



Action Plan

Improvements for policy instrument “INTELLECT. Joint science-business R&D projects” in Lithuania

March 2019



Contents

Introduction.....	3
Part I – General information	3
Part II – Policy context.....	3
Part III – Details of the actions envisaged	5
Performance indicators and monitoring of action plan implementation	<u>15</u> 14

Introduction

This action plan is a document providing details on how the lessons learnt from the INKREASE project will be implemented in order to improve Lithuanian policy instrument “INTELLECT. Joint science-business R&D projects”. Action plan specifies the nature of the actions to be implemented, their timeframe, the players involved, the costs and funding sources. The intended action plan timeline is the second phase of the “INKREASE” project from (01.04.2019 -31.03.2021).

Part I – General information

Project: INnovation and Knowledge for REgional Actions and SystEms (INKREASE)

Partner organisation: MOSTA (Research and Higher Education Monitoring and Analysis Centre)

Country: Lithuania

NUTS2 region: Lithuania

Contact person: Simas Dunauskas, email address: simas.dunauskas@mosta.lt

Part II – Policy context

The Action Plan aims to impact:

- Investment for Growth and Jobs programme
- European Territorial Cooperation programme
- ✓ Other regional development policy instrument

Name of the policy instruments addressed: “INTELLECT. Joint science-business R&D projects”.

According to its objectives and scope, the Intellect policy instrument is one of the most important instruments during this phase of the implementation of the Smart Specialisation Strategy in Lithuania. It is designed to encourage companies to invest in RDI activities for the development of innovative products, services or processes, and to promote the growth of companies and the establishment of new innovative companies by investing in RDI infrastructure and its development. Companies may carry out RDI activities in conjunction with partners (research institutions, universities and private legal entities). A total of EUR 60 million was allocated to the first call for proposals under the Intellect instrument. The maximum amount of financing per project is up to EUR 4,200,000. Applications may be submitted by private legal entities or public institutions which carry out RDI activities. Research and higher education institutions cannot be the main applicants. The selection of projects is carried out in two stages. In the first stage of the call for proposals it is assessed whether the submitted project, inter alia, meets the following requirements: (a) the planned activities correspond to RDI activities (69.5% of the 1st call applications rejected at this stage failed to comply with this requirement); (b) the planned activities correspond to the Smart Specialisation priority areas (5.7% of the 1st call rejected applications failed to comply with this criterion; another 19.1% failed to comply with both [a], and [b] requirements). During the second stage, the projects

with the greatest potential to contribute to the objectives of the Smart Specialisation programme and to achieve the required indicators are selected.

In total 3 calls have already been executed (620 applications received) and in total about 100 mln. Euros allocated to 196 applicants. The total planned budget for the Intellect instrument is 174 mln. Euros.

The goal of this action plan is to impact the 4th and other subsequent calls of this policy instrument by providing relevant actions, which could be beneficial to applicants, evaluators and administrators. **There is one main action - to impact the above mentioned policy instrument**, which consists of 10 sub-actions which should be submitted in advance to the Ministry of Economy and Innovation of the Republic of Lithuania when the open call for the submission of improvements will be announced.

The action plan is split into 4 sections:

- Insights for the strategic planning phase
- Insights for the application preparation phase
- Insights for application evaluation phase
- Insights for the implementation phase of the project

Insights for the strategic planning phase (sub-actions 1 and 2) - provides insights related to the strategic planning phase (open calls to submit applications concept, the allocation of funds, etc.), and Identifies possible solutions.

Insights for the application preparation phase (sub-actions 3, 4, 5 and 6) - provides insights for the application preparation phase challenges associated with the preparation of documentation, evaluation of suitable for financing project costs and identifies potential solutions.

Insights for application evaluation phase (sub-actions 7, 8 and 9) – provides insights for application evaluation challenges related to the comprehensiveness of the information provided in the application, the appropriateness of the evaluation criteria and identifies possible solutions.

Insights for the implementation phase of the project (sub-action 10) - provides insights on project implementation phase challenges related to the implementation of the activities and identifies the possible solutions.

