APPROVED

By the Order of the Director of the Agency for Science, Innovation and Technology

Order No 2V- of 2020

**NORWEGIAN FINANCIAL MECHANISM 2014-2021**

**PROGRAMME “BUSINESS DEVELOPMENT, INNOVATION AND SMES“**

**CALL FOR PROPOSALS UNDER GREEN INDUSTRY INNOVATION FOCUS AREA**

**CHAPTER 1**

**GENERAL PROVISIONS**

1. The call for proposals under a Green industry innovation, including bio economy, focus area of the Norwegian Financial Mechanism 2014-2021 programme “Business Development, Innovation and SMEs“ (hereafter referred to as the “Call“) lays down the terms and conditions for projects, applicants, project partners and institutions which will carry out the evaluation and selection of projects.
2. Programme „Business Development, Innovation and SMEs” (hereafter referred to as the “Programme“) shall contribute to a general aim of the 2014-2021 Norwegian Financial Mechanism (hereafter referred to as the “Norway Grants“) to reduce economic and social disparities in the European Economic Area (EEA) and to strengthen bilateral relations between Norway and Lithuania.
3. The objective of the Programme is value creation and sustainable growth.
4. The Call is drafted in respect of and should be read in conjunction with the following documents:
	1. Regulation on the implementation of the Norwegian Financial Mechanism 2014-2021 (hereafter referred to as “Norway Grants Regulation“), adopted by the Norwegian Ministry of Foreign Affairs (hereafter referred to as NFMA) pursuant to Article 10.5 of the Agreement between the Kingdom of Norway and the European Union on a Norwegian Financial Mechanism for the period 2014-2021 on 23 September 2016;
	2. Memorandum of Understanding on the implementation of the Norwegian Financial Mechanism 2014-2021 between the Republic of Lithuania and the Kingdom of Norway;
	3. Programme Agreement signed between the NFMA and The Investment Department of the Ministry of Finance for the financing of the Programme “Business Development, Innovation and SMEs” on 27 September 2019;
	4. Guidelines adopted by the NFMA in accordance with the Regulation (hereafter referred to as the “Norway Grants Guidelines”);
	5. Rules on administration and financing of 2014-2021 European Economic Area and Norwegian Financial Mechanisms, approved by the Order on implementation of 2014-2021 European Economic Area and Norwegian Financial Mechanisms in Lithuania of Minister of Finance of the Republic of Lithuania by 12 November 2018 Order No. 1K-389 (hereafter referred to as “the National Rules”);
	6. 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 (hereafter referred to as “State Aid Regulation”);
	7. Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid" (hereafter referred to as “*De minimis* Regulation”).
5. Definitions used in the Call:
	1. **Bio-based products** are wholly or partly derived from materials of biological origin, excluding materials embedded in geological formations and/or fossilised. By using fermentation and bio-catalysis instead of traditional chemical synthesis, higher process efficiency can be obtained, resulting in a decrease in energy and water consumption, and a reduction of toxic waste. As they are derived from renewable raw materials such as plants, bio-based products can help reduce CO2 and offer other advantages such as lower toxicity or novel product characteristics (e.g. biodegradable plastic materials)
	2. **Bio economy** covers all sectors and systems that rely on biological resources (animals, plants, micro-organisms and derived biomass, including organic waste), their functions and principles. It includes and interlinks: land and marine ecosystems and the services they provide; all primary production sectors that use and produce biological resources (agriculture, forestry, fisheries and aquaculture); and all economic and industrial sectors that use biological resources and processes to produce food, feed, bio-based products, energy and services.
	3. **Circular economy** is a [model of production and consumption](http://www.europarl.europa.eu/RegData/etudes/BRIE/2016/573899/EPRS_BRI%282016%29573899_EN.pdf), which involves sharing, leasing, reusing, repairing, refurbishing and recycling existing materials and products as long as possible. In this way, the life cycle of products is extended. It implies reducing waste to a minimum. When a product reaches the end of its life, its materials are kept within the economy wherever possible. These can be productively used again and again, thereby creating further value.
	4. **Commercialisation** means such activities as actual application of the technology in its final form and under real-life conditions, such as those encountered in operational test and evaluations, market replication and the like aiming to bring an innovative idea (product, process, service etc.) to industrial readiness and maturity for market introduction. Activities correspond Technology Readiness Level (TRL) 9, approved by the Government of the Republic of Lithuania Order “On Approval of Description of Recommended Classification of Technology Readiness Levels” (hereinafter referred to as the “Description of Classification”) Order No 650 of 6 June 2012.
	5. **Donor Partnership Project** is defined as cooperation between an Applicant (Project Promoter) and at least one Donor State Partner implementing a project where all entities are independent of each other and perform substantial and relevant tasks in the completion of the project.
	6. **Donor State Partner** is a public or private entity established as a legal person in Norway, who is actively involved in and effectively contributing to implementation of a project, and shares with the Project Promoter a common economic or social goal which is to be realized through implementation of a project.
	7. **Environmental technologies** include technologies which help reduce the demand for raw materials and the amounts of energy consumption and pollutant emissions and obtain valuable by products and resolve waste disposal problems, also encourage ecological and economic efficiency, help apply environmental management systems and make the production processes cleaner.
	8. **Experimental development -** as defined in the Article 2 point (86) of State Aid Regulation.
	9. **Green industry** means the industry in which operating legal entities apply in their activities the following principles of sustainable development: they use non-renewable natural resources effectively, develop the use of renewable natural resources, reduce the negative environmental impact of technological processes and products during their entire life cycle, and apply environmental management systems and sustainable consumption.
	10. **Indicator -** a quantitative or qualitative variable that specifies what is to be measured along a scale or dimension. It should always be expressed in neutral terms: it should neither indicate the direction or change nor embed a target.
	11. **Industrial research** as defined in the Article 2 point (85) of State Aid Regulation.
	12. **Innovation** – new or significantly improved products or processes, including production, construction, building and other processes, new marketing methods, new methods of business, workplace arrangement or external relations, which are introduced to the market, public administration, social and cultural area as defined in the Law of the Republic of Lithuania on Technology and Innovation[[1]](#footnote-2).
	13. **Large enterprise** means a private legal entity that does not meet the definition of a micro-, small or medium-sized enterprise as it is stipulated in the Law of the Republic of Lithuania on Small and Medium-Sized Business Development.
	14. **New products** are goods and services that differ significantly in their characteristics or intended uses from products previously produced by the firm.
	15. **Outcomes -** the (short and medium-term) effects of an intervention’s outputs on the intermediaries or end beneficiaries.All projects selected under this Call shall contribute to the Programme-level outcome, namely Increased competitiveness of Lithuanian companies within the focus areas Green Industry Innovation, including bio economy, and ICT*.*
	16. **Partnership Project** is defined as cooperation between an Applicant (Project Promoter) and at least one other legal entity established in Lithuania, implementing a project where all entities are independent of each other and perform substantial and relevant tasks in completion of the project. The Partner should be actively involved in, and effectively contributing to, the implementation of the project, and it should share with the Project Promoter a common economic or social goal which is to be realized through the implementation of the project. The simple provision of services does not qualify as a project partnership.
	17. **Product** – the result of work effort, including problem solutions, which can be introduced to the market to meet human desires and needs as defined in the Law of the Republic of Lithuania on Technology and Innovation.
	18. **Single undertaking** includes all enterprises having at least one of the relationships with each other as defined in the Paragraph 2 of Article 2 of State Aid Regulation.
	19. **Small and medium-sized enterprise** (hereinafter referred to as the SME) means a private legal entity corresponding to the status of micro, small or medium-sized enterprise as defined in the Law of the Republic of Lithuania on Small and Medium-Sized Business Development.
	20. **Technology** means the method of practical application of tools, mechanisms, technical aids, capacities, systems or organisational methods, aiming at solution of problems or performing a specific function, including problematic and specific functions in social, cultural, humanitarian and other area as defined in the Law of the Republic of Lithuania on Technology and Innovation.
	21. **Undertaking in difficulty** means an undertaking in respect of which at least one of the circumstances referred to in Paragraph 18 of Article 2 of State Aid Regulation occurs.
6. Other definitions used in the Call shall be understood in accordance with the definitions provided in the documents listed in Paragraph 4 of the Call.
7. Agency for Science, Innovation and Technology (hereinafter referred to as MITA) is designated as a Programme Operator and shall be responsible for preparing and implementing the Call. Programme Partner is the Ministry of Economy and Innovation of the Republic of Lithuania and Innovation Norway is Donor Programme Partner.
8. The funding under the Call is available in the form of a non-repayable grant.
9. Projects selection will be based on competition.
10. The total available amount for financing of projects under the Call is € 9 017 647 (€7 665 000 – Norway Grants contribution, € 1 352 647 – co-financing from Lithuanian budget), € 1 000 000 of which will be allocated under the Small Grant Scheme (hereinafter referred to as the SGS1)[[2]](#footnote-3).
11. The aim of the Call is to increase competitiveness of Lithuanian enterprises in the field of green industry innovation.
12. With the aim to reduce a negative impact on the environment, the Call will support development, commercialisation and application of environmentally friendly products and technologies in all industry sectors.
13. Eligible activities under the Call:
	1. Development of new green products/ technologies. Funding under the Call will be provided for projects aiming at development of, for example, new bio-based products, biotechnologies, new products from recycled materials, environmentally friendly technologies or new ICT products or technologies enabling modernisation of production processes by reducing their negative impact on the environment (for example, with the help of digitalization, automation, robotization).
	2. Commercialisation of new green products/ technologies (new-to-the-market). This activity shall be implemented together with the activity indicated in subparagraph 13.1.
	3. Application of new products/ technologies. Funding will be provided for application of new products and technologies that would help, for example, to modernize production lines, to reduce CO2 emissions/ energy consumption, encourage zero-waste manufacturing or re-use of waste.
14. The Call launch date and an application deadline are specified in the Call announcement.

