

APPROVED

By the Order of the Director of the Agency for  
Science, Innovation and Technology  
Order No 2V-271 of 24 June 2020

## **NORWEGIAN FINANCIAL MECHANISM 2014-2021 GENERAL TERMS AND CONDITIONS OF THE PROJECT CONTRACT**

### **1. Concepts and use of terms**

1.1. The Project Contract (hereinafter referred to as the Contract) consists of the General Conditions of the Contract, the Special Terms and Conditions of the Contract and all their annexes.

1.2. Other terms used in the Contract shall be construed as defined in the Regulation on the implementation of the Norwegian Financial Mechanism 2014-2021, approved by the Ministry of Foreign Affairs of the Kingdom of Norway on 23 September 2016 (hereinafter the Regulation), Description of the functions of the institutions responsible for the management and control of 2014-2021 European Economic Area and Norwegian Financial Mechanisms in Lithuania, approved by Order No. 1K-389 of the Minister of Finance of 12 November 22 “On the implementation of the European Economic Area and Norwegian Financial Mechanisms 2014-2021 in Lithuania” and the Rules on administration and financing of European Economic Area and Norwegian Financial Mechanisms 2014-2021 (hereinafter the MAFT).

1.3. The headings and titles of the clauses of the Contract shall not be utilized in interpretation of the Contract. Depending on the context, the words in singular can encompass plural and vice versa, and the words in masculine can encompass feminine and vice versa.

### **2. Rights and obligations of the parties to the Agreement**

2.1. The Project Promoter undertakes to:

2.1.1. implement the project in accordance with the conditions of the Contract in order to achieve the project goals, objectives and results referred to in Annex hereto;

2.1.2. to allocate human, technical, intellectual, material and other resources necessary and suitable for the duly performance of the conditions of the Contract and assurance of duly implementation of the project;

2.1.3. to use the funds intended for the financing of the project only for the payment of eligible costs related to the implementation of the project and for the proper settlement of such costs in accordance with the terms and conditions of the Contract;

2.1.4. During the implementation of the project to use an electronic data exchange portal for 2014-2021 European Economic Area and Norwegian Financial Mechanisms (hereinafter the DMS), in accordance with the procedures laid down in the Rules for the use an electronic data exchange portal for 2014-2021 European Economic Area and Norwegian Financial Mechanisms (hereinafter the DMS Rules), with the exceptions set out in the MAFT and in this Contract;

2.1.5. to properly manage the separate accounting of project costs – accounting information must be appropriate, objective, timely and complete;

2.1.6. to record all economic and other operations related to the implementation of the project, to maintain the documents related to these operations in accordance with the procedure established by MAFT;

2.1.7. to provide to the Agency for Science, Innovation and Technology (hereinafter the Agency) all information on the progress of the project in a timely and appropriate manner. Submit reports to the Agency after the completion of the project within the period laid down in the Special Conditions of the Contract;

2.1.8. To provide additional information to the Agency within the time limits set by the Agency, to address weaknesses in payment requests, project implementation and post-project reports;

2.1.9. immediately inform the Agency in writing of any relevant or anticipated deviations from the Contract that leads to the change the project scope, project costs, project implementation period or otherwise change the Contract or the promoter's obligations under the Contract and, if necessary, initiate an amendment of the Contract in accordance with the procedure established in part 9 of the General Conditions;

2.1.10. following a decision by the Agency on the reduction of the funding allocated to the implementation of the project, the suspension of disbursement of these funds and/or the termination of the Contract, and/or the requirement to reimburse part or all of the project funding disbursed (including, if amount of project funding higher than laid down in the Contract, was received in error), to repay the amount of project financing funds indicated in the decision within the specified term and to fulfil the other requirements listed in the decision within the term specified in the decision. In the event of failure to repay the amount specified in the decision of the Agency within the set term, to pay default interest and interest calculated in accordance with the procedure specified in paragraphs 11.5 to 11.7 of the current version of resolution No. 590 of the Republic of Lithuania of 30 May 2005 "On the approval of the Rules of Repayment of Financial Assistance and Co-Financing to the State Budget of the Republic of Lithuania".

