

APPROVED

By the Order of the Director of the
Innovation Agency
Order No of December 2022

**NORWEGIAN FINANCIAL MECHANISM 2014-2021
PROGRAMME "BUSINESS DEVELOPMENT, INNOVATION AND SMES"
CALL FOR PROPOSALS UNDER ICT FOCUS AREA**

**CHAPTER 1
GENERAL PROVISIONS**

1. The call for proposals under ICT 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:

4.1. 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;

4.2. Memorandum of Understanding on the implementation of the Norwegian Financial Mechanism 2014-2021 between the Republic of Lithuania and the Kingdom of Norway;

4.3. 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;

4.4. Guidelines adopted by the NFMA in accordance with the Regulation (hereafter referred to as the "Norway Grants Guidelines")¹;

4.5. 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");

4.6. Guidance on functions of the institutions responsible for management and control of 2014-2021 European Economic Area and Norwegian Financial Mechanisms in Lithuania, approved by the order of Minister of Finance of the Republic of Lithuania Nr. 1K-389 of 12 November 2018.

¹ <https://eeagrants.org/resources/eea-and-norway-grants-2014-2021-core-indicator-guidance>
<https://eeagrants.org/resources/2014-2021-communication-and-design-manual>
<https://eeagrants.org/resources/2014-2021-bilateral-guideline>
<https://eeagrants.org/resources/2014-2021-bilateral-guideline-annex-6-partnership-agreement-template>
<https://eeagrants.org/resources/2014-2021-financial-guidance>

4.7. 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, with the last amendment by Commission Regulation (EU) 2021/1237 of 23 July 2021 (hereafter referred to as "State Aid Regulation").

4.8. 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", with the last amendment by Commission Regulation (EU) 2020/972 of 2 July 2020 (hereafter referred to as "*De minimis* Regulation").

5. Definitions used in the Call:

5.1. **Application** – the action of putting equipment, machines or any other device into operation.

5.2. **Automation** - application of automation technology in production processes. The end goal is to drive greater efficiency by either increasing production capacity or reducing costs.

5.3. **Automation technology** – equipment, machines and mechanisms controlled by computers and operating automatically.

5.4. **Digitalisation** – application of production process equipment with integrated digital technology.

5.5. **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.

5.6. **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.

5.7. **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.

5.8. **Innovation** – as defined in the Law of the Republic of Lithuania on Technology and Innovation.

5.9. **Manufacturing entity** – an entity carrying out an economic activity in line with Classification of Economic Activities (NACE Rev. 2), approved by 31 October 2007 order No. DĮ -226 "On approval of Classification of Economic Activities" of the Director general of Statistics Lithuania, under the section C "Manufacturing" (except for C 11 "Manufacture of beverages" (except for 11.07 "Manufacture of soft drinks; production of mineral waters and other bottled water"), C 12 "Manufacture of tobacco products", C 19 "Manufacture of coke and refined petroleum products", C 21 "Manufacture of basic pharmaceutical products", C 25.4 "Manufacture of weapons and ammunition", C 30 "Manufacture of other transport equipment" and C 33 "Repair and installation of machinery and equipment").

5.10. **New product** – goods and services that differ significantly in their characteristics or intended uses from products previously produced by the firm.

5.11. **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.

5.12. **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.

5.13. **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.

5.14. **Production process equipment with integrated digital technology** – a digital technology or a digital technology and solution related to it, encompassing machinery, equipment and software which is an integral part thereof. Each production process equipment funded under the project shall have integrated digital technology.

5.15. **Productivity** – output per unit of labour taking into account staff costs, depreciation and income from ordinary activities.

5.16. **Single undertaking** includes all enterprises having at least one of the relationships with each other as defined in the point 3 of the Paragraph 3 under the Annex I to State Aid Regulation and the Paragraph 2 of Article 2 of De minimis Regulation.

5.17. **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.

5.18. **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.

