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If a whole or part of a paragraph has been amended, the date of the amending regulation appears in square brackets at the end of the paragraph. If a whole paragraph or sub-paragraph has been deleted, the date of the deletion appears in square brackets beside the deleted paragraph or sub-paragraph.

Republic of Latvia

Cabinet

Regulation No. 116

Adopted 20 February 2024

**Regulations Regarding the Implementation of the Fourth Round of Investment 5.1.1.2.i “Aid Instrument for Research and Internationalisation” under Reform 5.1.1.r “Innovation Management and Motivation of Private Investments in Research and Development (R&D)” of Reform and Investment Direction 5.1 “Promotion of Productivity through Increase in the Amount of Investments in Research and Development (R&D)” of the Recovery and Resilience Facility Plan of Latvia**

*Issued pursuant to*

*Section 19.3, Paragraph two of the Law on Budget and Financial Management*

**I. General Provisions**

1. The Regulation prescribes the procedures for the implementation and monitoring of the fourth round of Investment 5.1.1.2.i “Aid Instrument for Research and Internationalisation” (hereinafter – the Investment) under Reform 5.1.1.r “Innovation Management and Motivation of Private Investments in Research and Development (R&D)” of Reform and Investment Direction 5.1 “Promotion of Productivity through Increase in the Amount of Investments in Research and Development (R&D)” of the Recovery and Resilience Facility Plan of Latvia (hereinafter – the Recovery Fund), including:

1.1. the objective and target group of the Investment;

1.2. the funding available for the Investment;

1.3. the requirements for the project applicant;

1.4. the conditions for the aided activity and the eligibility of costs;

1.5. the rights and obligations of the authorities involved and the beneficiary.

2. The following terms are used in the Regulation:

2.1. aid – aid for a research and development project related to economic activity which conforms to the conditions of Article 25 of Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (hereinafter – Commission Regulation No 651/2014);

2.2. beneficiary – a project applicant with whom the Central Finance and Contracting Agency (hereinafter – the Agency) has entered into a contract or agreement for the project implementation and who has been granted funding from the Recovery Fund for the implementation of the project;

2.3. important projects of common European interest – important international projects of common European interest with a significant contribution to economic growth, jobs, and competitiveness for the European Union industry and economy;

2.4. large merchant – a merchant which conforms to the conditions of Article 2(24) of Commission Regulation No 651/2014;

2.5. research and knowledge-dissemination organisation – an organisation which conforms to the conditions of Article 2(83) of Commission Regulation No 651/2014;

2.6. project – a set of documents submitted by the project applicant which includes a completed project application (hereinafter – the project application), indicating the name of the planned research project, a brief description of the research project and its implementation period, and in respect of which a favourable decision has been received from the Agency on the conformity of the project applicant to the conditions for the aid for commercial activity;

2.7. micro, small, and medium-sized merchant – a merchant which conforms to Annex I to Commission Regulation No 651/2014.

3. The objective of the Investment shall be to increase the private research and development expenditures by using targeted public investments that promote the development of new products and technologies through participation in important projects of common European interest.

4. The target group of the Investment shall be micro, small, medium-sized, and large merchants, including State capital companies and research and knowledge-dissemination organisations that develop new products, services, and technologies.

5. The total available funding from the Recovery Fund within the framework of the Investment shall be EUR 31 000 000.

6. The indicators to be achieved within the framework of the Investment:

6.1. objective – commitments in the amount of at least EUR 27 900 000 approved for the provision of funding for projects by 30 June 2025;

6.2. monitoring indicator – commitments in the amount of at least EUR 13 950 000 approved for the provision of funding for projects by 31 December 2024;

6.3. aggregate indicator – aided micro, small, medium-sized, and large merchants.

7. Within the framework of this Regulation, data on the following national indicators to be achieved by 30 June 2026 shall be entered by the beneficiary into the Cohesion Policy Funds Management Information System (hereinafter – the Management Information System):

7.1. the public funding and private investments that supplement aid for commercial activity for innovation or research and development projects within the framework of the Investment (EUR);

7.1.1. the amount of research and development expenditures – public funding (EUR);

7.1.2. the amount of research and development expenditures – private investments (EUR);

7.2. the number of emerging products, services, and technologies after receipt of aid:

7.2.1. the emerging products (number);

7.2.2. the emerging technologies (number);

7.2.3. the emerging services (number);

7.3. the attracted foreign funding (from international research programmes or foreign partners) for research in economic activity (EUR);

7.4. the number of newly created workplaces related to the project implementation;

7.5. the amount of remuneration in the newly created workplaces within the framework of the project (EUR);

7.6. the additional investments by the merchant (EUR) in research and development beyond the implementation of the research project;

7.7 the number of emerging products, services, or technologies successfully implemented in economic activity after completion of the research project;

7.8. the licensing agreements (number) entered into by the merchant for the commercialisation of the intellectual property created as a result of the implementation of the research project;

7.9. the net turnover of the merchant (EUR) from the introduction of the result of the research project in economic activity or from the commercialisation thereof;

7.10. the number of doctoral students and post-doctoral graduates involved in research projects:

7.10.1. the scientific staff (number):

7.10.1.1. scientific staff – young scientists (number);

7.10.1.2. scientific staff – master’s students (number);

7.10.1.3. scientific staff – doctoral students and doctoral degree candidates (number);

7.10.2. the scientific staff (full time equivalent):