2.1.11. to carry out procurements in accordance with the procedure established in paragraph 10 of the General Conditions of the Contract;

2.1.12. to carry out mandatory information actions in accordance with the procedure established in paragraph 11 of the General Conditions of the Contract;

2.1.13. keep all documents relating to the project implementation as laid down in the MAFT and, where appropriate, submit them to the authorities and persons referred to in Sub-clause 7.1 of the General Conditions of the Contract;

2.1.14. when implementing the project, preparing and submitting payment requests and other documents related to the project implementation, to follow the MAFT, the Regulation, other legislation governing the activities of the Norwegian Financial Mechanism 2014-2021, forms and instructions of their completion prepared by the working group on the establishment of the management and control system processes for European Economic Area and Norwegian Financial Mechanisms 2014-2021, formed by Order No 1K-109 of the Minister of Finance of the Republic of Lithuania of 8 March 2018 "On the establishment of a working group", as well as the Agency's methodological instructions, guidelines, recommendations and other documents;

2.1.15. in the event of an amendment of legislation specified in Sub-clause 2.1.14 of the General Conditions of the Contract, forms, methodological instructions, guidelines, recommendations or other documents, to follow their changes and amendments from the date of entry into force of these amendments and/or changes;

2.1.16. When implementing the project, the Project promoter shall also have other rights and obligations established in this Contract, the Regulation, the legal acts of the European Union and (or) the Republic of Lithuania.

2.2. The Agency, in accordance with the Regulation, the Programme Agreement, the legislation governing the implementation of the Norwegian Financial Mechanism 2014-2021 and the legal acts of the Republic of Lithuania and documents regulating the internal work procedure, shall:

2.2.1. monitor the progress of the implementation of the project, the description and budget whereof are provided in the Annex (es) to the Contract, the implementation of the planned results of the project, and, where appropriate, require additional information from the Project Promoter;

2.2.2. in accordance with the procedure specified in the MAFT and the Description of procedure for supervision of procurements for the projects of European Economic Area and Norwegian Financial Mechanisms and of the Bilateral Fund projects and for non-contracting authorities and contracting authorities in accordance with Regulations, approved by Order of

2019/8-172 of 8 July 2019 of the Director of the Central Project Management Agency (hereinafter the Procurement Supervision Description), carries out the supervision of (public) procurements of the project promoter and partners (where applicable);

2.2.3. examine the payment requests applications by the project promoter and assesses the eligibility of project costs;

2.2.4. perform on-the-spot verifications at the site of project implementation and/or administration (hereinafter – on-the-spot verification), as well as may visit the project implementation and/or administration site for cognitive, advisory and other purposes;

2.2.5. provide comments and observations to the project promoter regarding the proper implementation of the project, request additional information from the project promoter and perform other actions to ensure proper supervision and control of the project implementation. In supervising and controlling the project implementation, the Agency shall also take into account the project content as defined in the project application and its annexes;

2.2.6. upon suspicion of a violation of the use of funding or receipt of information about it from other sources, conduct an investigation of the suspected violation in accordance with the procedure established by the MAFT;

2.2.7. decide on the amendment and termination of the Contract in accordance with the MAFT and this Contract;

2.2.8. supervise the continuity of the project in accordance with the procedure established by MAFT and this Contract;

2.2.9. in the performance of its functions, it shall have other rights and obligations established in this Contract, the Regulations, the Program Agreement, MAFT and other legal acts of the Republic of Lithuania.

### **3. Eligible Project Costs**

3.1. Eligible project costs include the costs if they:

3.1.1. comply with the requirements established in the Regulation, MAFT, guidelines for applicants, as well as in this Contract and other legal acts of the Republic of Lithuania;

3.1.2. have been incurred exclusively for the purpose of achieving the objectives and results of the project, in accordance with the principles of transparent financial management, cost efficiency, efficiency and effectiveness, and are set out in the Annex to the Contract;

3.1.3. are related to the purpose and results of the project, specified in the project budget, proportionate and necessary for the implementation of the project;

3.1.4. are incurred and paid not earlier than at the beginning of the project implementation specified in the Special Conditions of the Contract and not later than the end of the project implementation. The exemption from the payment period shall apply to costs invoiced in the last month of the project's eligibility period – these costs are considered eligible if the invoice justifying the project costs is paid within 30 days of the end of the eligibility period for the costs.