5.19. **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. Public entity Innovation Agency (hereinafter referred to as Programme operator) is responsible for the implementation of the Programme. The Ministry of Economy and Innovation of the Republic of Lithuania is the Programme partner and Innovation Norway is the 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 maximum available amount of funding for projects under the Call is up to € 2 989 952 (€2 541 459 – Norway Grants contribution, € 448 493 – co-financing from the Lithuanian budget).

11. The aim of the Call is to increase competitiveness of Lithuanian enterprises in the field of ICT.

12. Eligible activity under the Call – application of new products/ technologies. Funding will be provided for introduction² (application) of new technological solutions for digitalisation or automation of production processes, which would help to increase productivity in Lithuanian manufacturing entities.

13. The Call launch date and an application deadline are specified in the Call announcement.

CHAPTER 2

REQUIREMENTS FOR APPLICANTS, PROJECTS PROMOTERS AND PARTNERS

² Introduction shall be in line with a definition of initial investment as it is defined in Paragraph 49 (a) of Article 2 of State Aid Regulation, i.e. an investment in tangible and intangible assets related to extension of the capacity of an existing establishment, diversification of the output of an establishment into products not previously produced in the establishment or a fundamental change in the overall production process of an existing establishment.

14. Eligible applicants under the Call are SMEs established as a legal person in Lithuania.

15. 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.

16. 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 for funding, a signed partnership agreement shall be submitted to Programme operator 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. If a project is implemented with a Donor State partner, in line with the paragraph 292.2 of the National Rules, a partnership agreement shall include a clause specifying which party to the agreement will purchase and pay for the auditing services for the Donor State partner's incurred expenditure and ensure that a provider of auditing services will be competent to audit such expenditure and certify that the expenditure incurred by a Donor State partner is compliant with the requirements of the Regulations, legal acts and accounting principles applicable in the Kingdom of Norway.

17. Funding under the Call shall not be allocated to an Applicant:

17.1.if he falls under the category of an undertaking in difficulty;

17.2.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

18. A project shall meet formal assessment criteria, general eligibility and specific compliance criteria, provided in the Annex 1 to the Call.

19. 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 number of points per each criterion is indicated in the Annex 2 to the Call.

20. A project shall meet administrative criteria provided in the Annex 3 to the Call.

21. Project activities shall be implemented physically within the territory of Lithuania. If consultations are provided by a partner from Norway, activities might be implemented in Lithuania and Norway. The place of project activities is defined as the place where project activities are being carried out by the staff assigned to implement project activities.

22. Duration of a project shall not be longer than 12 months from the date a project contract is signed. All project activities must be completed and the final payment claim must be submitted by the date stated in subparagraph 33.1 of the Call.

23. Implementation of project activities shall start no later than within 3 months from the day a projects contract is signed.

24. Implementation of a project shall start not earlier than the date on which Programme operator decides to award a grant to a project. A day after Programme

operator 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 Programme operator makes a decision to grant funding to a project, the whole project becomes ineligible and no funding shall be allocated for it.

25. 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 26–27 of the Call.

26. 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.

27. All projects shall include and measure the following outcome indicators:

27.1. Project promoter's estimated annual growth in turnover;

27.2. Project promoter's estimated annual growth in net operational profit.

27.3. Number of new ICT products/ technologies applied (new-to-enterprise).

28. 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.

29. 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

30. 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.

31. The maximum amount of grant assistance applied for shall be Euro 600,000.

32. The minimum amount of grant assistance applied for shall be Euro 200,000.

33. Eligible expenditures of projects are those actually incurred by the Project Promoter or a Project Partner, which meet the following criteria:

33.1. 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;

33.2. expenditure shall be connected with the subject of the project contract and be indicated in the detailed budget of the project;

33.3. expenditure shall be proportionate and necessary for the implementation of the project;

33.4. 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;

33.5. expenditure shall be incurred and reimbursed without prejudice to the Norway Grants 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;

33.6. expenditure shall comply with the requirements of applicable tax and social legislation;

33.7. project expenditure has to be identifiable and verifiable, in particular through being recorded in the accounting records of the Project Promoter and/or project partner;

33.8. 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.

