

ACTION PLAN: A National Biomass Valorization Initiative



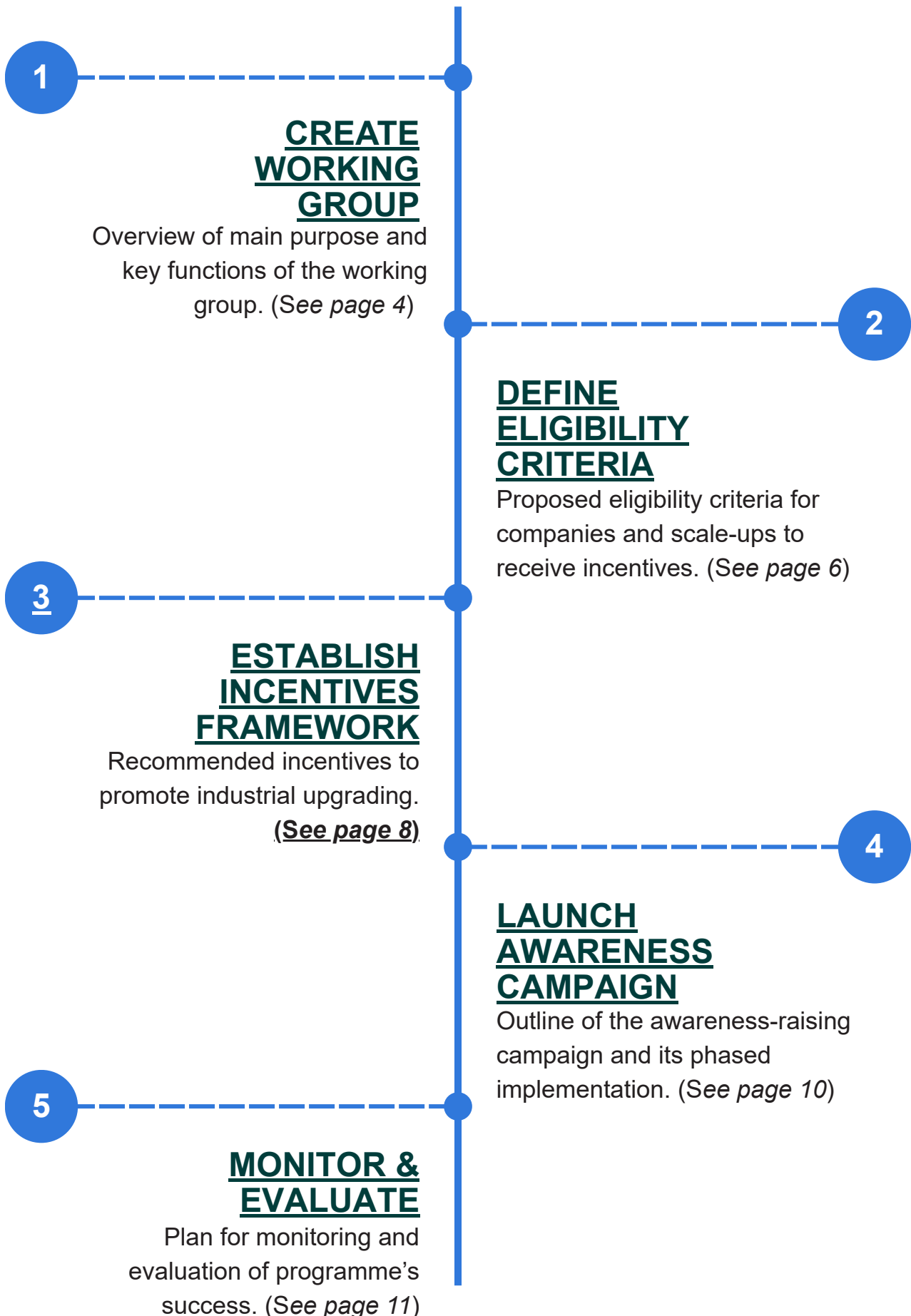
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This document presents an **action plan** for the establishment of a **working group**. The purpose of this working group is to develop **policy and support measures** designed to foster the **industrial upgrading and value-added transformation of raw materials** in Lithuania. This is one of the milestones for the Create Lithuania project “[Towards a high-value bioeconomy: identifying strategic policy options for the national bioeconomy strategy.](#)”