3.1.5. the costs must be incurred and paid without violating the generally accepted accounting principles of the Regulation, international treaties of the European Union and the Republic of Lithuania, and the generally accepted accounting principles and legal acts of the Republic of Lithuania and other countries where project costs are incurred;

3.1.6. indirect costs and equipment depreciation costs are considered incurred when they are included in the accounts of the project promoter and/or partner;

3.1.7. project costs and supporting documents must be included in the project promoter's or partner's accounts and must be identified, verified and certified by appropriate accounting documents complying with the requirements of accounting legislation or documents of equivalent probative value and the traceability of these documents must be ensured.

3.2. Standard scales of unit costs, as specified in the Special Conditions of the Contract, may be used to cover the costs of the project. The Agency has the right to change the established amounts of standard scales of unit costs and the conditions of their application during the

implementation of the project, if it turns out that they have been incorrectly determined. In such a case, the revised amount or the conditions for its application shall apply to the project activity costs which take place from the date of entry into force of the adjustment of the size or the conditions for its application.

3.3. The Project Promoter shall assume liability for any differences in expenditure resulting from the procurement of goods, services or works, i.e. purchase and sale agreements, which stipulate any amounts exceeding the Project budget. Only the part of expenditure, whose amount does not exceed the amount of eligible expenditure on certain goods, services or works set forth under the project budget, shall be recognized as eligible expenditure.

3.4. The Project expenditure shall not be recalculated in the event of inflation, currency exchange, taxes or other risks.

#### **4. Submission of payment claim and procedure for paying of eligible project expenditure**

4.1. Funds for the implementation of the project shall be paid to the project promoter upon submission of payment claims through the DMS, in accordance with the established procedure and terms specified in MAFT.

4.2. A specific method (-s) of paying the project costs is (are) specified in the Special Conditions of the Contract.

4.3. Where pre-financing is applied for the project costs, the project promoter shall declare the costs incurred but not yet paid. In this case, the project promoter or partner, after receiving the project funding, shall pay it and the part of the own contribution within 5 business days, if the own contribution has not yet been transferred to the contractor, service provider and/or supplier, and shall, through the DMS, provide the Agency with a statement of the reimbursement of the costs incurred and attach documentary evidence to prove the costs. Until the project promoter or partner has not paid the funds specified in the payment claim to the contractor, service provider and/or supplier and the project promoter has notified the Agency via the DMS of the reimbursement of costs, the Agency shall not approve the next project promoter's payment claim (s) or may delay the time limit for checking them in accordance with the procedure laid down in the internal working procedure document.

4.4. Payment claim forms shall be completed in accordance with the DMS rules.

4.5. The project promoter must submit the first interim payment claim within 15 business days from the date of signing the Agreement, regardless of whether the project promoter has incurred costs or not.

4.6. An advance payment may be paid for the project, and the project promoter may submit an advance payment claim after the submission of the first interim payment claim. Along with the advance payment claim the project promoter must submit an advance insurance document (guarantee or letter of guarantee from the financial institution or insurance company, or a letter of guarantee from the financial institution). The advance insurance document must indicate the amount of the advance insurance, the beneficiary and the term of validity of the advance insurance document.

4.7. Interim payment claims must be submitted by the project promoter at least every 3 months from the date of submission of the previous interim payment claim, unless otherwise provided in the Special Conditions of the Contract or in the schedule of payment claims. Where a payment claim is made more often than 1 time in 3 months, the amount of the expenditure declared therein may not be less than EUR 3 000.

4.8. The final payment claim must be submitted by the project promoter to the Agency no later than 20 business days after the end of the project implementation deadline, but no later than by 10 May 2024.

4.9. Together with the interim and final payment claims, the project promoter must provide copies of the supporting documents for the reporting period and proof of payment (except in the cases provided for in paragraphs 290, 291, 295 and 296 of the MAFT).

4.10. Where costs are incurred by the Norwegian partner (s), the project promoter may submit the documents set out in point 292 of the MAFT together with the interim and final payment claims declaring the costs of the Norwegian partner (s).