**CHAPTER 2**

**REQUIREMENTS FOR APPLICANTS, PROJECTS PROMOTERS AND PARTNERS**

1. Eligible applicants under the Call are SMEs and large enterprises, with no more than 25% public ownership, established a legal person in one of the EU Member states or EEA EFTA[[3]](#footnote-4) states.
2. Under the Small Grant Scheme (SGS1) and for Projects which implement activities for *Application of new products/ technologies* (see subparagraph 13.3) eligible applicants are SMEs as defined in the Paragraph 5.19. of the Call.
3. After a project is approved for funding under the Call and a project contract is concluded, an applicant becomes a Project promoter as it is defined in the Paragraph 1 Article 7.2 of the Norway Grants Regulation. Therefore, to receive funding under the Call a project promoter shall be established as a legal person in Lithuania (SME or a large enterprise, with no more than 25% public ownership) no later than the date of project contract signing.
4. Eligible partner – any public or private entity, commercial or non-commercial, and non-governmental organisation, established as a legal person in Lithuania or Norway. Partnership is not compulsory, which means that projects can be implemented without any partners. Nevertheless, Donor partnership projects are highly encouraged, and projects implemented together with a Donor State Partner will score additional points during assessment of an application.
5. In case of a Partnership Project or a Donor Partnership Project, a draft project partnership agreement shall be submitted with an application. For projects, which have been approved to be funded by grants and State funds, a signed partnership agreement shall be submitted to MITA no later than the date on which a projects contract is signed. A Partnership Agreement has to clearly define responsibilities of the parties involved and the rights related to a project (specifying financial and physical contribution to a project, which activities will be performed by each party, rights to jointly developed or obtained assets defined in line with accounting principles, project results, etc.) and responsibilities of each party involved, also obligation to comply with basic principles of good partnership practice.
6. Funding under the Call shall not be allocated to an Applicant:
	1. if he falls under the category of an undertaking in difficulty;
	2. if an Applicant has not reimbursed the received State Aid which was recognized by the decision of the European Commission as unlawful and incompatible with the internal market.