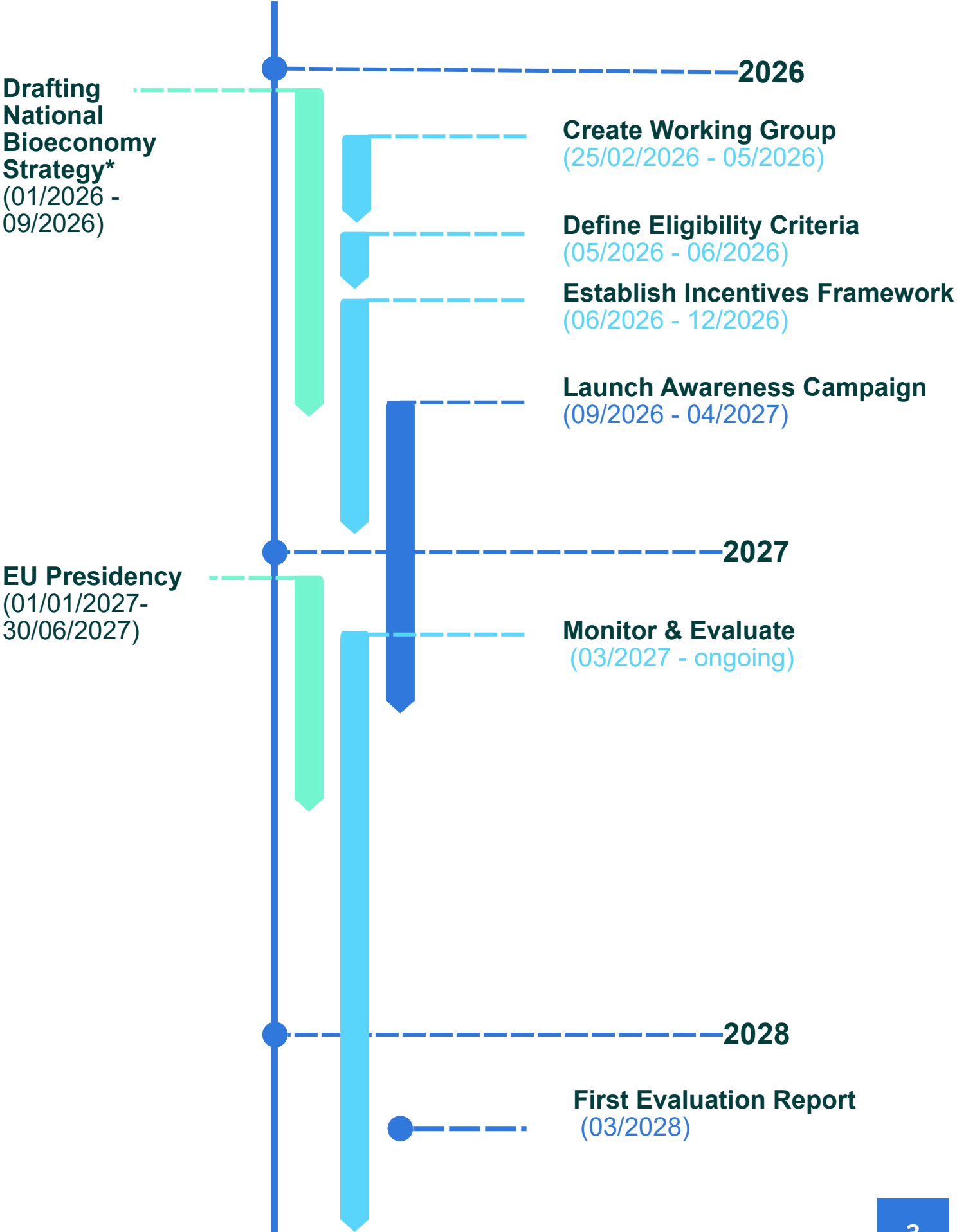
The action plan builds on the project’s previous work, including the following documents:

- [Conceptual Framework and Key Terms](#)
- [Analysis of Lithuanian Bioeconomy Policy Landscape](#)
- [Current Situation Analysis](#)
- [Examples of Best Foreign Practices](#)

ACTION PLAN



TIMELINE



**Timeline should be adjusted to accommodate National Bioeconomy Strategy of 2026/2027*

1. CREATE WORKING GROUP

The **National Biomass Valorization Initiative** is an **inter-institutional working group** led by the **Ministry of Economy and Innovation**. The purpose of this working group is to develop policy and support measures designed to foster the **industrial upgrading and value-added transformation of raw materials in Lithuania**.

This initiative will firstly be established as a working group, with the **option to evolve into a full National Biomass Valorization Office**, an operating body that would ensure further monitoring and development of the incentives framework. Details on the proposed structure and funding of this Office are provided in the **Annex**.

More details about the **structure of the working group** are presented in the **table below**.

NATIONAL BIOMASS VALORIZATION INITIATIVE: OVERVIEW	
Name (<i>working</i>)	National Biomass Valorization Initiative (Nacionalinė Biomasės Vertės Didinimo Iniciatyva)
Participating institutions (<i>proposed</i>)	Lead institution: Ministry of Economy & Innovation (EIMIN) Governmental: Ministry of Agriculture (ŽŪM), Ministry of Environment (AM), Ministry of Energy (EM), Ministry of Finance (FINMIN), Innovation Agency, Invest Lithuania Academic: Vytautas Magnus University (VDU), Kaunas University of Technology (KTU), LithuaniaBIO Business: Lithuanian Confederation of Industrialists, business representatives from priority areas (e.g. for grains & agricultural raw materials this could include representatives from: AllGrain, Agrokoncernas, Lagrenas, Kauno Grūdai)
Core Mandate	Develop policy and support measures that promote: <ul style="list-style-type: none">• Industrial upgrading of Lithuania's bio-based sectors• Higher value-added transformation of domestic biomass and side streams• Increased private investment into advanced bio-based production

1. CREATE WORKING GROUP

NATIONAL BIOMASS VALORIZATION INITIATIVE: OVERVIEW (cont.)

Priority Areas (proposed)	<p>Grains & agricultural raw materials: making use of grain overproduction for high-value non-food products.</p> <p>Circular feedstocks: convert agricultural and industrial circular feedstocks into energy, fertilizers, and bio-based products.</p> <p>Forestry: transform forestry resources into high-value engineered wood, composites, and durable bio-based products.</p> <p>Bioenergy: Produce renewable energy and fuels from agricultural, forestry, and industrial biomass streams.</p> <p>Cross-cutting technologies: supporting use of biorefineries and advanced fermentation, which foster industrial symbiosis and maximize efficiency.</p>
Key Functions	<ul style="list-style-type: none">• Design eligibility criteria for bioeconomy support instruments• Develop and coordinate an incentives framework (tax-based and financial instruments)• Raise awareness to target beneficiaries• Monitor and evaluate success of incentives framework

2. DEFINE ELIGIBILITY CRITERIA

The table below presents proposed eligibility criteria for companies to **qualify for the incentives framework**. The eligibility criteria have been adapted for Lithuania from Malaysia's [BioNexus Status](#), a policy program which has been recognized [internationally](#) as a [good practice](#) for strengthening the bioeconomy. More information on the original eligibility criteria can be found [here](#).

PROPOSED ELIGIBILITY CRITERIA	
General criteria	
Sector eligibility	The company must conduct qualifying activities within approved bioeconomy sectors, specifically those outlined in the priority areas (grains and other crops, circular feedstocks, forestry, bioenergy and, cross-cutting technologies)
Location of activities	The qualifying bioeconomy activities must be carried out within the territory of Lithuania.
Criteria for company-based support	
Legal Status	The company must be a legal entity incorporated in Lithuania in accordance with the Law on Companies or other applicable Lithuanian legislation and established to undertake qualifying bioeconomy activities.
Related companies with public support	Eligibility is not affected if a related company has received public incentives for the same or different qualifying activities, provided there is no double funding of the same eligible costs.
Technology ownership or access	The company must possess legal ownership of, or licensed rights to, the technology used, which must be ready for commercial deployment or industrial application.