Inspiration for the ACTION PLAN was gathered during the INKREASE knowledge exchange, which took place during phase 1. Insights were developed mainly during: reviewing INKREASE good practices, attending study visits, participating in peer review sessions, staff exchanges and learning camps. As it is hard to copy-paste and adapt some of the good practices from partner regions directly into other regions, it is advisable to use those practices as inspiration for the action plan development. Our main inspiration for the action plan was a good practice from Navarra region – “Tractor projects”. These type of innovation projects are a successful

funding scheme of the management of R&D regional funds with a focus on approach to market needs, seeking tangible and exploitable R&D results. This is a new way to manage R&D regional funds aimed at encouraging collaboration between research centres, universities and companies. "Tractor projects" policy instrument has many similarities to our instrument, that is why a detailed description of the financial conditions of this instrument was analyzed to link similarities and adapt some of the conditions to our instrument. In depth analysis of this GP and attendance of the peer review session was the main inspiration for the application preparation, evaluation and implementation phase actions.

We also got valuable insights during staff exchange in Denmark, Bologna and Austria where we gathered information on R&D project financing in those regions. The main finding was that in order to boost participation of young enterprises the conditions have to be adjusted to their needs. For instance, in previous calls there was no major difference if you were a beginner innovator or an experienced one, the amount of documents in application form was the same, even though beginners sometimes only applied for the 10 times lower amount of funding compared to experienced innovators. During the staff exchanges in Denmark, Bologna and Austria general simplification of regulations for the beginner innovators was observed and inspirations from staff exchanges are reflected in the strategic planning phase actions in this action plan document.

In addition, the Ministry of the Economy and Innovation of the Republic of Lithuania has approved the listed sub-actions as relevant and provided a written agreement to consider implementation possibilities in the further - upcoming calls.

Part III – Details of the actions envisaged

SUB-ACTION 1

Simplification of phase I documentation

1. The background

During phase I of the open call to submit applications the requirements for applicants are too strict and excessive. They are requested to provide too detailed / excessive information about project budget, risk evaluation etc. During phase I the feasibility of the concept should be evaluated and if approved the required information of the business plan should be submitted later during the phase II.

2. Action

Provide the described product idea and justification how it matches SMART specialization criteria, do not provide project budget, risk analysis.

This would save time, financial and human resources (both the applicant and the partner, and

the LBSA).

Formal final approval of new set of requirements for applicants and fine tuning of the new scheme should be done by the Ministry of the Economy and Innovation with support of Lithuanian Business Support Agency (LBSA)

3. Players involved

Ministry of Economy and Innovation (main policy institution, forming regulations, announcing calls for the policy instrument)

Lithuanian Business Support Agency (administrator of the calls, provides funding to applicants)

Business enterprises, Higher education and R&D institutions (applicants for the INTELLECT call)

Mosta (monitoring and analysis center, provides recommendations for policy instrument improvement)

4. Timeframe

This action should be submitted to the Ministry of the Economy and Innovation of the Republic of Lithuania before the launch of the 4th call for the policy instrument "INTELLECT. Joint science-business R&D projects". The proposed implementation timeframe is till the end of 2019.

5. Costs

This proposed action would cost manpower resources and to make changes in the call documentation is estimated to take up to 10 working days.

6. Funding sources

The policy instrument INTELLECT is financed by ERDF (2014-2020)

SUB-ACTION 2

Beginner VS mature innovators

1. The background

Mature innovators can get up to 6 times higher funding amount compared to beginner innovators, but the content and the amount of documents which have to be submitted is identical.

2. Action

Reduce the amount of documents / information which have to be submitted by beginner innovators, and thus encourage beginner innovators to submit more applications.

Formal final approval of new set of requirements for applicants and fine tuning of the new scheme should be done by the Ministry of the Economy and Innovation with support of



Lithuanian Business Support Agency (LBSA)

3. Players involved

Ministry of Economy and Innovation (main policy institution, forming regulations, announcing calls for the policy instrument)

Lithuanian Business Support Agency (administrator of the calls, provides funding to applicants)

Business enterprises, Higher education and R&D institutions (applicants for the INTELLECT call)

Mosta (monitoring and analysis center, provides recommendations for policy instrument improvement)

4. Timeframe

This action should be submitted to the Ministry of the Economy and Innovation of the Republic of Lithuania before the launch of the 4th call for the policy instrument "INTELLECT. Joint science-business R&D projects". The proposed implementation timeframe is till the end of 2019.