34. 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 and 14 of State Aid Regulation, *De minimis* Regulation and requirements set for eligible expenses in this Call.

35. State aid exempted under State Aid Regulation, as specified in Paragraph 5 of Article 8 of 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 “Regional aid under Lithuania's map for granting regional aid from 1 January 2022 to 31 December 2027” No. 1123 of 22 December 2021, issued by the Government of the Republic of Lithuania.

36. *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.

37. 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). Programme operator 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.

38. During assessment of an application Programme Operator 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 and 6 to

the Call). The decision regarding financing a project having been made, within 20 working days, Programme operator will submit to register the amount of the granted State aid and within 5 working days 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'). In case aid awarded exceeds the threshold indicated in the Article 9 (1(C)) of State Aid Regulation, within six months from the date on which the aid is awarded, Programme operator will provide information about the aid awarded on the state aid Transparency public search page of the European Commission <https://webgate.ec.europa.eu/competition/transparency/>.

Article 2 REQUIREMENTS FOR FUNDING OF PROJECTS

39. State aid for the activity presented in paragraph 12 of the Call is granted in line with articles 14 ("Regional Investment Aid") of State Aid Regulation.

40. State aid modalities for the Call are presented in the Table 1.

Table 1. Types of eligible expenditure

No	Activities	Aid intensity %	State aid
1.	Investments in tangible and intangible assets (for eligible expenditure see Table 2, paragraph 3)	Small company (Vilnius district) up to 55%, Medium-sized company (Vilnius district) up to 45%.	Regional investment aid (art 13, 14 of State Aid Regulation)
		Small company (Klaipeda district) up to 60%, Medium-sized company (Klaipeda district) up to 50%.	
		Small company (Alytus, Kaunas, Marijampole, Panevezys, Šiauliai, Taurage, Telsiai and Utena districts) up to 70%. Medium-sized company (Alytus, Kaunas, Marijampole, Panevezys, Šiauliai, Taurage, Telsiai and Utena districts) up to 60%.	
2.	Consultancy related to conducting procurements of a project (including salary) (for eligible expenditure see Table 2, paragraphs 4.1 and 6.2.3)	Small and medium-sized companies up to 50%	De minimis aid (art 3)

3.	Consultancy or advisory related to the implementation of activities specified in the paragraph 12 of the Call (for eligible expenditure see Table 2, paragraph 6.2.2)		
4.	Travel costs (for eligible expenditure see Table 2, paragraph 5)		
5.	Costs of external auditing (Norwegian partner) (for eligible expenditure see Table 2, paragraph 4.2)		
6.	Complying with communication requirements, including staff costs (for eligible expenditure see Table 2, paragraph 4.2 and 6.2.1)		

41. The maximum grant rate should be determined for the Project promoter and Partner (-s) separately.

42. The Applicant and (or) a partner (-s) shall secure financing for the part of eligible expenses that is not covered by the grant.

43. 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.

44. 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.

45. 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 shall not use a grant amount intended for a partner to cover its own expenses.

Article 3 PROJECT EXPENDITURES

46. A project budget, including its breakdown based on eligible types of expenditure under the Call, is provided in an Application. It shall be noted that inclusion of an expenditure item in a project budget, cannot be considered as confirmation of eligibility of that expenditure item.