**CHAPTER 3**

**GENERAL REQUIREMENTS FOR PROJECTS**

1. A project shall meet administrative criteria provided in the Annex 3 to the Call.
2. A project shall meet formal assessment criteria, general eligibility and specific compliance criteria, provided in the Annex 1 to the Call.
3. Project selection is made on the basis of selection criteria, provided in the Annex 2 to the Call. Points are awarded for compliance with these criteria. The maximum amount of points per each criterion is indicated in the Annex 2 to the Call.
4. Project activities (or the major part thereof) shall be implemented physically within the territory of the Republic of Lithuania.
	1. If this is not possible due to the specifics of a project and the nature of activities and activity(ies) is (are) carried out beyond the boundaries of the Republic of Lithuania, then the results, products and benefit (or in case it is possible to separate a portion thereof pro rata to the financial contribution) must be used in activities of a Project promoter and/or partner (s) in the Republic of Lithuania.
	2. Project activity - *Application of new products/ technologies* (see subparagraph 13.3) shall be implemented physically within the territory of the Republic of Lithuania.
5. A duration of a project shall not be longer that 36 months from the date a project contract is signed. A duration of a project under SGS1 shall not be longer than 18 months. All project activities must be completed and the final payment claim must be submitted by the date stated in subparagraph 41.1 of the Call.
6. Implementation of project activities shall start no later than within 3 months from the day a projects contract is signed.
7. Implementation of a project shall start not earlier than the date on which MITA decides to award a grant to a project. A day after MITA decision to award a grant to a project is considered to mark the beginning of a project. If project activities are commenced to be implemented before a day on which MITA makes a decision to grant funding to a project, the whole project becomes ineligible and no funding shall be allocated for it.
8. All projects shall contribute to the outcome of the Programme: *Increased competitiveness of Lithuanian companies within the focus areas Green Industry Innovation, including bio economy, and ICT* and shall deliver the expected outcome indicators referred to in paragraphs 29 to 33 of the Call.
9. All projects involving Donor State Partners shall contribute to the bilateral outcome of the Programme: *Enhanced collaboration between beneficiary and donor state entities involved in the programme* and shall take part in the Bilateral Survey administered by the Financial Mechanism Office to report on the project’s bilateral outcomes.
10. All projects shall include and measure the following outcome indicators:
	1. Project promoter’s estimated annual growth in turnover;
	2. Project promoter’s estimated annual growth in net operational profit;
11. Projects which implement activities for *Development of new green products/ technologies* (see subparagraph 13.1) must include and measure the following outcome indicator:
	1. Number of new green products/technologies developed;
12. Projects which implement activities for *Commercialisation of new green products/ technologies* (see subparagraph 13.2) must include and measure the following outcome indicator:
	1. Number of new green products/ technologies commercialised;
13. Projects which implement activities for *Application of new products/ technologies* (see subparagraph 13.3) must include and measure the following outcome indicator:
	1. Number of new green products/ technologies applied (new-to-enterprise);

and at least one of the two following outcome indicators:

* 1. Estimated annual decrease of CO2 emissions (t, CO equivalent);
	2. Estimated annual decrease of energy consumption (MWh).
1. The following outcome indicators are voluntary, depending on the nature of the project:
	1. Jobs created. This outcome indicator is mandatory for all projects if upon submission of an application an applicant is not a private entity registered in Lithuania.
	2. Number of registered applications for Intellectual Property Protection.
2. To prove project readiness a business plan will have to be submitted. If the requirement is not fulfilled and a business plan is not submitted together with an application, such application will be rejected without request to revise an application and provide supplementary documents. A recommended template of a business plan in Lithuanian and English is provided with the documents of the Call. A business plan can be drafted in the Lithuanian or English language. If a business plan is not drafted according to the recommended template, it shall contain all the information indicated in the recommended template.
3. All projects shall be drafted in accordance with the principles of good governance (the possibilities of socially or otherwise isolated or differentiated groups of the society to enjoy the same rights), sustainable development (alignment of the objectives of economic and social development and environmental protection, having regard to the multiple interdependence and foreseen consequences of the implementation) and gender equality (assurance of equal opportunities for women and men and elimination of any discrimination on the basis of ethnic or racial dependence, age, disability, sexual orientation, religion or belief). The impact of the project on these principles may not be negative. The project must promote implementation of the principle of sustainable development.
4. A project and project activities shall not be previously or presently funded and, upon the allocation of the funding, submitted for funding under any other programmes financed from the State budget, the European Union or any other international assistance if this results in the eligible expenditure of the project or any part thereof being funded several times, including *de minimis aid*.