5. Costs

This proposed action would cost manpower resources and to make changes in the call documentation is estimated to take up to 10 working days.

6. Funding sources

The policy instrument INTELLECT is financed by ERDF (2014-2020)

SUB-ACTION 3

Definition of R&D services

1. The background

The term "R&D services" is not defined in the description of funding terms and is treated differently by applicants. Due to different treatment often there are many questions for project applicants while preparing the application and for evaluators while evaluating applications.

2. Action

In the project financing term and condition manual identify clearly the concept of "R&D services"

Also clearly define the term "Other services necessary for the implementation of projects"

Formal final approval of new set of requirements for applicants and fine tuning of the new scheme should be done by the Ministry of the Economy and Innovation with support of



Lithuanian Business Support Agency (LBSA)

3. Players involved

Ministry of Economy and Innovation (main policy institution, forming regulations, announcing calls for the policy instrument)

Lithuanian Business Support Agency (administrator of the calls, provides funding to applicants)

Business enterprises, Higher education and R&D institutions (applicants for the INTELLECT call)

Mosta (monitoring and analysis center, provides recommendations for policy instrument improvement)

4. Timeframe

This action should be submitted to the Ministry of the Economy and Innovation of the Republic of Lithuania before the launch of the 4th call for the policy instrument "INTELLECT. Joint science-business R&D projects". The proposed implementation timeframe is till the end of 2019.

5. Costs

This proposed action would cost manpower resources and to make changes in the call documentation is estimated to take up to 20 working days.

6. Funding sources

The policy instrument INTELLECT is financed by ERDF (2014-2020)

SUB-ACTION 4

Justification of salary expenses

1. The background

There are no guidelines for justifying the salary costs, so different justification practices are applied. Particular questions arise for the justification of staff pay, if employees are not currently employed by the applicant in the company. Often, the agency asks for a reference to the average salary paid in Lithuania, but it is not taken into account that during the implementation of the project it is envisaged to employ highly qualified with specific competencies, knowledge and experience employees capable of carrying out R&D activities, for which the remuneration paid on the market is significantly higher than that paid as an average in Lithuania.

2. Action

Prepared and clearly defined salary justification guidelines, provided specific examples of salary costs justification for applicants

Formal final approval of new set of requirements for applicants and fine tuning of the new

scheme should be done by the Ministry of the Economy and Innovation with support of Lithuanian Business Support Agency (LBSA)

3. Players involved

Ministry of Economy and Innovation (main policy institution, forming regulations, announcing calls for the policy instrument)

Lithuanian Business Support Agency (administrator of the calls, provides funding to applicants)

Business enterprises, Higher education and R&D institutions (applicants for the INTELLECT call)

Mosta (monitoring and analysis center, provides recommendations for policy instrument improvement)

4. Timeframe

This action should be submitted to the Ministry of the Economy and Innovation of the Republic of Lithuania before the launch of the 4th call for the policy instrument “INTELLECT. Joint science-business R&D projects“. The proposed implementation timeframe is till the end of 2019.

5. Costs

This proposed action would cost manpower resources and to make changes in the call documentation is estimated to take up to 20 working days.

6. Funding sources

The policy instrument INTELLECT is financed by ERDF (2014-2020)

SUB-ACTION 5

Suitability of patenting costs

1. The background

During the project implementation phase the costs for patenting developed innovations are not funded

2. Action

To finance patenting costs.

Formal final approval of new set of requirements for applicants and fine tuning of the new scheme should be done by the Ministry of the Economy and Innovation with support of Lithuanian Business Support Agency (LBSA)

3. Players involved

Ministry of Economy and Innovation (main policy institution, forming regulations, announcing

calls for the policy instrument)

Lithuanian Business Support Agency (administrator of the calls, provides funding to applicants)

Business enterprises, Higher education and R&D institutions (applicants for the INTELLECT call)

Mosta (monitoring and analysis center, provides recommendations for policy instrument improvement)

4. Timeframe

This action should be submitted to the Ministry of the Economy and Innovation of the Republic of Lithuania before the launch of the 4th call for the policy instrument "INTELLECT. Joint science-business R&D projects". The proposed implementation timeframe is till the end of 2019.

