable value of the assets against all risks. The assets must be insured during the project implementation period from the moment it they are created or acquired and for at least five years, or three years in case of project developers with the status of the micro, small and medium-sized enterprise, after the end of project financing according to the procedure established by legal acts. In the case of an insured event the project developer must recover the lost assets and must also ensure that its partner(s) would comply with such commitment.
7. The partnership agreement may be amended after the project contract takes effect. Only such amendments to the partnership agreement are possible, which did not have a decisive effect on the decision concerning project financing. Amendments must be agreed with the implementing authority. Amendments must be executed by amending or supplementing the partnership agreement.
8. The project developer who plans the activities during the project implementation for which financing has been obtained and for which a permit, licence or certificate is required according to the procedure specified in legal acts of the Republic of Lithuania, after the end of the project must, within the timeframe specified in the project contract, provide a copy of the permit, licence or certificate to the implementing authority. In case of the failure to provide a copy of the permit, licence or certificate, the Ministry shall have the right to demand from the implementing authority to repay the financing that has been granted.
9. The implementing authority, having agreed with the Ministry, shall have the right to unilaterally terminate the project contract according to the procedure laid down in paragraph 192 of the Project Rules, if the implementation of the project activity has not started within 6 months after the date of signing the project contract in case of the activity specified in subparagraph 11.1 of the Description or the activities specified in subparagraphs 11.1 and 11.3 of the Description, or within 12 months after the date of signing the project contract in case of the activities specified only in subparagraph 11.2 of the Description or if one of the activities specified in the project (where more than one activity is planned in the project) is the activity specified in subparagraph 11.2 of the Description.
10. The project developer must notify about the project in progress or completed project according to the procedure specified in Section Thirty-Seven of Chapter VII of the Project Rules.
11. The project developer and partner(s) must specify the R&D costs in the annual tax return declaration provided to the State Tax Inspectorate under the Ministry of Finance of the Republic of Lithuania according to the procedure prescribed by the laws and other legal acts.
12. The project developer and partner(s) who provides statistics to institutions and bodies according to the procedure prescribed by the laws and other legal acts shall also provide information and about the R&D costs.
13. The project developer and partner(s) agrees to provide information for steering and evaluation of implementing the smart specialisation to the authority(ies) which perform(s) steering and impact assessment as authorised by the Ministry of Education and Science and the Ministry.
14. The requirements for project completion are provided in Section Twenty-Seven of Chapter IV of the Project Rules.
15. All documents relating to project implementation must be stored according to the procedure and terms specified in Section Forty-Two of Chapter VII of the Project Rules, and also within the term specified in Article 12 of the General Block Exemption Regulation.

**Chapter VII**

**PROCEDURE FOR THE AMENDMENT OF THE DECSRIPTION**

1. The procedure for the amendment of the Description is established in Section Eleven of Chapter III of the Project Rules.
2. If the Description is amended after the selection of the projects has been performed, these amendments, without prejudice to the principle of equal treatment, shall be applied to the projects in progress in the cases specified in paragraph 91 of the Project Rules.