

APPROVED

by Utena District Municipality's Council  
26 May 2016 decision Nr. TS-155

## **DESCRIPTION OF THE PROCEDURE FOR USING FUNDS OF SUPPORT PROGRAMME FOR SMALL AND MEDIUM BUSINESSES OF UTENA DISTRICT MUNICIPALITY**

### **CHAPTER I GENERAL PROVISIONS**

1. The description of the procedure for using funds (hereinafter - description) of support program for small and medium businesses of the Utena District Municipality (hereinafter - Support program for small and medium businesses) regulates the administrative arrangements of goals and objectives, project financing, ownership and control of support program for small and medium business entities.

### **CHAPTER II DEFINITIONS**

2. The terms used in the description:

2.1. **Small or medium-sized business** - micro, small or medium-sized enterprise corresponding the conditions laid down in Article 3 of the Republic of Lithuania law on small and medium-sized business development, or businessman meeting the conditions laid down in Article 4 of this law;

2.2. **The project** - single task, which has a clearly formulated objective;

2.3. **Project manager** - head of the enterprise or organization responsible for the systematic, strategic management and project coordination;

2.4. **Project coordinator** - a responsible person appointed by the project manager who coordinates the activities of the promoters;

2.5. **Promoters** - persons carrying out the tasks of the project coordinator;

2.6. **The project participants (target group)** - a group of individuals obtaining the results of the project;

2.7. **The expert commission** - project evaluation commission formed by the order of the director of the Utena District Municipality;

2.8. **Criteria for assessment** - indicators that provide information on the projects and their implementation;

2.9. **Residence** - the contractually agreed, a time-limited presence of young artists and small or medium-sized business entities in Arts incubator, where they will rent premises on concessional terms (lower than the market price, but not less than indoor maintenance cost) and will be provided with methodological, technical, information, consultancy and similar services;

2.10. **The young artist** - a person under 35 years of age creating artistic works, as well as performing, interpreting and treating them a new artistic value and (or) graduate, who completed the appropriate artistic disciplines no earlier than 5 years ago, who carry out an economic and commercial activities according to the laws, or legal entity established by this person engaged in economic-commercial activities.

3. Other terms used in this description as defined in the Republic of Lithuania on small and medium business development act and other legislation.

### **CHAPTER III GOAL AND OBJECTIVES**

4. The main objective of support program for small and medium businesses - to promote the creation and development of small and medium-sized business entities, promotion business environment, attraction of investments, employment and investment in human resources in Utena town and district.

5. Objectives:

5.1. create legal, financial and management facilities to enact policies of the Utena District Municipality (hereinafter - Municipality) in the areas of business support;

5.2. promote small and medium businesses to participate actively in the project activities;

5.3. promote small and medium businesses to participate in the municipal, state and European Union programs related to business promotion.

### **CHAPTER IV ARRANGEMENTS OF PROJECTS FINANCING**

6. Funding for implementation of support program for small and medium businesses provided from the municipal budget.

7. Information about the contest of project financing published in March of current year. If all funds are not allocated in economic promotion and tourism development programme measure 02.1.1.10 provided from support programme for small and medium business, the additional tenders can be invited. The invitation to tender is published in the press and the municipal website [www.utena.lt](http://www.utena.lt) at least 20 calendar days before the closing date for applications.

8. Project proposals are submitted and recorded in the municipal administration or emailed [info@utena.lt](mailto:info@utena.lt).

9. The projects can be provided by small and medium businesses engaged in commercial economic activities in municipality's territory, that do not have tax arrears to the state budget of the Republic of Lithuania or municipal budgets and funds, to which taxes are administered by the State Tax Inspectorate (except when taxes, fines are deferred according to the laws of the Republic of Lithuania or the tax, payment and fine dispute is going on), or do not have debts to the fund of State social insurance. Certificates should be issued not earlier than 30 calendar days before the date of application.

10. Projects can be provided by small and medium businesses, working with business licenses, which are issued at least for 6 months, working / planning to work for at least 96 days per calendar year.

11. The provision of the project application (Appendix 1) should contain the following documents:

11.1. copy of institution's or organization's registration certificate, copy of the statutes or regulations; for natural person - copy of personal identification document; copy of the certificate, who have an individual activity certificate; copy of the business license, working under a business license;

11.2. notes that small and medium businesses do not have tax arrears to the state budget of the Republic of Lithuania or municipal budgets and funds, to which taxes are administered by the State Tax Inspectorate (except when taxes, fines are deferred according to the laws of the Republic of Lithuania or the tax, payment and fine dispute is going on), or do not have debts to the fund of State social insurance. Certificates should be issued not earlier than 30 calendar days before the date of application. Certificates should be presented by small and medium businesses, working under

individual activity statements or business license (the municipal administration has the opportunity to check information about tax arrears and debts of legal entities);