**CHAPTER 4**

**ELIGIBLE EXPENDITURE AND REQUIREMENTS FOR FUNDING**

**Article 1**

**GENERAL PROVISIONS**

1. Eligible project expenditure shall meet the requirements laid down in the Norway Grants Regulation (Chapter 8) and the Norway Grants Guidelines and the provisions of the Chapter XIX of National Rules.
2. The maximum amount of grant assistance applied for shall be Euro 2,000,000. The maximum amount of grant assistance under SGS1 applied for shall be Euro 200,000.
3. The minimum amount of grant assistance applied for shall be Euro 200,000. The minimum amount of grant assistance under SGS1 applied for shall be Euro 10,000.
4. Eligible expenditures of projects are those actually incurred by the Project Promoter or a Project Partner, which meet the following criteria:
	1. expenditure shall be incurred between the first and final date set for eligible expenditure of a project in a projects contract. Costs within projects may be eligible from the date on which the grant is awarded or at a later date set in a projects contract. Projects contract shall set the final date of eligible expenditure, which shall not be later than 30 April 2024;
	2. expenditure shall be connected with the subject of the project contract and be indicated in the detailed budget of the project;
	3. expenditure shall be proportionate and necessary for the implementation of the project;
	4. expenditure shall be used for the sole purpose of achieving the objective(s) of the project and its expected outcome(s), in a manner consistent with the principles of economy, efficiency and effectiveness;
	5. expenditure shall be incurred and reimbursed without prejudice to the Regulation, international agreements between the EU and the Republic of Lithuania, the Republic of Lithuania and other countries in which project expenditure is incurred, legislation on expenditure and reimbursement of expenditure, generally recognized accounting principles;
	6. indirect costs and depreciation of the equipment are considered to have been incurred when they are recorded in the accounting records of a Project Promoter or partner;
	7. expenditure shall comply with the requirements of applicable tax and social legislation;
	8. project expenditure have to be identifiable and verifiable, in particular through being recorded in the accounting records of the Project Promoter and/or project partner;
	9. reimbursement supporting documents have to be identifiable and verifiable by relevant accounting documents, which are in line with the requirements set in the legislation on accounting or equivalent supporting documents and traceability has to be ensured.
5. Under the Call, funding is granted as State aid and shall comply with all the conditions stipulated in Chapter 1 of State Aid Regulation, relevant conditions presented in Articles 13, 14, 18 and 25 of State Aid Regulation, *De minimis* Regulation and requirements set for eligible expenses in this Call.
6. State aid exempted under State Aid Regulation, as specified in Paragraph 5 of Article 8 of the State Aid Regulation, shall not be cumulated with any *de minimis* aid in respect of the same eligible costs if such cumulation would result in aid intensity exceeding the highest aid intensity set in the Decree ‘Aid Map of the Republic of Lithuania for 2014−2020’ No. 571 of 25 June 2014, issued by the Government of the Republic of Lithuania (if the aid is granted in line with Article 14 of State Aid Regulation) or Article 25 of State Aid Regulation (if the aid is granted on the basis of Article 25 of State Aid Regulation).
7. *De minimis* aid is not cumulated with State aid granted for the same eligible costs if such cumulation would result in exceeding the highest intensity of the aid in question, as it is determined in State Aid Regulation or the decision adopted by the European Commission, or the amount determined on a case-by-case basis.
8. In line with the Article 3 of the *De minimis* Regulation, the total amount of *de minimis* aid granted to a single undertaking shall not exceed EUR 200 000 over any period of three fiscal years. The total amount of *de minimis* aid granted to a single undertaking performing road freight transport for hire or reward shall not exceed EUR 100 000. The ceilings shall apply irrespective of the form of *de minimis* aid or the objective pursued and regardless of whether the aid granted by the Member State is financed entirely or partly by resources of Union origin. A single undertaking includes all the enterprises indicated in the Article 2. A Project Promoter or Partner (-s), which is an entity established in Lithuanian, can check whether they are related to other entities by filling in a questionnaire ‘Is a Beneficiary Related to Other Entities’, prepared by the Competition Council of the Republic of Lithuania and published on their official webpage (<https://kt.gov.lt/uploads/documents/files/veiklos-sritys/valstybes-pagalba/klausimynai/kaip_KLAUSIMYNAS_vienas_ukio_subjektas.pdf>).MITA checks all the related undertakings which are listed in a Declaration of Single Undertaking, the recommend template of which is provided together with the Call, as well as checks in the Register if the aid to be granted does not exceed allowable *de minimis* aid, as stipulated in Article 3 of the *De minimis* Regulation.
9. During assessment of an application MITA checks if an applicant and a project partner have the right to obtain State aid under State Aid Regulation and *de minimis* aid granted per a single undertaking (Annex 5 to the Guidelines). The decision regarding financing a project having been made, within 5 working days, MITA shall register the amount of State aid granted and the amount of the granted *de minimis* aid in the Granted State Aid and de Minimis Aid Register, provisions of which were approved by the Government of the Republic of Lithuania by 19 January 2005 order No. 35 ‘On Approval of Provisions for the Granted State Aid and de Minimis Aid Register’ (hereafter referred to as ‘the Register’).

**Article 2**

**REQUIREMENTS FOR FUNDING OF PROJECTS**

1. If State aid is granted for the activities presented in subparagraphs 13.1 and 13.2 of the Call, in line with Chapter 25 of State Aid Regulation, the maximum aid intensity for a project, which is presented in the Table 1, is calculated for eligible expenses of the activities presented in subparagraphs 13.1 and 13.2 of the Call.
2. The baseline aid intensity shall not exceed:
	1. 50 % of the eligible costs for industrial research;
	2. 25 % of the eligible costs for experimental development.
3. Aid intensity can be increased up to 80% for eligible expenses as follows:
	1. by 10 percentage points for medium-sized enterprises;
	2. by 20 percentage points for small enterprises;
	3. by 15 percentage points if one of the following conditions is fulfilled:
		1. a project involves effective collaboration:
			1. between undertakings among which at least one is an SME, or is carried out in at least two Member States, or in a Member State and in a Contracting Party of the EEA Agreement, and no single undertaking bears more than 70 % of the eligible costs,
			2. between an undertaking and one or more research and knowledge-dissemination organisations, where the latter bear at least 10 % of the eligible costs and have the right to publish their own research results;
		2. the results of the project are widely disseminated through conferences, publication, open access repositories, or free or open source software.

Table 1. Aid intensity

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| *No.* | *Activity* | *Baseline intensity* | *Intensity increase, but no more than 80% for eligible expenses* | *The maximum aid intensity by entity size* |
| *Point**49.1*  | *Point**49.2* | *Point**49.3* | *Large enterprise* | *Medium-sized enterprise* | *Small**enterprise* |
| *1.* | *Industrial* *research* | 50 % | +10 | +20 | +15  | 65 % | 75 % | 80 % |
| *2.* | *Experimental**development* | 25 % | +10  | +20  | +15  | 40 % | 50 % | 1. %
 |