47. 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.	Equipment (tangible assets)	<p>3.1. The entire purchase price of a new equipment may be considered eligible in case the equipment is an integral and necessary component for achieving the outcomes of the project. In this case a Project Promoter shall:</p> <p>3.1.1. provide justification on the use of equipment and obtain Programme operator approval (justification is provided in the Annex 4);</p> <p>3.1.2. 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;</p> <p>3.1.3. ensure that the equipment is properly insured and maintained during implementation of a project and at least 5 years after completion of a project.</p> <p>3.2. Purchase contracts for of new equipment shall be concluded in line with:</p> <p>3.2.1. Law of the Republic of Lithuania on Public Procurement and provisions of the Regulation. A partner from Norway shall comply with the law on the public procurement of the Kingdom of Norway and provisions of the Regulation.</p> <p>3.2.2. 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.</p> <p>3.3. Equipment is defined as movable tangible and intangible assets (which is an integral part of tangible assets and essential for ensuring functionalities thereof) directly used to carry out an activity.</p> <p>3.3.1. Tangible assets shall be understood as movable and stationary 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.</p>

		<p>3.3.2. Intangible assets – assets which do not have a physical or financial embodiment such as patents, licenses, know-how or other intellectual property. Intangible assets shall fulfil all of the following conditions:</p> <p>3.3.2.1. shall be an integral part of the tangible assets and necessary for the functionality thereof;</p> <p>3.3.2.2. shall be exclusively used by the subject receiving the state aid;</p> <p>3.3.2.3. shall be regarded as amortizable assets;</p> <p>3.3.2.4. shall be purchased under market conditions from third parties unrelated to the buyer;</p> <p>3.3.2.5. must be included in the assets of the undertaking receiving the aid and must remain associated with the project for which the aid is granted for at least five years.</p>
4.	Goods (current assets) and services	<p>4.1. Consultancy services related to conducting procurements of a project.</p> <p>4.2. Costs arising directly from requirements imposed by a project contract, i.e., communication and information activities and auditing costs incurred by a Norwegian partner.</p> <p>4.3. Costs specified under the paragraphs 4.1 and 4.2 shall be concluded in line with:</p> <p>4.3.1. Law of the Republic of Lithuania on Public Procurement and provisions of the Regulation. A partner from Norway shall comply with the law on the public procurement of the Kingdom of Norway and provisions of the Regulation.</p> <p>4.3.2. 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.</p> <p>4.4. Costs specified under the paragraphs 4.1 and 4.2 may not exceed 20% of all eligible project expenditure.</p>
5.	Travel and subsistence allowances	<p>5.1. Travel and subsistence allowances related to travel of project promoter’s or partner’s from Norway staff taking part in a project, including daily allowances.</p> <p>5.2. 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.</p>

		<p>5.3. For partners from Norway, travel and subsistence allowance, including daily allowances, are determined on the basis of partner's usual practice on travel costs.</p> <p>5.4. Transport costs incurred by a Project promoter or Lithuanian partner 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, issued by the Ministry of Finance of the Republic of Lithuania on 22 June 2015, published on the webpage www.esinvesticijos.lt (section 'Documents', sub-section 'Research', 'Research on Standard Scales of Unit Costs'), a fixed sum of 0,07 Eur/km excluding value-added tax (VAT) or 0,08 Eur/km including VAT.</p>
6.	The cost of staff assigned to the project	<p>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. These costs are covered as <i>de minimis aid</i>.</p> <p>6.2. Staff assigned to implement a project is considered as project promoter's or partner's employees directly involved in implementation of:</p> <p>6.2.1. communication and information activities;</p> <p>6.2.2. consultancy or advisory related to implementation of activities specified in the paragraph 12 of the Call.</p> <p>6.2.3. consultancy or advisory related to project procurements (one person employed by a project promoter). These costs are considered eligible when project procurements are conducted by a project promoter's employee and under the condition that consultancy services related to conducting procurements of a project are not purchased from external consultants as it is specified in paragraph 4.1 of the Table 2 of the Call.</p> <p>6.3. Wage costs shall not exceed existing on the market salary rates of corresponding specialisation and qualification workers. 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</p>