11.3. seeking reimbursement of expenses for participation in exhibitions - copies of the documents on the costs incurred in connection with participation in the exhibition (payments for the exhibition area, stand equipment rent and other costs);

11.4. seeking reimbursement of renting premises - copy of the contract renting premises and a document confirming the lease agreement in a public register; reimbursing the cost of residence – copy of the contract of residence service;

11.5. seeking creation of new job for the acquisition cost of compensation - an employment contract or a certificate copy (working under individual activity certificates, business certificates - a certificate from the State Tax Inspectorate, which indicates the date from which the commercial-economic activities are carried out under business license or individual activities certificate. Carrying out the commercial economic activity by individual activity certificates or business licenses for up to a calendar year, the acquisition of means for new job is unrecoverable). Planning to acquire working tools or services commercial offers are needed;

11.6. to be eligible for loan partial coating, copy of the credit agreement should be presented;

11.7. other documents relating to the implementation of the project.

12. The funds for project financing are allocated by the order of municipal administration director, according to the assessments of Expert commission. The work of the expert commission shall be regulated by regulations approved by the order of municipal administration director.

13. The contract of using funds (Annex 2) with the successful small and medium businesses is signed by the municipal administration director. The estimate of using funds of project financing is approved by the director of municipal administration and signed by the project manager, an accountant and a representative of the municipal administration responsible for the execution of the contract.

14. During the period of project implementation, changing the articles of economic classification of allocated funds, the project manager must inform in writing the chairman of the expert commission about important factors that led to changes in the budget. In this case, the project manager provides a detailed justification for the reallocation of resources and the adjusted cost estimate. The updated cost estimate is approved by the director of municipal administration.

15. Projects are financed by the reimbursement method, after submitting the documents justifying the costs incurred before an application (no longer than 12 months) and / or implementation of the project.

16. Small and medium businesses that submitted project applications and met the requirements of support program for small and medium businesses, may apply for the funding of projects for a maximum of two types of costs:

16.1. up to 80 per cent, but not more than 145 euros of costs related to the company's establishment;

16.2. up to 50 per cent, but not more than 580 euros in a calendar year, to pay interest for the credit institution when the loan is taken for development activities;

16.3. up to 580 euros per calendar year, to acquire the measures for new job creation (engaged in commercial business activities by individual activity certificates or business licenses for up to a calendar year, the acquisition of means for new jobs is not reimbursed);

16.4. up to 50 per cent, but not more than 145 euros to create a website;

16.5. advertising costs, excluding local fee for permission to install outdoor advertising area of the municipality issuing a maximum of 145 euros per calendar year;

16.6. up to 50 per cent of expenditure incurred for participation in exhibitions, that present products or services, but not more than 870 euros per calendar year during the first year of operation; in the second year of operation - up to 50 per cent, but not more than 435 euros per calendar year;

16.7. no more than 1045 euros in a calendar year during the first year of operation, expense of renting premises or residence services; in the second year of operation - no more than 525 euros per calendar year.

17. Priority to obtain project financing is given for small and medium businesses, which will create new jobs in rural areas; small and medium-sized business entities whose activities - production or services; projects, that plan to implement innovative business ideas; business entities that have established at least 3 jobs; young people (project applicant complies with the concept laid in youth framework law of the Republic of Lithuania, article 2, paragraph 1); young artists; persons (project applicant) with disability.

18. The non-funded activities related to alcohol, tobacco production, trade and consumption, gambling and betting.

19. The defined basic objectives are implemented partially financing projects and providing reports:

19.1. project completion report (Annex 3);

19.2. substantive project report (Appendix 4).

20. At the end of the calendar year, the information in municipal website [www.utena.lt](http://www.utena.lt) about municipal-funded projects for small and medium businesses.

21. For small and medium businesses engaged in commercial business activities for more than 2 years, that have received funding for projects from the municipal budget, other project funding competition is open after 2 years from the signed contract of using funds.

## **CHAPTER V RESPONSIBILITIES AND CONTROLS**

22. Persons in the performance of funds usage contract, ensure the implementation of goals and objectives of the project, the use of funds for its intended purpose.

23. Project applications and subject-specific reports are kept for three years, according to the laws.

24. The financial and operational controls of using funds of support program for small and medium businesses of the Utena District Municipality are carried out according to the laws of the Republic of Lithuania and other legal acts.

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The description of the procedure for using funds of support program for small and medium businesses of the Utena District Municipality (Annex 1)

**(Example of project application)**

**For the Utena District Municipality Administration**

**PROJECT APPLICATION**

\_\_\_\_\_  
(Date)

**Project title:** .....

**The amount needed for the project** ..... **Eur**

**The amount requested from the Utena District Municipality** ..... **Eur**

**1. THE INFORMATION ON SMALL AND MEDIUM BUSINESSES**

**1.1. Small and medium business title / name, surname:** .....

**1.2. Registration code / ID number, individual activity certificates, business license number:**

.....