1. If a project is implemented together with a research organisation, the maximum grant rate for a research organisation can constitute 100 % of eligible expenditure for the activities specified in subchapters 13.1 and 13.2 of the Call on the condition that a partner is engaged in non-economic activities, conducts research activities independently, effectively collaborates, and all the profits are reinvested into research. A research organisation has to submit the following:
	1. supporting documents for separation of economic and non-economic activities in an organisation (this condition is not applicable to a private legal person engaged in economic activities) and justification of reinvestment into research infrastructure;
	2. prepared in a free form justification of independently conducted research and effective collaboration planned during implementation of a project.
2. If a project is implemented together with a research organisation, it is considered that no indirect State aid is awarded to other legal persons participating in a project through a research institution, if one of the following conditions is observed:
	1. the results of the collaboration which do not give rise to IPR may be widely disseminated and any IPR resulting from the activities of research organisations or research infrastructures are fully allocated to research organisations;
	2. the research organisations or research infrastructures receive compensation equivalent to the market price for the IPR which result from their activities and are assigned to the participating undertakings, or to which participating undertakings are allocated access rights. The absolute amount of the value of any contribution, both financial and non-financial, of the participating undertakings to the costs of the research organisations or research infrastructures’ activities that resulted in the IPR concerned, may be deducted from that compensation.
3. Indirect State aid is not deemed to be awarded also if any IPR resulting from the project, as well as related access rights are allocated to the different collaboration partners in a manner which adequately reflects their work packages, contributions and respective interests.
4. If none of the conditions stated in paragraph 51 of the Call is observed and the MITA determines that State aid has been awarded, all the contribution of a research organisation to a project (eligible expenditure) is deemed to be State aid and MITA will reduce funding by a respective amount for a Project Promoter or partner, depending on who has received the aid.
5. State aid for the activity presented in subparagraph 13.3 of the Call is granted in line with articles 14 and 18 of State Aid Regulation.
	1. For Regional Investment Aid the aid intensity shall not exceed:
		1. 45 % of the eligible costs for micro and small entities.
		2. 35 % of the eligible costs for medium entities.
	2. For aid for consultancy in favour of SMEs the aid intensity shall not exceed 50 % of the eligible costs.
6. The maximum grant rate should be determined for the Project promoter and Partner (-s) separately.
7. The Applicant and (or) a partner (-s) shall secure financing for the part of eligible expenses that is not covered by the grant.
8. An applicant and (or) partner, on their own initiative, can contribute from own funds or other sources and allocate a bigger amount for implementation of a project than it is required.
9. The funding intended for implementation of the project is directly obtained exclusively by a Project Promoter, who settles accounts with his partners. Expenditures which are eligible under a project and are incurred by a partner are eligible for funding. They are reimbursed by a Project Promoter. The partners do not receive any financing directly. Funding for partners is monitored and checked upon the receipt of the payment application.
10. A Project Promoter shall transfer the intended for a partner part of a grant amount within 5 working days from the day of its receipt. A Project Promoter cannot use the funding allocated to the Partner.

**Article 3**

**PROJECT EXPENDITURES**

1. A list of eligible types of expenditure under the Call is presented in the Table 2.

Table 2. Types of eligible expenditure

|  |  |  |
| --- | --- | --- |
| **No.** | **Type of expenditure** | **Requirements and explanations** |
| 1. | Purchase of real estate and land | Not applicable |
| 2. | Construction and renovation | Not applicable |
| 3. | Tangible assets | 3.1. Depreciation cost of new or second-hand equipment (equipment, devices, tools, machinery) provided that equipment is depreciated in line with generally approved accounting principles applicable to a Project Promoter or partner as well as for similar equipment.3.2. In case the equipment is an integral and necessary component for achieving the outcomes of the project, the entire purchase price of a new equipment may be considered eligible. In this case a Project Promoter shall:* + 1. provide justification on the use of equipment and obtain MITA approval;
		2. keep the equipment in his ownership for a period of at least 5 years following the completion of the project and continue to use it for the benefit of the overall objectives of the project for the same period. If the equipment is obtained by a Project partner, a Project Promoter shall ensure that a partner fulfils the aforementioned obligations;
		3. ensure that the equipment is properly insured and maintained during implementation of a project and at least 5 years after completion of a project.
	1. Equipment is defined as movable tangible assets, directly used to carry out an activity, such as movable and immovable property, tools necessary for performing work, mechanisms, apparatus and sets of devices, when the following criteria are met: when used as intended, the useful life of assets is longer than one year, used assets retain their original form and appearance; in case assets are damaged, their parts are lost or worn out, it is more appropriate to fix rather than replace the existing assets with new ones; assets do not lose their functional identity (capacity to perform functions) even if integrated into a more intricate unit.
 |
|  | Goods (current assets) and services | 1. Eligible expenses are as follows:
	1. Costs of consumables and supplies provided that they are identifiable and assigned to the project.
	2. Costs resulting from other contracts, which a Project promoter or a Project partner concluded for the purposes of carrying out a project, provided that such contracts are concluded in line with:
		1. Law of the Republic of Lithuania on Public Procurement and provisions of the National Rules. A partner from Norway shall comply with the law on the public procurement of the Kingdom of Norway and provisions of the Regulation.
			1. If a Project Promoter or a partner from Lithuania is not a contracting authority, „Procedures for Monitoring of Procurements for Projects Under 2014-2021 EEA and Norway Grants and Bilateral Fund and Conducting Procurements by Non-Contracting and Contracting Authorities Under Regulations” approved by the order of the Director of Central Project Management Agency No. 2019/8-172 of 8 July 2019 shall be applicable.
	3. Other expenses, including:
		1. acquisition of R&D services from external sources under normal market conditions (i.e. when they are purchased from the external sources for the market price);
		2. consultancy or equivalent services for conducting R&D of a project, when they are purchased from the external sources for the market price;
		3. expenses for services which are not R&D but are necessary for conducting R&D and are crucial to achieve goals of a project. Services are purchased from the external sources for the market price;
		4. consultancy and equivalent services purchased from the external sources for the market price;
	4. Costs arising directly from requirements imposed by a project contract. These could be the following: costs for communication and information activities, audits, organisation of events, translation and other costs.
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| 5. | Travel and subsistence allowances | * 1. Travel and subsistence allowances related to travel for staff taking part in a project, including daily allowances. If a project is aimed at the activity *Application of new products/ technologies* (subparagraph 13.3 of the Call), this expenditure is ineligible.
	2. For all Project Promoters and partners from Lithuania, travel and subsistence allowance, including daily allowances, are determined following the Provisions on Payments of Daily Allowance and Other Trip Expenditure Incurred by Public Servants, approved by the decision of the Government of the Republic of Lithuania No 526 of 29 April 2004.
	3. For partners from Norway, travel and subsistence allowance, including daily allowances, are determined on the basis of partner’s usual practice on travel costs.
	4. Transport costs incurred as a result of a business trip or travel on the territory of Lithuania (fuel or public transport) will be covered in the form of standard scales of unit costs, in line with Research Report on Determining Standard Scales of Unit Costs for Fuel and Public Transport No FĮ-005[[4]](#footnote-5), issued by the Ministry of Finance of the Republic of Lithuania on 22 June 2015, published on the webpage [www.esinvesticijos.lt](http://www.esinvesticijos.lt) (section ‘Documents‘, sub-section ‘Research‘, ‘Research on Standard Scales of Unit Costs’), a fixed sum of 0,07 Eur/km excluding VAT or 0,08 Eur/km including VAT.
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| 6.  | The cost of staff assigned to the project | 6.1. Eligible costs include actual salaries of the staff assigned to implement a project and other expenses resulting from fulfilment of employer’s liabilities related to employment relations, calculated on the basis of legal acts on wages and employment relationship. If a project is aimed at the activity *Application of new products/ technologies* (subparagraph 13.3 of the Call), this expenditure is ineligible.* 1. Wage costs shall not exceed existing on the market salary rates of corresponding specialisation and qualification workers, except for duly justified cases. Planning of wages can be based on one of the following: official statistics of the country concerned, provided by an Applicant’s or partner’s historical data on wages of a relevant individual, data on a usual wage paid in the entity concerned (institution or organisation) for corresponding job functions or responsibilities (for example, a certificate regarding an average 6 months’ salary of a relevant individual, certificates regarding average gross income of employees having a corresponding job description (or similar responsibilities), publicly declared by a Project Promoter information on an average salary in the entity concerned (institution or organisation, etc.)
		1. An application shall contain information regarding the amount of planned working hours (days, months) for each position during implementation of a project and an average standard scales of unit costs per an hour, specifying on which basis (or) using which method calculations have been carried out and adding, if necessary, supporting documents.
	2. Wage costs of holidays and additional rest days of staff of a project promoter or Lithuanian partner involved in implementation of a project will be calculated on the basis of standard scales of unit costs, in line with the Research Report on Determining Standard Scales of Unit Costs for Annual Holidays and Additional Rest Days No FN-005[[5]](#footnote-6), issued by the Ministry of Finance of the Republic of Lithuania on 19 January 2016, published on the webpage www.esinvesticijos.lt (section “Documents”, sub-section “Research”, “Research on Standard Scales of Units Costs”).
		1. For partners form Norway, wage costs of holidays and additional rest days will be calculated on the basis of partner’s usual practice.
 |
| 7. | Indirect costs | 7.1. Indirect costs are all eligible costs that cannot be identified by the Project Promoter and/or the project partner as being directly attributed to the project but which can be identified and justified by its accounting system as being incurred in direct relationship with the eligible direct costs attributed to the project. 7.2. Indirect costs may include such costs as, for example, utilities for premises used under the project (water, electricity, etc.), services (security, cleaning services), communication and mailing services, insurance costs; as well as administrative personnel (finance, law and procurement, administration, personnel departments and senior management).7.3. Indirect costs can be identified:* + 1. based on actual indirect costs for those Project Promoters and project partners that have an analytical accounting system to identify their indirect costs as indicated above;
		2. Applying a flat rate:
			1. a flat rate of up to 25% of total direct eligible costs, excluding direct eligible costs for subcontracting and the costs of resources made available by third parties which are not used on the premises of the Project Promoter or project partner. The maximum flat rate for a project shall be determined following the provisions of the Guidelines on Establishing Flat Rates for Indirect Costs of a Project approved by MITA;
			2. a flat rate of up to 15% of direct eligible staff costs without there being a requirement for the Programme Operator to perform a calculation to determine direct the applicable rate;
			3. a flat rate applied to direct eligible costs based on existing methods and corresponding rates applicable in the European Union policies for similar types of projects and Project Promoter.
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1. The following costs shall not be considered eligible under the Call:
	1. purchase of land and real estate;
	2. interest on debt, debt service charges and late payment charges;
	3. charges for financial transactions and other purely financial costs, except costs related to accounts and financial services imposed by the Project Contract;
	4. provisions for losses or potential future liabilities;
	5. exchange losses;
	6. recoverable value added taxes (hereafter referred to as VAT);
	7. costs that are covered by other sources;
	8. fines, penalties and costs of litigation, except where litigation is an integral and necessary component for achieving the outcomes of the project;
	9. excessive or reckless expenditure, for example, disproportionate to the goal a project aims to achieve.