4.11. Payment applications, documents of cost justification and proof of payment of the costs are verified, and eligible costs are determined by the implementing authority in accordance with the MAFT.

4.12. If an advance payment is paid to the project promoter, the project promoter must declare the costs incurred by submitting a payment claim to the Agency no later than 90 days from the date of receipt of the advance payment. If, within 90 days of receipt of the advance payment, the project promoter does not incur costs and does not submit a payment claim, the project promoter must reimburse the advance payment received within 5 business days of the Agency's request within 90 days of receipt of the advance payment.

4.13. The advance payment paid to the project promoter starts to be set off when the amount of project funding paid to the project promoter does not exceed 90 percent of the total allocated project funding, i.e. the advance payment must be set off before reaching this threshold. The amount of project funding disbursed includes the advance, interim and the final payments. With the approval of the Agency, the advance may be set off in a different manner. In such cases, the project promoter must justify the need for a different procedure for offsetting the advance payment.

4.14. During the entire project implementation, the project promoter may receive an advance payment amounting to no more than 30 percent of the amount of the funds allocated for the project implementation and co-financing, which is later set off after recognising the declared costs in accordance with the MAFT as eligible. The maximum amount of the advance payment that can be paid to the project is set out in point 1 of the Annex to the Contract.

4.15. If it is planned to pay an advance payment and/or apply the method of pre-financing to the project costs, the project promoter undertakes to have a separate account with the credit institution for the funds allocated to the project.

4.16. The Agency shall verify and approve payment claims within the deadlines set by the MAFT.

4.17. In cases specified by the MAFT, the deadline for verification of the payment claims may be suspended if, for justified reasons, suspending the verification of the payment claim would be more efficient and cost-effective than validating part of the payment claim costs or if validation of part of the costs declared in the payment claim is not possible (final payment claim has been submitted, the possible financial correction is greater than the remaining amount of funding for the project, etc.).

4.18. The project promoter shall be reimbursed all or part of the eligible costs of the project determined by the Agency in accordance with the exact ratio of the project funding specified in the Special Conditions of the Contract to the amount of eligible Project expenditure.

4.19. Funding allocated to the project shall be transferred to the Project Promoter's account by the State Treasury Department in accordance with the rules for issuing state budget funds from the state treasury account.

## **5. On-the-spot verification of project**

5.1. The Agency shall carry out an on-the-spot verification of the project at least once during the project implementation period, except in cases specified by the MAFT, in accordance with the MAFT and other legislation.

5.2. The Agency shall inform the project promoter via the DMS of on-the-spot visit at least 3 business days before the date of the on-the-spot visit. If prior notification of the planned on-the-spot visit to the project promoter may adversely affect the results of the on-the-spot visit, the Agency may carry out the on-the-spot visit without prior notification to the project promoter.

5.3. When the Agency informs the project promoter in advance about the on-the-site verification of the project, the project promoter shall ensure the participation of the project

promoter's manager or his authorised person and other persons responsible for the project implementation at on-the-spot verification. If it is not possible to facilitate the on-the-spot visit at the time specified by the Agency and/or the persons named in the notice of the on-the-site visit cannot participate, the project promoter shall immediately inform the Agency via DMS or other means, by stating the reasons.

5.4. After the on-the-site verification, the Agency shall complete the on-the-site verification form in accordance with the procedures established by MAFT and shall communicate it to the project promoter.

5.5. In the event of non-compliance with this Agreement and/or legislation during the on-the-site verification, which may be rectified by the project promoter, the Agency shall set the requirements and the deadline for compliance with these requirements.

5.6. In the event of a suspected breach of the Agreement, the Agency shall investigate the suspected breach in accordance with the procedures established by the MAFT.

## **6. Project Continuity**

6.1. After the end of the project, the project promoter must ensure the continuity of the project in accordance with the procedure established by the Regulation, MAFT and this Agreement.