**1.3. Address:**

.....

**1.4. Phone / fax** ..... **1.5. E. mail:** .....

**1.6. Checking account** .....

**1.7. Project co-ordinator (name, surname, tel. No.):**

.....

**1.8. Information about the support received for the small and medium business support:**

<b>Have you received any small and medium business support funds from the Utena District Municipality?</b>	<input type="checkbox"/> <b>Yes</b>	<input type="checkbox"/> <b>No</b>
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If so, write when the financing was received:.....

**2. SHORT INFORMATION ON THE PROJECT**

**Short description (summary)**

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**3. DETAILED DESCRIPTION OF THE PROJECT**

**Duration of the project**

--

**Project executive group**

--

**Project goals and objectives**

--

**Expected results of the project, the impact**

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**A detailed project schedule**

Date	Activity

**Business continuity after the project**

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**4. BUDGET**

Please detail what kind of funds requested from the Utena District Municipality:

	<b>Purpose of the expenditure</b>	<b>The amount of costs requested, Eur</b>	<b>Description of costs</b>	<b>Requested amount, Eur</b>
1.	The costs of rent or residency services			
2.	The costs of new employment creation			
3.	Advertising expense			
4.	The costs associated with formation of company			
5.	The company's Web site creation			
6.	The costs of participation in the exhibition, which presents its products or services			
7.	Interest Compensation			
	<b>Total:</b>		<b>Total:</b>	

**5. ADDITIONAL INFORMATION AND DOCUMENTATION**

- 5.1.....
- 5.2.....
- 5.3.....
- 5.4.....

I certify that the information provided in the application is accurate and correct. At the end of the project I undertake to submit the required reports.

\_\_\_\_\_ (Name, surname)

**Project manager**

Stamp place

\_\_\_\_\_ (Signature)

The description of the procedure for using funds of support program for small and medium businesses of the Utena District Municipality (Annex 1)

**(Example of funds use contract)**

**FUNDS USE CONTRACT**

20..... year ..... m. ....d. No. ....

Utena

The Utena District Administration (hereinafter - the Municipality), represented by the director of administration ..... acting under the regulations of the Utena district administration and the ..... represented by..... (hereinafter - executor), acting in accordance with ..... made this contract of use the funds:

**I. OBJECT OF THE CONTRACT**

1. The municipality, in accordance with ..... undertakes to allocate funds

(Director of Administration Order)

for the project....., from Utena District Municipality

(Project name)

.....

(Program name, program code)

2. The executor undertakes to implement the project using funds by the estimate approved by the manager of municipal allocations (hereinafter - the estimate), which is an integral part of this contract.

**II. CONTRACTUAL OBLIGATIONS AND RIGHTS OF THE PARTIES**

3. The contractor undertakes:

3.1. to use the funds allocated to execution of the project referred to point 1 of this contract under the attached estimate, in accordance with the applicable laws of the Republic of Lithuania and other legislation;

3.2. to implement the project referred to in point 1 of this contract .....

.....;  
3.3. to provide all the information about the project implementation process by requiring of Municipality;

3.4. to give Municipal Accounting Department the necessary documents related to the implementation of the project:

3.4.1. for each quarter (when received funding) no later than till 5<sup>th</sup> day of first month of the next quarter submit a report to of the budget cost estimates drawn up in accordance with Form No. 2, approved by the Lithuanian Minister of Finance in 31 December 2008 by order No. 1K-465 "For state and local government budget institutions and other entities in the lower level of budget execution making rules and forms validation";

3.4.2. after completion of the project within five calendar days - project completion report (attached) and the documents justifying the expenditure incurred certified copies (invoices, transfer and acceptance act of performed works or services, the copies of payment orders and other accounting documents) with the requisites established in accounting law of the Republic of Lithuania;



3.5. after completion of the project within five calendar days to provide for Strategic planning and investment management department the subject-specific report about the activities for which financing has been allocated and about the satisfied criteria of these activities;

3.6. by own funds to address deficiencies which are made through his own fault breaching the conditions of this agreement;

3.7. immediately inform in writing the municipality that it is unable to complete the project or that there is no point to proceed the project;

3.8. immediately inform in writing the municipality about the changes of requisites;

3.9. to present the project to the public as funded from Utena municipal budget.

4. The municipality undertakes:

4.1. to finance this contract referred to point 1 with ..... EUR according to the estimate attached to the transfer of funds to the Contractor's account specified in the contract;

4.2. to finance the project by the reimbursement method, after submitting the documents justifying the costs incurred before an application (no longer than 12 months) and / or implementation of the project;

4.3. detecting deviations from the terms of this agreement, or other flaws, report them to the Contractor within 5 working days;

4.4. to give required data and information for project carrying.