**CHAPTER 5**

**SELECTION OF PROJECTS**

1. Project Selection is carried out by MITA following the provisions of Chapter XVII of the National Rules.
2. The Call announcement is be posted on a EEA and Norway Grants webpage [www.norwaygrants.lt](http://www.norwaygrants.lt) and MITA webpage [www.lrv.mita.lt](http://www.lrv.mita.lt).
3. An application shall be filled in online and together with other supplementary documents submitted before the deadline specified in the Call announcement:
	1. If an applicant is a private entity registered in Lithuania - via an electronic data exchange portal for 2014-2021 European Economic Area and Norwegian Financial Mechanisms (hereafter referred as “DMS”). An application submitted not by DMS, will not be accepted and will be returned to an Applicant.
	2. If an applicant is a private entity registered in one of the EU Member states or EEA EFTA, via electronic system administered by MITA (a link is posted with the Call announcement).
4. If DMS or the electronic system administered by MITA do not function and an Applicant cannot submit an application or its annexes by the deadline, MITA will extend the deadline for submission of applications by 7 days and (or) provide a possibility to submit the documents by post or other means.
5. Together with an application the following documents shall be submitted:
	1. a business plan;
	2. a detailed activity budget of an Applicant and a partner, if a project is implemented together with a partner (-s);
	3. documents supporting validity of a project budget (for example, commercial offers, links to market prices, etc.);
	4. documents supporting capacity of an Applicant and a partner to cover their financial contribution to a project and ineligible expenses (e. g. statement from a bank or credit institution, legal entity, shareholders, on their intention to provide a loan for a project, loan agreement or similar document);
	5. a Draft Partnership Agreement, if a project is implemented together with a partner;
	6. an Applicant certifies conformity with the requirement stated in State Aid Regulation paragraph 16 of Article 14 (if the activity specified in subparagraph 13.3 of the Call is to be implemented), prepared in a free format declaration;
	7. information required to assess the compliance of the project with the requirements of the call and the project criteria (Annex 4);
	8. communication plan;
	9. a questionnaire on eligibility of VAT, if an Applicant who is registered in Lithuania asks for VAT to be recognized as eligible expenditure, i. e. includes this expenditure into a project budget.
	10. Declaration of a Legal Status of a SME, filled in by an Applicant and a partner (if a project is implemented together with a partner):
		1. For Applicants and partners registered in Lithuania - the form, which was approved by the Order of the Minister of Economy „On Approval of Procedures for Declaration of a Legal Status of a Small and Medium-Sized Entity and Approval of a Form for Declaration of a Legal Status of a Small and Medium-Sized Entity”, Order No. 4-119 of 26 March 2008;
		2. For Applicants registered in one of the EU states (excluding Lithuania) or EFTA states and Norwegian partners - the European Commission SME declaration form.
	11. Declaration of a Single Undertaking (applicable if an Applicant is registered in Lithuania).
	12. a copy (-ies) of a report(-s) on expenses incurred in relation to R&D activities, submitted to the statistical authority for the period of last three years preceding a date on which an application is registered by MITA or since the date of registration of an entity (if an entity has been active for less than three years) and a copy (-ies) of a document supporting submission of a report on expenses incurred in relation to R&D activities for the statistical authority (i.e. an email or any other source of information verifying the fact of submission);
	13. a copy of relevant registration certificates (applicable for Applicants registered in one of the EU states (excluding Lithuania) or EFTA state);
	14. a copy of the last approved annual financial statement (for Lithuanian applicants applicable only if financial reports were not submitted to the State Enterprise Centre of Registers);
	15. an approved annual report for year 2019 in English (applicable for Applicants registered in one of the EU states (excluding Lithuania) or EFTA state).
6. Only one application per Applicant shall be submitted under the Call.
7. Applicants are informed and consulted in line with the Chapter III of the National Rules. Contacts to the Norway Grants group at MITA, who is contact point and can be consulted by Applicants. Contact details are provided in the Call announcement and published on the webpage [www.norwaygrants.lt](http://www.norwaygrants.lt) and MITA webpage [www.lrv.mita.lt](http://www.lrv.mita.lt).
8. MITA carries out eligibility, evaluation and administrative criteria assessment.
9. During eligibility criteria assessment, project compliance with formal assessment criteria and specific selection criteria, indicated in the Annex 1 of the Call, will be checked.
10. During assessment of evaluation criteria, projects will be rated by giving points for the criteria specified in Annex 2 to the Call.
11. Administrative criteria assessment will be done in the final stage of evaluation process. Administrative criteria are provided in the Annex 3 to the Call.
	1. Assessment of selection criteria is organized following the provisions stipulated in the Guidelines on Organisation of Expert Evaluation in the Agency for Science, Innovation and Technology, approved by the Order of the Director of the Agency for Science, Innovation and Technology on 8 April 2011 No. 2V-27. Evaluation will be carried out by at least two independent experts. Experts evaluate an application in line with the selection criteria provided in the Annex 2 of the Call.
	2. An application can be awarded with the maximum of 100 points. The minimum amount of points under the Call is 25. Points awarded to a project are calculated as an average of points awarded by the experts. If the difference between the points given by two experts is more than 30% of the higher score, a third expert shall be commissioned by MITA to score the project independently. In such case, an average score of two scores that were closest to each other shall be used as evaluation of the project.
12. Information about each evaluation stage shall be published on [www.norwaygrants.lt](http://www.norwaygrants.lt), indicating the name of the Applicant and project, application unique number, the amount of grant from the Norway Grants and State funds.
13. Applications are evaluated no later than in 90 calendar days after the last day of submission of applications, which is indicated in the Call announcement.
14. During assessment of an application MITA can ask an Applicant to submit missing information or documents. An Applicant has to submit missing information or documents via DMS for Lithuanian applicants or via the electronic system administered by MITA, by the deadline set by MITA.
15. An Application shall be rejected and not further evaluated if:
	1. the same Applicant has submitted more than one application;
	2. application does not comply with at least one general eligibility and specific compliance criteria indicated in Annex 1 of the Call;
	3. an Applicant does not comply with at least one administrative criterion indicated in Annex 3 of the Call;
	4. if an Applicant has provided misleading information in an application or an Applicant is seeking to illicitly influence evaluation results or evaluators;
	5. if a project scores less than 25 points during assessment of the selection criteria.
16. MITA, based on the decision of the selection Committee, will make a decision on which projects shall be supported. The decision is approved by the Director of MITA.
17. MITA publishes information on the EEA and Norway Grants webpages regarding the decision to finance a project not later than within 10 working days from the date the decision is made, indicating the name of the Applicant and project, application unique number, the amount of grant from the Norway Grants and State funds.
18. MITA will conclude a project contract with an Applicant whose project has been approved to be funded from the Norway Grants and State funds. MITA prepares a draft project contract and harmonises it with an Applicant. An Applicant shall provide comments regarding a draft project contract not later than within 3 working days upon the date of receipt.
19. Project contract consists of general and special conditions, as well as annexes. The agreement includes information on the amount of funds from the Norway Grants and State funds, ratio of funding from the Norway Grants and State funds, procedure on payment of funds from the Norway Grants and State funds, all conditions for payment of funds from the Norway Grants and State funds, planned quantitative results, a list of eligible expenditure, dates for eligible expenditure, timetable for project implementation, publicity requirements, requirements for submission of documents on implementation of a project for institutions monitoring the EEA and Norway Grants and State funds and requirements for their storage, conditions and procedure on amending an agreement, suspension of funding and return of funding in case a Project Promoter violates conditions on payment of a grant, procedure on submitting information for monitoring institutions, requirements on continuity of a project and other provisions.
20. In case a project is implemented together with partners, a Project Promoter represents all the partners as far as implementation of the project and execution of a projects contract is concerned and has to ensure that that partners are duly informed about their obligations, which are indicated in a projects contract, the Call and the National Rules. A Project Promoter and partners have to sign a Partnership Agreement prior to the date on which a projects contract is signed.
21. If an Applicant rejects to sign a projects contract or fails to sign it within 10 working days from the date on which he is informed about signing of an agreement or by the set deadline does not fulfill conditions which are to be fulfilled prior to signing an agreement, it will be deemed as a refusal to sign an agreement.
22. Projects contract is concluded, amended and terminated following provisions stated in Chapter XVII of the National Rules.