2. DEFINE ELIGIBILITY CRITERIA

PROPOSED ELIGIBILITY CRITERIA (cont.)	
Use of other public incentives (same activity)	A company that has received or utilised other national or EU-funded incentives for the same qualifying activity may remain eligible, subject to compliance with EU State Aid rules and aid-intensity limits.
Minimum capital requirement	The company must meet the minimum share capital requirements applicable under Lithuanian company law or demonstrate sufficient financial capacity to carry out the qualifying activity.
Company status	The scheme is open to both newly established and existing companies engaged in bioeconomy activities.
Definition of new company	A new company is one that has not yet generated revenue from its qualifying bioeconomy activity.
Definition of existing company	An existing company is one that has generated revenue from qualifying bioeconomy activities and operates through its own facilities, subcontracted production, or shared infrastructure arrangements in compliance with Lithuanian and EU law.
Criteria for scale-up-based support	
Technological Readiness Level (TRL)	Applicants must have technologies at TRL 7–9, demonstrating system prototypes or complete systems in operational environments suitable for scale-up or commercialization.

3. ESTABLISH INCENTIVES FRAMEWORK

The table below presents a **list of proposed incentives** adapted for Lithuania from Malaysia's [BioNexus Status](#) and [Bio-based Accelerator](#) programs. Information on the original incentives can be found [here](#). The purpose of these incentives is **to support companies and scale-ups engaged in the industrial upgrading and value-added transformation of raw materials** in Lithuania.

PROPOSED INCENTIVES	
Company-based support	
Investment Tax Allowance	A company engaged in approved bioeconomy activities may deduct 100% of qualifying capital expenditure (QCE) incurred on new or expansion projects from its taxable income, for a period of up to 5 consecutive years.
Industrial Building Allowance	A company may claim an industrial building allowance of 10% on qualifying building expenditures (e.g., capital costs related to industrial buildings or assets) used solely for the purpose of a new business or expansion project for a period of 10 years of assessment.
Statutory Income Tax Exemption	A company may be granted a 100% income tax exemption on its statutory income for a period of 10 consecutive years. For expansion projects, the exemption applies for five consecutive years, covering statutory income from non-intellectual property activities related to both the existing business and the expansion project.
Concessionary Tax Rate Post-exemption	A company is entitled to a concessionary tax rate of 20% on statutory income from QA for ten (10) years upon the expiry of the tax exemption period.

3. ESTABLISH INCENTIVES FRAMEWORK

PROPOSED INCENTIVES (cont.)

Scale-up-based support

Bioeconomy Venture Fund	A public co-investment fund to provide equity financing to companies engaged in approved bioeconomy activities, particularly those focused on biomass valorisation, bio-based products, and industrial biotechnology. The fund may acquire minority ownership stakes in eligible companies to support scale-up, industrial deployment, and market expansion.
Bioeconomy Commercialization Fund	Conditional grants or repayable advances to support the commercialisation of innovative bio-based products and technologies. Funding may cover activities including prototype development, pilot validation, certification, regulatory compliance, and market entry.

4. LAUNCH AWARENESS CAMPAIGN



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The table below presents the **proposed structure for an awareness campaign**. The purpose of the awareness campaign is to **inform target beneficiaries about the new incentives framework**. The campaign also aims to **encourage new business activity** in the prioritized sectors.