		<p>Project Promoter information on an average salary in the entity concerned (institution or organisation, etc.)</p> <p>6.3.1. 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.</p> <p>6.4. 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-005³, 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").</p> <p>6.4.1. For partners from Norway, wage costs of holidays and additional rest days will be calculated on the basis of partner's usual practice.</p>
7.	Indirect costs	Not applicable

48. The following costs shall not be considered eligible under the Call:
- 48.1. costs which do not meet the requirements set out in paragraph 33 of the Call.
- 48.2. purchase of land and real estate;
- 48.3. interest on debt, debt service charges and late payment charges;
- 48.4. charges for financial transactions and other purely financial costs, except costs related to accounts and financial services imposed by the Project Contract;
- 48.5. provisions for losses or potential future liabilities;
- 48.6. exchange losses;
- 48.7. recoverable VAT;
- 48.8. costs that are covered by other sources;
- 48.9. fines, penalties and costs of litigation, except where litigation is an integral and necessary component for achieving the outcomes of the project;
- 48.10. excessive or reckless expenditure, for example, disproportionate to the goal a project aims to achieve.

CHAPTER 5 SELECTION OF PROJECTS

³ 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.

49. Project Selection is carried out by Programme operator following the provisions of Chapter XVII of the National Rules.

50. The Call announcement is to be posted on an EEA and Norway Grants webpage www.norwaygrants.lt.

51. An application shall be filled in online via an electronic data exchange portal for 2014-2021 European Economic Area and Norwegian Financial Mechanisms (hereafter referred to as "DMS") and together with other supplementary documents submitted before the deadline specified in the Call announcement. An application submitted not by DMS, will not be accepted and will be returned to an Applicant.

52. If DMS or the electronic system administered by Programme operator do not function and an Applicant cannot submit an application or its annexes by the deadline, Programme operator 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.

53. Together with an application the following documents shall be submitted:

53.1. A business plan. A recommended template of a business plan is provided with the documents of the Call. If a business plan is not drafted according to the recommended template, it shall contain all the information indicated in the recommended template.

53.2. A detailed activity budget of an Applicant and a partner (if a project is implemented together with a partner (-s)).

53.3. Documents supporting validity of a project budget (for example, commercial offers, links to market prices, etc.). To ensure that planned costs of goods and services do not exceed an average market value no less than three commercial offers for each planned expenditure shall be provided. In case three commercial offers cannot be provided, an Applicant shall provide justification.

53.4. Documents supporting capacity of an Applicant and a partner to cover their financial contribution to a project and ineligible expenses⁴:

53.4.1. If funding is provided by a legal person:

53.4.1.1. debtors and creditors list (compiled no longer than 30 days prior to the date of submission of application);

53.4.1.2. forecasted cash flow in months for duration of a project. *Applicable if an Applicant or a project partner declares that own contribution will be covered from the forecasted cash flow.*

53.4.1.3. documents justifying planned sales (contracts, orders, letters of intent, etc.). *Applicable if an Applicant or a partner declares that own contribution will be covered from forecasted cash flow.*

53.4.1.4. Decision of the Applicant's or partner's shareholders (natural persons) to grant a loan or increase equity capital. *Applicable if Applicant's / project partner's shareholder secures Applicant's / partner's own contribution;*

53.4.1.5. decision of Applicant's or partner's shareholders (legal persons) or shareholders of a non-linked legal person to grant a loan. A concluded loan agreement and the document certifying the receipt of funds specified in a loan agreement shall be submitted for Programme operator by the date of project contract signing. *Applicable if a legal person secures Applicant's / project partner's own contribution;*

53.4.1.6. statement from a bank (credit institution, legal persons) to grant a loan for a project, loan agreement, letter of intent, etc. A concluded loan agreement and the document certifying the receipt of funds specified in a loan agreement shall be submitted for Programme operator by the date of project contract signing.

53.4.2. If funding is provided by a natural person:

⁴ In all cases a project promoter cannot use tangible assets which were created or purchased from a grant allocated to a project as a liability to ensure own contribution to a project.