5. The municipality has the right to:

5.1. require the Contractor to provide the municipality data relating to the performance of the contract;

5.2. require adjustment of the contract 3.4 and 3.5 of the sub reports;

5.3. control under this contract targeted using of funds;

5.4. to adjust the estimate attached to this contract;

5.5. require to return to the municipal account the amount of funds transferred to the Contractor under this contract, if the Contractor fails to submit documents referred to subparagraphs 3.4 and 3.5 of the contract;

6. Contractor's activities of the project are measured by the following criteria:

6.1.....

.....;

6.2.....

.....

### **III. CONTRACT TERM AND TERMINATION**

7. The contract shall enter into force on the date of signature and shall remain in force until fulfilled contractual obligations.

8. The contract may be terminated:

8.1. by mutual agreement;

8.2. at the end of the contract the legal basis;

8.3. when the parties do not fulfil their obligations or they are substantially impaired, the other party has the right to unilaterally terminate the contract on ten calendar days noticing to the other party, stating the reasons.

### **IV. OTHER CONDITIONS OF THE CONTRACT**

9. The contract shall be considered satisfied after the proper use of funds and submission to the municipality of all necessary documents referred to subparagraphs 3.4. and 3.5 of that contract or returned the misused funds to the municipal account.

10. The amendments and additions to the executed agreement of the parties, which is an integral part of this contract. In cases where the funds referred to in this contract accompanying the estimate redistributed among estimate the costs (lines) without changing the contract 4.1 paragraph

the total amount, but by changing the cost-classification, changing of contract is executed when the municipal manager approves a revised estimate (which is attached to the contract).

11. Neither party of the contract is not considered to be in breach of contract or failed to perform its obligations under the Government of the Republic of Lithuania on 15 July 1996 resolution No. 840 “On the exemption from liability under uncontrollable forces (force majeure) approval of the rules.”

12. The conditions that were not contemplated in the contract are dealt in accordance with the Lithuanian Civil Code.

13. Disputes concerning this contract are settled by negotiation, in case of disagreement by the laws of the Republic of Lithuania.

14. The contract is made in two equally binding copies, one for each party.

15. The annexes are integral parts of this contract.

The addresses and details

**Municipality**

.....  
.....

**Executor**

.....  
.....

The parties' signatures

Municipality

.....  
(position) (signature) (Name)

Executor

.....  
(position) (signature) (Name)

The municipal representative responsible for the award and execution:

.....  
(department, position, name, tel., e-mail)

Contractor's representative responsible for the execution of the project:

.....  
(position, name, tel., e-mail)

**(Sample estimate of the use of funds)**

Utena district municipality

(name of institution)

APROVED  
by director of administration  
Utena District Municipality

.....

(date)

**ESTIMATE OF THE USE OF FUNDS**

(date, name, number of document, according to which funds were allocated)

Program	Economic Promotion and Tourism Development Action Programme	code	02
Means	Small and medium business support program	code	02.1.1.10
The classification of state functions	Other affairs not included in any group of economic	code	04.09.01.01
Project		x	x
Executor, to whom funds are allocated		code	

Economic classification code	Title of items for expenditure	Totally	I quarter	II quarter	III quarter	IV quarter
	Totally					

_____ (Executor)	_____ (signature)	_____ (name and surname)
_____ (chief financial officer)	_____ (signature)	_____ (name and surname)
_____ (the municipal representative responsible for the implementation of the project)	_____ (signature)	_____ (name and surname)



\* To be completed as specified in the estimate attached to the document, which received funding (order, contract).

We confirm that this statement of the amount of expenditure is in line with the costs of supporting documents and the financial statements of the data.

_____ (Executor/chief)	_____ (signature)	_____ (name and surname)
_____ (Executor responsible for project implementing)	_____ (signature)	_____ (name and surname)
_____ (chief financial officer)	_____ (signature)	_____ (name and surname)
_____ (person who made the report)	_____ (name and surname, e-mail)	

**(Example project report of subject)**

**PROJECT REPORT OF SUBJECT**

1.	Business entity implementing the project	
2.	Contractor's information (address, phone, e-mail)	
3.	Project title	
4.	Project coordinator	
5.	Project implementation period	
6.	Project aims and objectives	
7.	Results obtained in the evaluation criteria fulfilment during the project	
8.	Project's impact on target groups. The number of direct beneficiaries	
9.	Project enduring value	
10.	Continuity of the project	
11.	Visual material illustrating the results of completed project	
12.	Other sources of funding	

Project manager .....  
 (signature) (name and surname)

(Name of worker of Utena District Municipality responsible for implementing the program)

\_\_\_\_\_  
 (signature)

\_\_\_\_\_  
 (name and surname)

\_\_\_\_\_  
 (date)