AWARENESS CAMPAIGN PROPOSED ACTIONS

Period	Main focus	Key actions
09-10/2026	Launch & visibility	Press note & 1 short launch event (online) presenting: eligibility criteria (incl. priority areas) & incentive framework
10-12/2026	Explain “who qualifies / how to apply”	Publish 2-page info sheet & web page; targeted email campaign to grain / biomass associations, clusters
01-03/2027	Regional outreach (pilot sectors)	2–3 focused info sessions with key players in priority sectors (online or hybrid)
04/2027	First feedback & adjustment	Mini-survey to participants; short internal note on what to adjust in communication / eligibility

5. MONITORING AND EVALUATION

Purpose

The working group's monitoring and evaluation system is focused on one core question:

Do the incentives and support instruments generate additional investment, turnover, contributions to GDP and tax revenue in Lithuania's bioeconomy, especially in the regions?

What is monitored

1. Use of incentives and eligibility status

- Number of applications and approved companies (by sector and size)
- Volume of tax incentives and public support granted per year

2. Economic and fiscal impact

- Investment committed and realized in Lithuania
- Additional turnover, exports and direct jobs in supported companies
- Estimated tax revenue (corporate and payroll) compared with tax expenditure and operating costs

3. Structural change and regional impact

- Number of new or upgraded bio-based products, processes and projects using side streams
- Number of industrial symbiosis or circular cases launched
- Distribution of projects and jobs across regions, with focus on rural areas

Evaluation cycle

- **Annual:** working group prepares a short **evaluation report**, summarising key indicators, main trends and concrete recommendations on adjusting incentives, eligibility criteria and support instruments.
- **Every 5 years:** an **independent evaluation** assesses additionality (what would not have happened without the incentives framework), cost-effectiveness (economic impact versus public costs) and governance (clarity and predictability for companies and ministries).

RISK AND MITIGATION



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Possible risks and their mitigation measures for **National Biomass Valorization Initiative Working Group** include:

1. Declining engagement and participation

Risk: Without a formal obligation to participate, working group members may be less motivated to engage, reducing effectiveness.

Mitigation: Establish clear deliverables, including submitting recommendations to a defined decision-making body for response or action

2. Mandate overlap and institutional resistance

Risk: The role of the working group may overlap with existing mandates in ministries and agencies, creating friction and duplication.

Mitigation: Adopt a concise government decision or inter-ministerial agreement that clearly defines the working group's coordination and advisory role. Ensure formal representation from key ministries within the working group to secure alignment and institutional ownership.

3. Low uptake by companies and regions

Risk: Businesses and regions may not see added value in the incentives framework and may not apply for benefits.

Mitigation: Work through existing clusters, regional authorities, and industry associations to reach target groups and demonstrate practical benefits through early pilot cases.

4. Dominance of a narrow interest group

Risk: The incentives framework could be informally captured by a single sector or lobby, reducing its credibility and effectiveness.

Mitigation: Create a balanced advisory board with representation from the government, academia and industry. Use transparent, published criteria for participation in support measures.

ALIGNMENT WITH EIMIN 3I STRATEGY

The 3i strategy sets a clear direction for Lithuania's economic development: stronger innovation, increased investment, and more effective institutions. This **Action Plan contributes to these priorities within the bioeconomy sector** by focusing on practical implementation and coordinated delivery.

Innovation

In the area of innovation, **this Action Plan strengthens the transition from research and sector potential to commercially viable bio-based projects**. It aims to improve the project pipeline, enhance cooperation between research and industry, and support the development of high value-added activities. The emphasis is on ensuring that innovation contributes to measurable economic outcomes.

Investment

The Action Plan is oriented toward increasing additional investment in Lithuania's bioeconomy. It proposes targeted financial and tax-based instruments to support new and expansion projects, together with mechanisms for project development and monitoring. By improving coordination and access to instruments, the Initiative aims to create clearer conditions for mobilising private investment into high value-added activities.

Institutions

In terms of institutions, **the Action Plan proposes the establishment of an inter-institutional working group to strengthen coordination and reduce fragmentation**. The purpose is to align existing policy instruments, clarify responsibilities, and enable more consistent implementation. Depending on results and political decisions, this structure could evolve into a more permanent coordination office.