53.4.2.1. documents proving natural person's credit history (e. g. credit history from "My creditinfo", credit history from Loan Risk Database of the Bank of Lithuania);

53.4.2.2. Declaration of income for the last period, which was submitted for the tax authority.

53.4.2.3. Documents related to held assets: assets declaration submitted for the tax authority, explanation about available funds / origin of assets.

53.5. A Draft Partnership Agreement, if a project is implemented together with a partner.

53.6. Information required to assess compliance of the project with the requirements of the Call and project criteria (Annex 4).

53.7. Communication plan.

53.8. An Applicant certifies conformity with the requirement stated in State Aid Regulation paragraph 16 of Article 14 prepared in a free format declaration.

53.9. A questionnaire on eligibility of VAT (applicable to Lithuanian entities), if an Applicant asks for VAT to be recognized as eligible expenditure, i. e. includes this expenditure into a project budget. For partner from Norway, recoverability of VAT shall be established on a case by case basis.

53.10. 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):

53.10.1. for Lithuanian Applicants and partners - 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;

53.10.2. for partners from Norway - the European Commission SME declaration form.

53.11. Declaration of a Single Undertaking (applicable to Lithuanian entities).

53.12. Relevant registration certificates (applicable for partners from Norway).

53.13. A copy of the last approved annual financial statement (applicable for partners from Norway and linked / partnering companies of an applicant or a partner (-s) registered outside Lithuania. For Lithuanian applicants and partners applicable only if financial reports were not submitted to the State Enterprise Centre of Registers).

54. If a project is implemented with a Norwegian partner (-s), project documents or a part of them listed in the paragraph 53 of the Call could be drafted and submitted in English. In all other cases the documents shall be submitted in the Lithuanian language.

55. Only one application per Applicant shall be submitted under the Call. If an applicant has submitted more than one application, only the first application (determined on the basis of date and time of submission) will be assessed.

56. Applicants are informed and consulted in line with the Chapter III of the National Rules. Contacts to the Norway Grants group at Programme Operator, 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.

57. Programme Operator carries out eligibility, selection and administrative criteria assessment. Selection and eligibility criteria assessment will be conducted simultaneously. If selection criteria assessment is finished prior to completion of the eligibility criteria assessment, Programme operator shall not finish or conduct the eligibility assessment of those projects which in a project ranking take a place below the threshold in respect to available funding under the Call, including the reserve list. The reserve list of projects shall correspond to 10 % of the total available funding under the Call. If projects score the same number of points, projects on a list

compiled with the respect to points given during the selection criteria assessment, take the place based on the date and time of submission of an application.

58. 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.

59. Administrative criteria assessment will be done in the final stage of evaluation process. Administrative criteria are provided in the Annex 3 to the Call.

60. During assessment of evaluation criteria, projects will be rated by giving points for the criteria specified in Annex 2 to the Call:

60.1. 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.

60.2. An application can be awarded with the maximum of 100 points. The minimum amount of points under the Call is 40. 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 Programme Operator 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.

61. Information about each evaluation stage shall be published on 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.

62. 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. Programme operator can prolong the assessment if:

62.1. more than 25 applications were submitted;

62.2. during assessment of applications, interpretation of some evaluation provisions is necessary and therefore FMO, Programme partners, the National Focal Point or some other relevant institutions shall be addressed. In this case, evaluation is prolonged for the period equal to the period from the date of referral to the date of receipt of reply.

63. During assessment of an application Programme operator can ask an Applicant to submit missing information and (or) documents. Request to submit missing information and (or) documents will be sent no more than twice. Afterwards, no additional requests will be sent and the Application will be assessed based on the provided information. The scope of information and (or) documents shall not exceed the scope of information and (or) data specified in the Programme operator's request; explanation can be provided by submitting certificates or other documents, for issue of which an applicant had addressed competent authorities and the answer from which had not been received by submission of an application; technical mistakes are being corrected or other adjustments made which do not improve the quality of an application, but are necessary for its assessment. An applicant has to submit missing information or documents via DMS in Lithuanian, with the exception specified in the paragraph 54 of the Call.