**Chapter 6**

**REQUIREMENTS FOR PROJECT IMPLEMENTATION**

1. A project is implemented in line with the requirements set in a projects contract, the Call and the National Rules.
2. If a project is implemented with partners, a Project Promoter shall represent all partners in the execution of the project contract and the implementation of the project, and shall ensure that partners are properly informed of their responsibilities related to execution of the project contract and implementation of the project, as well as comply with all the obligations specified in the project contract, the National Rules and the Call. Prior to signing a project contract, a Project Promoter and shall sign an agreement with partners, in which the rights and obligation of each party during implementation of a project are defined.
3. If during implementation of a project tangible assets are created or purchased, continuity of the investment shall be ensured in line with the Chapter XXIII of the National Rules for a period of at least five years following the completion of the project.
4. A Project Promoter shall properly insure tangible assets, which were created or purchased from a grant allocated to a project. The insurance shall cover the maximum recovery value of assets and all the possible risks shall be taken into account. Assets shall be insured from the moment of their creation or purchase and at least for five years upon completion of a project. In case of an insured event, a Project Promoter has to restore lost assets, as well as to ensure that a partner (-s) complies with this obligation.
5. A Partnership agreement can be amended after a signature of a projects contract. Only these amendments of a Partnership Agreement which did not have a substantial impact on the decision regarding awarding a project with a grant are possible. Amendments of a Partnership Agreement have to be harmonized with MITA in a written form (via DMS) immediately when there is ground for amendment of an agreement. Amendments to a Partnership Agreement have to be documented in a written form by amending or supplementing an agreement.
6. If project activities are not commenced within 3 months from the day on which a projects contract is signed, MITA has the right to unilaterally terminate a projects contract, in line with the procedure stated in paragraph 256 of the National Rules. If MITA does not terminate an agreement, a Project Promoter is given 5 working days to provide information on postponement of the beginning of implementation of project activities. Having evaluated the reasons for the postponement, MITA makes a final decision regarding extension (non-extension) of an agreement.
7. A Project Promoter and a partner (-s) have to include costs related to R&D in their annual tax declaration, submitted to the State Tax Inspectorate Under the Ministry of Finance of the Republic of Lithuania.
8. When submitting information for statistical institutions, a Project Promoter and partner shall provide information on costs related to R&D, in line with the legislation regulating area of statistics.
9. Intellectual property developed during implementation of a project cannot be transferred at no cost to other legal or natural person within 5 years upon completion of a project. Intellectual property created during project implementation and sold for the price not corresponding market price (i.e. the smaller price) is deemed as the one transferred at no cost.
10. A prototype (-s) or a product test batch created during project implementation can only be used for further R&D activities and demonstration during 5 years after completion of the project.
11. Payments to a project will take form of an advance payment, interim payments and the final payment. A Project Promoter will need to have a separate account for project funds in a credit institution.
	1. An advance payment:
		1. the maximum amount of an advance payment (which shall not be higher than 30% of the total grant amount) will be determined individually in each project contract;
		2. insurance document for an advance payment (a bank guarantee, surety letter or other relevant documents) will have to be submitted for the whole amount of an advance payment;
		3. set-off of an advance payment will have to be started when a total amount of an advance payment and grant amount already paid to a project has achieved no more than 90 % of a project grant.
	2. Interim payments:
		1. Interim payments will be based on verified and approved by the MITA payment claims submitted by a project promoter;
		2. interim payment claims will have to be submitted every three months. In some cases, if the amount of an interim payment claim is bigger than €3 000, a project promoter might be allowed to submit a payment claim more frequently;
		3. interim payments will be based on reimbursement of expenditure. In some cases, a project promoter might be permitted to include received but not yet paid invoices into a payment claim. Such payment method will be specified in the project contract.
	3. The final payment claim shall be presented not later than within 20 working days after the completion of the project.
12. On-the-spot verification visits are carried out in line with Chapter XX of the National Rules.
13. While implementing a project, a Project Promoter and partners have to carry out information and publicity activities, set in Chapter XVIII of the National Rules.

**CHAPTER VII**

**FINAL PROVISIONS**

1. Applicants and Project Promoters have a right to challenge MITA decisions and acts (or omissions) before the Administrative Disputes Commission of the Republic of Lithuania or Vilnius Regional Administrative Court.
2. All the documents related to project implementation shall be kept in line with the procedure presented in Chapter XXVI of the National Rules.
3. By submitting an application, an Applicant gives his consent for information provided in the application to be made public, except for the information which cannot be made public in accordance with legislation.
4. Only the data which has been submitted by an Applicant will be processed. Personal data will be handled in accordance with the Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 On the Protection of Natural Persons with Regard to the Processing of Personal Data and on the Free Movement of such Data, and Repealing Directive 94/46/EC (General Data Protection Regulation). Personal data will be processed for granting of funding, accounting and auditing purposes and for validating information provided by an Applicant. Personal data related to the implementation of the Call will be processed and stored by MITA for the period of ten years since the date of receipt of the last document. While processing personal data, the rights of data subjects will be enforced in accordance with the Guidelines on Processing of Personal Data and Enforcement of the Rights of Data Subjects, approved by the order of the Director of MITA.
5. The Call can be amended in line with the procedure described in Section 2 of Chapter XVII of the National Rules.
1. <https://e-seimas.lrs.lt/portal/legalAct/lt/TAD/3a00ca517f7d11e89188e16a6495e98c?jfwid=sujoljpj4> [↑](#footnote-ref-2)
2. The value of projects from 10 000 to 200 000 Eur. [↑](#footnote-ref-3)
3. Iceland, Liechtenstein and Norway [↑](#footnote-ref-4)
4. During implementation of a project, standard scales of unit costs shall not be changed, except in case if the rate of VAT applicable to fuel and (or) public transport changes and (or) the National Focal Point, the audit institution or any other institutions that have carried out the audit (in case the methods of standard scales of units costs applicable in the projects implemented under the European Structural Funds are used, the managing authority or audit institutions of the European Structural Funds) determine that the amounts of standard scales of unit costs or conditions for their application were not correctly set, the revised amount or amended conditions for their application become applicable since the date the revised amount or amended conditions enter into force. [↑](#footnote-ref-5)
5. During implementation of a project, standard scales of unit costs shall not be changed, except in case if the National Focal Point, the audit institution or any other institutions that have carried out the audit (in case the methods of standard scales of units costs applicable in the projects implemented under the European Structural Funds are used, the managing authority or audit institutions of the European Structural Funds) determine that the amounts of standard scales of unit costs or conditions for their application were not correctly set, the revised amount or amended conditions for their application become applicable since the date the revised amount or amended conditions enter into force. [↑](#footnote-ref-6)