5. Costs

This proposed action would cost manpower resources and to make changes in the call documentation is estimated to take up to 8 working days.

6. Funding sources

The policy instrument INTELLECT is financed by ERDF (2014-2020)

SUB-ACTION 6

Financial plan (financial prognosis)

1. The background

Financial forecast is an excess information (in order to carry out R&D infrastructure development and improvement activities, applicants need to provide detailed financial forecast scenarios (profit and loss statement and balance sheet for the forecasted years) - providing this information is a very complicated task to applicants and is an excessive information.

2. Action

Reduce the size of the financial plan by omitting the requirement of financial projections (profit and loss account, balance sheet).

Formal final approval of new set of requirements for applicants and fine tuning of the new scheme should be done by the Ministry of the Economy and Innovation with support of Lithuanian Business Support Agency (LBSA)

3. Players involved

Ministry of Economy and Innovation (main policy institution, forming regulations, announcing

calls for the policy instrument)

Lithuanian Business Support Agency (administrator of the calls, provides funding to applicants)

Business enterprises, Higher education and R&D institutions (applicants for the INTELLECT call)

Mosta (monitoring and analysis center, provides recommendations for policy instrument improvement)

4. Timeframe

This action should be submitted to the Ministry of the Economy and Innovation of the Republic of Lithuania before the launch of the 4th call for the policy instrument "INTELLECT. Joint science-business R&D projects". The proposed implementation timeframe is till the end of 2019.

5. Costs

This proposed action would cost manpower resources and to make changes in the call documentation is estimated to take up to 15 working days.

6. Funding sources

The policy instrument INTELLECT is financed by ERDF (2014-2020)

SUB-ACTION 7

Declaration of R&D Activities

1. The background

Additional points are given to applicants who declare R&D activities. Companies can easily collect points for this indicator (it is possible to submit R&D declarations not only before the 1st week of May, as it is requested by the Department of Statistics, but also at any time (a significant proportion of applicants, who want to collect additional points, submit their R&D declarations prior to submission of applications)

2. Action

Remove this indicator from the evaluation criteria. Include it in the general description of the call.

Formal final approval of new set of requirements for applicants and fine tuning of the new scheme should be done by the Ministry of the Economy and Innovation with support of Lithuanian Business Support Agency (LBSA)

3. Players involved

Ministry of Economy and Innovation (main policy institution, forming regulations, announcing



calls for the policy instrument)

Lithuanian Business Support Agency (administrator of the calls, provides funding to applicants)

Business enterprises, Higher education and R&D institutions (applicants for the INTELLECT call)

Mosta (monitoring and analysis center, provides recommendations for policy instrument improvement)

4. Timeframe

This action should be submitted to the Ministry of the Economy and Innovation of the Republic of Lithuania before the launch of the 4th call for the policy instrument "INTELLECT. Joint science-business R&D projects". The proposed implementation timeframe is till the end of 2019.

5. Costs

This proposed action would cost manpower resources and to make changes in the call documentation is estimated to take up to 5 working days.

6. Funding sources

The policy instrument INTELLECT is financed by ERDF (2014-2020)

SUB-ACTION 8

Details of the project budget

1. The background

In the annexes of the application form a too detailed breakdown of costs is presented- at the beginning of the project, it is almost impossible to accurately estimate the real cost of the goods (the goods to be purchased, the materials are detailed to the smallest unit - unit prices, exact units are indicated). In the context of R&D projects, it is especially difficult at the beginning of the project to plan very precisely the intended supplies (especially quantities) of required materials to reach a specific target.

2. Action

Simplify the project budget form submitted with the application (do not provide detailed short-term assets, list of materials)

Formal final approval of new set of requirements for applicants and fine tuning of the new scheme should be done by the Ministry of the Economy and Innovation with support of Lithuanian Business Support Agency (LBSA)

3. Players involved

Ministry of Economy and Innovation (main policy institution, forming regulations, announcing

calls for the policy instrument)

Lithuanian Business Support Agency (administrator of the calls, provides funding to applicants)

Business enterprises, Higher education and R&D institutions (applicants for the INTELLECT call)

Mosta (monitoring and analysis center, provides recommendations for policy instrument improvement)

4. Timeframe

This action should be submitted to the Ministry of the Economy and Innovation of the Republic of Lithuania before the launch of the 4th call for the policy instrument "INTELLECT. Joint science-business R&D projects". The proposed implementation timeframe is till the end of 2019.