***Disclaimer:** This document presents a preliminary, non-binding proposal for the implementation of a national bioeconomy support framework. All described measures, institutional arrangements and budgets are indicative and subject to further political discussion, legal assessment, stakeholder consultation and available funding. The actions may be adjusted, phased or complemented in line with Lithuania's evolving strategic priorities, EU-level developments and practical implementation experience.*

National Biomass Valorization Office

Designed to evolve, the **working group can grow into a full National Biomass Valorization Office**, with a broader sectoral scope, regional facilitators, and expanded support tools including pilots, grants, and regulatory guidance. The purpose of this office would be to connect ministries, industry, and regions, ensuring coordinated action, efficient resource use, and evidence-based assessment of economic and societal impacts, without duplicating existing institutions. Details on the potential structure of this Office are presented below.



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Implementation Pathways

In its minimal implementation, the Office focuses on a pilot programme for grain and other agro-biomass, designing and coordinating targeted tax and financial incentives for higher-value, non-food bio-based projects. The Office acts as a single contact point for companies and clusters working with these pilot value chains, helps define and apply eligibility criteria for tax incentives, and tracks basic economic results (number of projects, private investment, jobs, tax base).

Depending on political will and available resources, this pilot set-up can later be scaled into a full **National Bioeconomy Valorization Office** (Options B and C; See: Implementation;), with a broader sectoral scope, regional facilitators and an expanded toolbox (pilots, grants, regulatory support). In all variants, the Office's role is not to duplicate existing institutions, but to connect ministries, industry and regions around concrete bioeconomy investments and evidence on their economic impact. The various **implementation pathways are presented in the table below.**

	Option A – Minimal	Option B – Full Office	Option C – Phased
Purpose	Fix urgent bottlenecks	Build full valorization office	Test & scale toward full valorization office
Coordination set-up	1–2 FTE focal point in Innovation Agency	Dedicated unit in Innovation Agency (4–5 FTE)	Start with A; review after 2 years
Main focus	Tax & basic incentives, light coordination	Full toolbox, active pipeline, cross-ministerial coordination	Pilot incentives, collect data, then decide on B
Role on incentives	Design and pilot basic eligibility & tax framework (small number of measures)	Design, manage and continuously improve full incentive mix	Start with A-level framework; expand to full toolbox if Phase 1 is successful
Incentive toolbox	Targeted tax relief + link to existing grants	Tax + grants/co-financing + regulatory and export/talent support	Phase 1: A-type toolbox; Phase 2: expand to B if green light
Regional work	None / ad hoc	1–3 regional facilitators working with clusters	Add regional facilitators only in Phase 2

Governance

NATIONAL BIOMASS VALORIZATION OFFICE: GOVERNANCE STRUCTURE

Element	Composition	Main Role
Supervisory Board / Steering Committee	<p>8–10 members:</p> <ul style="list-style-type: none"> • EIMIN (chair) • Ministry of Agriculture • Ministry of Environment (and/or Energy, if needed) • Innovation Agency Lithuania (DG or board member) • Representative of regional development (e.g. one RD agency) • 1–2 industry representatives (e.g. grains / food, wood / construction, biogas / biomaterials) via associations • 1 research / innovation representative (e.g. university or applied research organisation) • 1 non-governmental stakeholder (e.g. Lithuanian Bio) 	<ul style="list-style-type: none"> • Set strategic priorities for the Office (which value chains, which types of projects). • Approve annual work plan, budget and main KPIs. • Approve criteria for “Strategic Bioeconomy Project” status. • Review annual results and recommend policy changes to Government
Advisory Panel(s) <i>(optional)</i>	<p>Small expert groups by theme (e.g. “Grains & chemicals”, “Biogas & residues”, “Wood & construction”, “Biochemicals & biomaterials”).</p> <p>Members from industry, research, clusters</p>	<ul style="list-style-type: none"> • Provide expert input when assessing complex projects or refining sector priorities. • Ensure that criteria reflect technical and market realities.