6.1.1. Not to change the nature, objectives and/or implementation conditions of its activities for which the project funding is allocated after the end of the project for the continuity period specified in the Special Conditions of the Contract, and not to terminate these activities;

6.1.2. Not to sell, otherwise transfer, lease, pledge or otherwise encumber property rights in the property for the acquisition or creation whereof the funding is intended without the written consent of the Agency after the end of the project, as specified in the Special Conditions of the Contract. The consent of the Agency shall be given upon submission by the project promoter of arguments demonstrating that the transfer of assets or the lien is necessary for the successful fulfilment of the project continuity obligations.

6.1.3. The project promoter must ensure the achievement of the project indicators provided for in the Annex to the Contract for the project continuity period and fulfil other obligations specified in the Special Conditions of the Contract applicable to the project implementation and/or the continuity period.

6.2. The project promoter must inform the Agency in advance by e-mail of all relevant circumstances that may have a significant impact on the fulfilment of the project continuity requirements. Upon receipt of such information, the Agency assesses whether the project continuity requirements and the Contract have not been (will be) violated, and informs the project promoter by e-mail. If the project promoter fails to comply with the continuity requirements, the Agency shall initiate an infringement investigation in accordance with the procedure established by the MAFT, and upon detection of the irregularity and indication of the funds to be reimbursed, initiate the recovery of all or part of the project funding.

6.3. The project promoter shall, when reporting on the continuity of the project, report to the Agency no later than 20 business days each year after the completion of the project throughout the continuity period after the completion of the project by e-mail.

6.4. The Agency may ask the project promoter to verify the report after completion of the project and/or to carry out an on-the-spot verification. The Agency shall examine the report after the completion of the project in accordance with the procedures and deadlines set out in the Agency's internal document on the rules of procedure.

6.5. If the project promoter fails to submit the report in time for the completion of the project, the Agency shall send an e-mail reminder to the project promoter and set a deadline for the submission of the report after the completion of the project. If the project promoter fails to submit the project post implementation report in time also after the reminder and/or incorrect data in the project post implementation report, the Agency may suspect an irregularity and/or detect an irregularity and initiate a request for refund of the funds paid or part thereof.

## **7. Control of performance of the Contract and liability of the parties to the Contract**

7.1. The project promoter must ensure access of the responsible authorities of the Ministry of Foreign Affairs of the Kingdom of Norway, the EEA Financial Mechanism Committee, the Financial Mechanism Board, the Office of the Auditor General of the Kingdom of Norway, the Board of Auditors of the European Free Trade Association, authorities responsible for managing and controlling EEA and/or Norwegian Financial Mechanisms, and the responsible officials of the State Audit Office of the Republic of Lithuania with all project implementation documents during the project implementation period and 3 (three) years thereafter after the date of approval of the final program implementation report. The project promoter shall be informed by the Agency of the approval of the final report on the implementation of the programme in accordance with the procedure established by MAFT.

7.2. The project promoter shall cooperate with the authorities and individuals specified in clause 7.1 of these General Conditions of the Contract, submit any requisite information to them in timely manner and make it possible for them to inspect the implementation of the project and activities in situ, to enter any production, auxiliary facilities and other premises, to get familiar with the documents associated with the project implementation and accounting.

7.3. The Agency shall not be liable for damage caused by the project promoter and/or its partner (s) and directly or indirectly related to the performance of this Contract or the project implementation, if such damage is not due to the fault of the Agency. The Agency shall not be liable under this Contract for acts and/or omissions by public authorities or donor authorities.

7.4. In the event of force majeure, the parties to the Contract shall be exempted from liability for improper performance or non-performance of the Contract in accordance with the provisions of the Civil Code of the Republic of Lithuania and the Rules of Exemption from Liability in the Event of Force Majeure, approved by resolution No. 840 of the Government of the Republic of Lithuania of 15 July 1996 " On the Approval of the Rules on exemption from liability in case of force majeure".

## **8. Investigation and consequences of breaches of the Contract**

8.1. Breaches of the Contract shall be investigated and decisions on identified breaches shall be made in accordance with the procedure established by the MAFT.

8.2. If the project promoter, in implementing the project or during the period of continuity of the project laid down in the Special Conditions of the Contract fails to comply with the terms of the Contract and/or has infringed the terms of the Contract, other legal acts governing the activities of the Norwegian Financial Mechanism, as well as the legislation of the Republic of Lithuania and the European Union, the Agency shall have the right to initiate an investigation into the infringement. Upon finding an infringement, the Agency shall take the decisions specified in the MAFT.