5. Costs

This proposed action would cost manpower resources and to make changes in the call documentation is estimated to take up to 20 working days.

6. Funding sources

The policy instrument INTELLECT is financed by ERDF (2014-2020)

SUB-ACTION 9

Reduction of the intended to reach indicators

1. The background

If the project's budget is reduced then the target indicators should be reduced accordingly. Often, when refining the project budget during the evaluation of the application, the applicants are not informed about the possibility of proportionally reducing the desired to achieve indicators.

2. Action

Provide a chance to reduce intended to achieve indicators

Formal final approval of new set of requirements for applicants and fine tuning of the new scheme should be done by the Ministry of the Economy and Innovation with support of Lithuanian Business Support Agency (LBSA)

3. Players involved

Ministry of Economy and Innovation (main policy institution, forming regulations, announcing calls for the policy instrument)

Lithuanian Business Support Agency (administrator of the calls, provides funding to applicants)

Business enterprises, Higher education and R&D institutions (applicants for the INTELLECT call)

Mosta (monitoring and analysis center, provides recommendations for policy instrument improvement)

4. Timeframe

This action should be submitted to the Ministry of the Economy and Innovation of the Republic of Lithuania before the launch of the 4th call for the policy instrument “INTELLECT. Joint science-business R&D projects“. The proposed implementation timeframe is till the end of 2019.

5. Costs

This proposed action would cost manpower resources and to make changes in the call documentation is estimated to take up to 20 working days.

6. Funding sources

The policy instrument INTELLECT is financed by ERDF (2014-2020)

SUB-ACTION 10

Reallocation of funds during project implementation

1. The background

In the implementation of the project, the request for reallocation of funds is treated as savings, and the use of savings is possible after all purchases have been made (often at the end of the project). Consequently, given the high scientific uncertainty in R&D activities, it is difficult to accurately plan the required materials for the needs of goods at the time of application preparation. It should be possible to reallocate funds during the implementation of the project.

The use of savings during the project is automatically associated with the planned implementation of additional activities, with higher project outputs.

2. Action

In case of a specific need and clear justification, make it possible to reallocate funds during the project implementation phase, without a need to wait for all project purchases to be completed.

Formal final approval of new set of requirements for applicants and fine tuning of the new scheme should be done by the Ministry of the Economy and Innovation with support of Lithuanian Business Support Agency (LBSA)

3. Players involved

Ministry of Economy and Innovation (main policy institution, forming regulations, announcing calls for the policy instrument)

Lithuanian Business Support Agency (administrator of the calls, provides funding to applicants)

Business enterprises, Higher education and R&D institutions (applicants for the INTELLECT call)

Mosta (monitoring and analysis center, provides recommendations for policy instrument improvement)

4. Timeframe

This action should be submitted to the Ministry of the Economy and Innovation of the Republic of Lithuania before the launch of the 4th call for the policy instrument "INTELLECT. Joint science-business R&D projects". The proposed implementation timeframe is till the end of 2019.

5. Costs

This proposed action would cost manpower resources and to make changes in the call documentation is estimated to take up to 20 working days.

6. Funding sources

The policy instrument INTELLECT is financed by ERDF (2014-2020)

Performance indicators and monitoring of action plan implementation

The goal is to have all of the 10 proposed sub-actions implemented. To assure this, Mosta will establish a regular - constant contact with the Ministry of the Economy and Innovation and Lithuanian Business Support Agency (LBSA) and will produce annual reports on the progress of implementation process. In addition, the consultation with the local stakeholder group will be assured in case of implementation obstacles and the need for support.

Indicator	Baseline	Target
Number of sub-actions implemented	0	10

Date: 2019.07.31

Signature: _____

Stamp of the organisation (if available): _____



Direktorius
Giedrius Viliūnas