Operational Unit

NATIONAL BIOMASS VALORIZATION OFFICE: OPERATIONAL TEAM		
Role	Main Tasks	FTE
Head of National Biomass Valorization Office	<ul style="list-style-type: none"> • Overall leadership and management of the Office. • Main contact point for ministries and Innovation Agency management. • Represents Office in EU / international discussions where relevant. • Signs off on project assessments and annual reports. 	1
Project Pipeline & Evaluation Lead	<ul style="list-style-type: none"> • Design and manage the project pipeline process: call for ideas, intake, screening, evaluation workflow. • Coordinate external experts for technical and sustainability assessments. • Maintain project portfolio overview 	1
Regional & Cluster Facilitation Coordinator	<ul style="list-style-type: none"> • Liaise with existing clusters, associations (e.g. grains, wood, biogas) and regional development agencies. • Design and oversee “biomass valorization” pilots; supervise regional facilitators (part-time / external). • Ensure flow of project ideas and resource data from regions to the Office. 	1
Policy & Instruments Liaison Officer	<ul style="list-style-type: none"> • Map what funding instruments exist (national, EU) and how projects can combine them. • Work with ministries and Innovation Agency programme managers to adjust calls so they fit bioeconomy needs (e.g. evaluation criteria, eligible costs). • Draft policy feedback based on Office evidence 	0.8-1.0

Operational Unit

NATIONAL BIOMASS VALORIZATION OFFICE: OPERATIONAL TEAM (cont.)

Role	Main Tasks	FTE
Monitoring, Data & Communication Officer	<ul style="list-style-type: none"> • Maintain the project and indicator database (basic KPIs: investment, jobs, regions, sectors, approximate CO₂ where available). • Prepare the annual “Biomass Valorization Office Brief.” • Coordinate basic communication: case stories, short briefs, web content. 	0.8
Administrative & Legal Support (shared within Innovation Agency)	<ul style="list-style-type: none"> • Procurement, contracting, HR admin, basic legal checks for MoUs and cooperation agreements. • Ensure alignment with Innovation Agency procedures. 	0.5 (shared)
Regional “Biomass Valorization Office” Facilitators (external / part-time)	<ul style="list-style-type: none"> • Organise regional FISS-style workshops. • Map resource flows (grain, residues, wood, wastes), identify synergies and project ideas with local companies and municipalities. • Feed projects into the national pipeline and help local actors navigate instruments. 	3 x 0.3–0.5 (service contracts or projects)

Indicative Budget

Nr	Cost line	Annual estimate (€)	Main national source	Possible EU co-funding*
1	Core Office operations (Head + team, office, admin)	300 000	Innovation Agency baseline funding	
2	Regional biomass valorization office & facilitators (2–3 regions)	120 000	State budget (EIMIN / Innovation Agency)	ERDF / Cohesion – regional innovation & clusters
3	Expert pool & studies (tech, legal, finance, LCA)	50 000	State budget (line for studies)	ERDF TA / TSI / Horizon WP
4	Workshops & stakeholder meetings (national + regional)	30 000	State budget	ERDF / Interreg (project WPs)
5	Data & IT tools (pipeline DB, simple dashboards)	20 000	Innovation Agency digital budget	ERDF – digital public services / innovation systems

Indicative Budget

Nr	Cost line	Annual estimate (€)	Main national source	Possible EU co-funding*
6	Communication & awareness (cases, briefs, web)	20 000	State budget	Eligible as communication WP in EU projects
7	Contingency & small pilots	60 000	State budget (co-financing reserve)	Used as national co-financing for EU pilot projects
Total (annual)		600 000	~60% national	up to 40% EU co-funded

Indicatively, the **National Biomass Valorization Office** would require around 0.55–0.60 M€ per year, with roughly 60% covered from the national budget (Innovation Agency baseline funding) and up to 40% co-funded through EU instruments (ERDF/Cohesion, Interreg, Technical Support Instrument, Horizon Europe/LIFE work packages). Core staff and basic operations would remain nationally funded, while regional facilitation, studies and pilots would be structured so they can be implemented inside EU-funded projects.

*Exact instruments to be aligned with LT Partnership Agreement & OPs (ERDF / ESF+, Interreg, Horizon Europe, LIFE, TSI)