8.3. Upon receipt of the decision on reduction of project funding funds, suspension of their disbursement and/or termination of the Agreement, and/or request to repay the disbursed project funding funds or part thereof and/or other decision, the project promoter must comply with the requirements specified in the decision and inform the Agency of their implementation.

8.4. The Agency may reopen the infringement investigation in the light of new circumstances which were not known and not assessed during the infringement investigation.

## **9. Amendment and Termination of the Contract**

9.1. Amendments to the Contract may be initiated by the Agency or the project promoter:

9.1.1. The project promoter shall submit a request to the Agency to amend the Contract together with the supporting documents for the request;

9.1.2. The Agency shall send a notice to the project promoter about the initiated amendment to the Contract, stating the reasons for the amendment.

9.2. Amendments to the Contract may be made in two ways:

9.2.1. by signing a supplementary agreement between the parties to the Contract (applicable if the project receives additional funding);

9.2.2. in the form of the exchange of letters between the Parties (hereinafter referred to as the simplified amendment to the Contract) (applicable in the event of a change in the terms of the Contract, with the exception of the allocated additional funding for the project).

9.3. Amendment of the Contract by signing an additional agreement or by performing a simplified amendment to the Contract shall be performed in accordance with the procedure and terms established by MAFT.

9.4. If the values of the project monitoring indicators and/or physical activity implementation indicators specified in the Contract (hereinafter collectively referred to as the indicator values) decrease, the Agency shall assess the reasons for the decline in the values of the indicators and the justification of funding allocated to the project, taking into account the reduced values of the indicators, and may initiate an amendment to the Contract, reduction of the amount of funding allocated to the project and/or the recovery of the funding or part of the funding disbursed (save for the exceptions provided for by MAFT).

9.5. The Agency shall have the right to terminate the Contract unilaterally in the following cases:

9.5.1. in case of breach of the Contract by the project promoter, when the amount of eligible costs of the project is reduced;

9.5.2. in the event of changes in legal acts that require amendments to the Contract;

9.5.3. the project promoter unreasonably does not agree with the amendment of the Contract initiated by the Agency.

9.6. Upon taking a decision to unilaterally amend the Contract, the Agency shall inform the project promoter in writing of the decision taken. Should the project promoter disagree with the amendment to the Contract or fail to perform the contractual conditions, the Contract shall be considered to be terminated.

9.7. The Contract may be terminated unilaterally by the Agency on its own initiative if:

9.7.1. the project promoter fails to properly fulfil the terms of the Contract in part or in full;

9.7.2. there is a final court order to initiate bankruptcy proceedings against the project promoter (except in the cases when the rights and obligations of the project promoter are transferred to another legal entity with the consent of the Agency).

9.8. The Contract may be terminated at the initiative of the project promoter in the event of circumstances requiring termination of the Contract. The project promoter shall submit a request to the Agency for termination of the Contract and state the circumstances of the need for termination.

9.9. Termination of the Contract at the initiative of the Agency or the program partner or the project promoter shall be carried out in accordance with the procedure and terms established by the MAFT.

9.10. The Contract may be amended and terminated in accordance with the procedure established by MAFT from the date of signing the Contract until the date of fulfilment of all obligations of the signatories under the Contract, i.e. during the project implementation period, the project continuity period and the document storage period.

## **10. Procurement**

10.1. When the project promoter or the partner is a contracting authority in accordance with the requirements of the Republic of Lithuania Law on Public Procurement, it is responsible for compliance with the Republic of Lithuania Law on Public Procurement and other legal acts on procurement.

10.2. When the project promoter is a contracting authority in accordance with the Regulation (the case referred to in Article 8.15 (2) of the Regulation), procurements are carried out in accordance with the Republic of Lithuania Law on Public Procurement, other legal documents regulating public procurements, and the Description of the Procurement Supervision.

10.3. The non-contracting authority is responsible for compliance with the requirements set out in the Description of the Procurement Supervision.