64. During the selection criteria assessment, request to submit explanations and (or) additional information shall not be sent to an Applicant if experts find information provided in the Application sufficient to make decision, i.e., experts cannot ask for explanations and (or) additional information which does not explain compliance of the project with the criteria, but strengthens compliance of the project with the criteria.

65. An Application shall be rejected and not further evaluated if:

65.1. an Applicant has not submitted compulsory documents specified in the paragraph 53.1 – 53.6 or these documents are not filled in by the Applicant.

65.2.application does not comply with at least one general eligibility and specific compliance criteria indicated in Annex 1 of the Call;

65.3.an Applicant does not comply with at least one administrative criterion indicated in Annex 3 of the Call;

65.4.if an Applicant has provided misleading information in an application or an Applicant is seeking to illicitly influence evaluation results or evaluators;

65.5.if a project scores less than 40 points during assessment of the selection criteria.

65.6.a project ranking takes place below the threshold in respect to available funding under the Call, including the reserve list as indicated in paragraph 58 of the Call.

66. Programme Operator, based on the decision of the Selection Committee, will make a decision on which projects shall be awarded with a grant. Aid payable in several instalments shall be discounted to its value at the moment it is granted, as it is determined in the Article 7 (3) of State Aid Regulation and Article 3 (6) of *De minimis* Regulation.

67. Programme Operator 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. Programme operator, no later than within 10 working days from the date the decision is made, sends notification to applicants whose applications have been rejected, provides explanation of rejection, as well as indicates the procedure for appealing Programme operator's decision.

68. Programme Operator will conclude a project contract with an Applicant whose project has been approved to be funded from the Norway Grants and State funds. Programme Operator 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.

69. 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.

70. 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 fulfil conditions which are to be fulfilled prior to signing an agreement, it will be deemed as a refusal to sign an agreement. The deadline may be extended by the agreement of both parties.

71. Projects contract is concluded, amended and terminated following provisions stated in Chapter XVIII of the National Rules.

Chapter 6 REQUIREMENTS FOR PROJECT IMPLEMENTATION

72. A project is implemented in line with the requirements set in a projects contract, the Call and the National Rules.

73. 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.

74. 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.

75. 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.

76. 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 Programme Operator 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.

77. If project activities are not commenced within 3 months from the day on which a projects contract is signed, Programme Operator has the right to unilaterally terminate a projects contract, in line with the procedure stated in paragraph 256 of the National Rules. If Programme Operator 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, Programme Operator makes a final decision regarding extension (non-extension) of an agreement.

78. 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.

79. An advance payment:

79.1. During project implementation, the maximum amount of an advance payment may not exceed 30% of the total grant amount. Maximum advance payment will be determined individually in a project contract;

79.2. 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;

79.3. 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.

80. Interim payments:

80.1. Interim payments will be based on verified and approved by the Programme operator payment claims submitted by a project promoter;

80.2.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;

80.3.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.

81. The final payment claim shall be presented not later than within 20 working days after the completion of the project.

82. On-site monitoring visits are carried out in line with Chapter XX of the National Rules.

83. 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

84. Applicants and Project Promoters have a right to challenge Programme Operator decisions and acts (or omissions) before the Administrative Disputes Commission of the Republic of Lithuania or Vilnius Regional Administrative Court.

85. All the documents related to project implementation shall be kept in line with the procedure and periods presented in Chapter XXVI of the National Rules and in line with the period indicated in the Article 12 of State Aid Regulation.

86. 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.

87. 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 Programme Operator 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 Programme Operator.

88. The Call can be amended in line with the procedure described in Section 2 of Chapter XVII of the National Rules.