10.4. The Partner from the Kingdom of Norway is responsible for compliance with the procurement legislation of the Kingdom of Norway during the procurement.

10.5. The project promoter or partner shall plan, execute and provide information on the planned, executed and completed procurements, and the Agency shall supervise the procurements in accordance with the procedure established in the MAFT, the Description of the Procurement Supervision and the Special Conditions of the Contract.

## **11. Project publicity and informing**

11.1. When implementing the project, the project promoter and the project partners must carry out the publicity and information activities of the project provided for in the project communication plan approved by the Agency, the Regulation, MAFT and point 7 of the Annex to the Contract.

11.2. Publicity and information about the project must be prepared in accordance with the requirements set out in the Publicity Manual of the Norwegian Financial Mechanism (mechanisms website [www.norwaygrants.lt](http://www.norwaygrants.lt)).

11.3. The publicity and information material of the project must use the logo of the Norwegian Financial Mechanism, examples, technical characteristics and requirements for use whereof are set out in the Communication and Design Manual: EEA and Norway Grants 2014-2021.

## **12. Information and data processing, confidentiality**

12.1. The authorities responsible for the management and control of the Norwegian financial mechanisms shall have the right to collect, store and process information and data (including personal data) about the project promoter and its activities for the purposes of monitoring, controlling the project implementation and co-financing, evaluation, as well as information and data (including personal data) about the Project participants. The project promoter must ensure that he and his partners (if any) process personal data in the project in accordance with the requirements of legal acts. Information on the processing of personal data by the Agency is published on the Agency's website.

12.2. Information on the concluded Contract, indicating the project promoter's name, Project name, Project code, total amount of eligible Project costs, Amount of funding allocated to the Project, Date of signing the Contract, Project implementation deadline, brief Project description in Lithuanian and English, as well as information on the products created by the project (if their publicity does not contradict the legal acts of the Republic of Lithuania) are published on the websites [www.finmin.lrv.lt](http://www.finmin.lrv.lt), [www.lrv.mita.lt](http://www.lrv.mita.lt), [www.norwaygrants.lt](http://www.norwaygrants.lt) and on the program partner's website [www.eimin.lrv.lt](http://www.eimin.lrv.lt).

12.3. Other information provided in the Special Conditions and the Annex of the Contract shall not be made public without the consent of the parties, except for the cases specified in the legal acts of the Republic of Lithuania and/or the European Union and the Regulations.

## **13. Competition policy**

13.1. The Agency must assess whether the financing of the project, which was recognised as non-state aid during the project eligibility assessment, will not become state aid during the implementation of the project through amendments to the project contract.

13.2. The Agency must assess whether project funding declared eligible with the EU common market during the project eligibility assessment, project modification or additional funding in the project contract will not infringe Article 108(3) of the Agreement on the Functioning of the EU and will not constitute unlawful or misused aid as defined in Council Regulation (EU) 2015/1589 of 13 July 2015 laying down detailed rules for the application of Article 108 of the Agreement on the Functioning of the European Union (OL 2015 L 248, p. 9).

13.3. The project promoter must provide the Agency with information on the state aid received and to be received (if the project is subject to state aid rules) as well as *de minimis* aid (if the project is subject to the *de minimis* aid rules). The Agency shall, if necessary, contact the state and other institutions and bodies, other entities that may have the necessary information on the state aid and *de minimis* aid received and to be received by the project promoter or project partner (s).

13.4. The parties to the Contract undertake to cooperate with the Competition Council of the Republic of Lithuania and the providers of state aid and *de minimis* aid (if the *de minimis* aid rules apply to the project).

13.5. The Agency undertakes to monitor the repayment of funds declared incompatible with the EU single market, together with interest charged by the EC in the event of unlawful aid. In implementing this Contract, the Project Promoter must ensure to take steps to eliminate the unlawful aid and, if any is found, to refund the project funding which is declared incompatible with the EU single market in accordance with the law, within 20 (twenty business days) along with the interest rate established by the EC.

13.6. The Agency, having a reason to believe that an infringement of competition policy relating to the obligation of public administrations to ensure the freedom of fair competition may be committed or was committed in implementation of this Contract, shall inform the programme promoter and inform the Competition Council in accordance with the procedure established by the Republic of Lithuania Law on Competition.

#### **14. Applicable Law and Dispute Resolution**

14.1. This Contract shall be executed in accordance with the legislation of the Republic of Lithuania, the European Union and other legal acts and the Regulations. Any disputes between the parties with regards to performance of the Contract shall be resolved before a competent court of the Republic of Lithuania in accordance with the legal acts of the Republic of Lithuania.

#### **15. Notices**

15.1. The Contracting Parties agree that the notifications sent by the Contracting Parties to each other shall be sent via the DMS, save for MAFT and the exceptions provided for in this Contract.

15.2. The Parties to the Agreement must inform each other no later than within 2 business days of any change in their address, project account number, e-mail address and other contact details provided to each other in the Special Conditions and/or Annex to the Contract. The Party of the Contract, who fails to meet this requirement, shall not be able to file any claims or objections that the actions of the other Party carried out according to the last known contact data do not meet the conditions of the Contract, or that it has not received notices dispatched according to this last contact data.

#### **16. Other provisions**

16.1. The Agency, in carrying out the project supervision, shall take into account the content of the project as defined in the application, in its annexes and in the documents submitted during the evaluation of the application.

16.2. The main project activities (or the majority of them) are physically carried out in the territory of the Republic of Lithuania, and if this is not possible, then the results, products and benefits created during the carried out activity (ies) (and if it is possible to distinguish between parts of them – proportionate to the funding contribution) must be used in the activities of the applicant and/or partner (s) in the Republic of Lithuania.

16.3. The project must be implemented taking into account the possibilities of good governance (socially or otherwise excluded or differentiated groups of society to enjoy the same rights), the principles of assurance of sustainable development (for the purpose of economic, social development and environmental protection, taking into account their multiple interdependence and the expected consequences of implementation) and gender equality (ensuring equal opportunities for women and men and avoiding any discrimination of ethnic or racial origin, age, disability sexual orientation, belief or religion). The impact of the project on these principles may not be negative. The project must promote the implementation of the principle of sustainable development.

16.4. All tangible assets (equipment) acquired in the project, when its full value is financed, must be new (unused) before its acquisition.

16.5. When tangible assets are acquired or created during the project implementation, the continuity of investments must be ensured for five years after the end of the project funding in accordance with the procedure established in Chapter XXIII of the MAFT.

16.6. The project promoter must insure the long-term tangible assets purchased or created from the funds of the project, at the maximum insurance value of property against all potential risks. The property must be insured for the project implementation period from the moment when it is created or acquired and for at least five years from the end of the financing of the project in accordance with the procedure established by legal acts regulating the field of insurance and insurance mediation. In case of an insured event, the project promoter must restore the lost property, and must ensure that the partner also follows this obligation (s).

16.7. The project promoter and the partner must indicate the research and (or) R&D work expenses in the annual corporate income tax return submitted to the State Tax Inspectorate under the Ministry of Finance of the Republic of Lithuania in accordance with the laws on the taxation of profits and/or income tax and corporate tax.

16.8. The project promoter and the partner (s), in providing information to the statistical management institutions and bodies, under the statutory regulatory framework for statistics, undertake to provide information on R&D expenditure.

16.9. Intellectual property created during the project implementation may not be transferred free of charge or sold or otherwise transferred to other legal and/or natural persons at a price not corresponding to the market price for five years after the end of the project.

16.10. The prototype (s) or test batch products developed during the project may only be used for further R&D activities or demonstration for a period of five years after the end of the project.

16.11. The project promoter shall represent all partners in the execution of the Contract and the implementation of the project and shall ensure that the partners are properly informed of their responsibilities for the execution of the Contract and comply with all project implementation obligations under the Contract, the Partnership Agreement, the MAFT and the Regulation.

16.12. The project promoter must inform the Agency within 10 (ten) business days about any occurrences or expected deviations of the planned project implementation, due to which the equipment, facilities or other assets planned to be acquired in the project, the project costs, the project implementation period, the location of the project or any other changes in the project or the obligations of the project promoter in the manner laid down in the Contract.