7.10.2.1. scientific staff – young scientists (full time equivalent);

7.10.2.2. scientific staff – master’s students (full time equivalent);

7.10.2.3. scientific staff – doctoral students and doctoral degree candidates (full time equivalent);

7.10.3. the research technical staff (number):

7.10.3.1. research technical staff – young scientists (number);

7.10.3.2. research technical staff – master’s students (number);

7.10.3.3. research technical staff – doctoral students and doctoral degree candidates (number);

7.10.4. the research technical staff (full time equivalent):

7.10.4.1. research technical staff – young scientists (full time equivalent);

7.10.4.2. research technical staff – master’s students (full time equivalent);

7.10.4.3. research technical staff – doctoral students and doctoral degree candidates (full time equivalent);

7.11. the number of scientific publications and conferences:

7.11.1. number of scientific publications;

7.11.2. number of scientific conferences;

7.12. the net turnover of emerging products, services, or technologies (EUR) within the framework of the project compared to the first year of the project implementation;

7.13. the export of emerging products, services, or technologies (EUR) within the framework of the project compared to the first year of the project implementation;

7.14. the external expenditures for research works ordered at other institutions, performers of economic activity, organisations (amount of research and development expenditures, EUR);

7.15. the capital expenditures – buildings, equipment, intellectual property rights, computer software (amount of research and development expenditures, EUR);

7.16. the created objects of industrial property (number):

7.16.1. created objects of industrial property – patent and patent applications (number);

7.16.2. created objects of industrial property – plant varieties (number);

7.16.3. created objects of industrial property – registered designs (number);

7.16.4. created objects of industrial property – semiconductor product or application thereof (number);

7.16.5. created objects of industrial property – trademark (including collective marks) and certification mark (number).

8. The objective referred to in Sub-paragraph 6.1 of this Regulation shall be achieved if the Ministry of Economics (hereinafter – the sectoral ministry) develops a summary document that includes a justification for how the objective was achieved, including references to websites where supporting documents of the objective are available.

9. The sectoral ministry shall append the following to the summary document referred to in Paragraph 8 of this Regulation:

9.1. a list of beneficiaries indicating the name and registration number of the beneficiary, the project name, and a brief description;

9.2. a copy of the decision of the Agency granting aid to the beneficiary in accordance with the funding referred to in Paragraph 5 of this Regulation.

10. Aid within the framework of the Investment shall be provided in the form of a grant.

11. The sectoral ministry and the Agency shall, within the limits of their competence, ensure the implementation of the Investment in accordance with the laws and regulations regarding the implementation of the Recovery Fund plan.

12. Within the framework of the Investment, the sectoral ministry shall be responsible for the achievement of the indicators referred to in Paragraph 6 of this Regulation. The beneficiary shall be responsible for the achievement of the indicators specified within the framework of the project in accordance with Paragraph 6 of this Regulation.

13. The place for project implementation shall be the Republic of Latvia.

**II. Project Application Evaluation Criteria and Selection Procedures**

14. The method for implementing the Investment shall be open project application selection.

15. The Agency shall announce the project application selection by publishing information on the announcement, extension, suspension, or termination of the project application selection in the official gazette *Latvijas Vēstnesis* and on the website www.cfla.gov.lv. The deadline for the submission of project applications to the Agency shall be set as 30 April 2025.

16. The project applicant shall submit the project application in the Management Information System, attaching the following documents and information:

16.1. a letter of intent issued by the Investment and Development Agency of Latvia for participation in an important project of common European interest;

16.2. information of the coordinator of the European Commission or important project of common European interest or the document confirming the commencement of the important project of common European interest;

16.3. a declaration of compliance with the condition referred to in Article 2(18)(c) of Commission Regulation No 651/2014. If the project applicant is a merchant, the merchant shall be evaluated at the related group level;

16.4. a time schedule for activities;

16.5. a declaration that the conditions referred to in Paragraphs 32 and 40 of this Regulation are not applicable to the activities envisaged in the project;

16.6. the itemised list of the cost estimate indicated in the budget of the project which justifies the amount of planned costs, including information on the market surveys conducted, statistical data, experience in similar projects.

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17. The evaluation of project applications shall be possible until the absorption of the funding referred to in Paragraph 5 of this Regulation, but no later than by the deadline referred to in Paragraph 82 of this Regulation.

18. The Agency shall publish on its website information on the funding available within the framework of the Investment.

19. For the evaluation of project applications, the Agency shall establish a project application evaluation committee (hereinafter – the evaluation committee) composed of representatives of the Agency, at least one representative of the sectoral ministry, and a representative of the Investment and Development Agency of Latvia.

20. The evaluation committee shall evaluate the project applications received within the deadline for the project application selection according to the criteria for the evaluation of project applications referred to in Annex 1 to this Regulation.

21. The Agency shall, on the basis of the opinion issued by the evaluation committee, take the decision on the approval, conditional approval, or rejection of the project application.

22. The Agency shall take the decision on the approval of the project application if:

22.1. the project application meets the project application evaluation criteria referred to in Annex 1 to this Regulation;

22.2. funding is available for the project implementation within the framework of the project application selection.

23. The Agency shall take the decision on the conditional approval of the project application if the project application has deficiencies which the project applicant must rectify for the project application to fully meet the project application evaluation criteria and for the proper project implementation. If the respective conditions are fulfilled within the deadline and in accordance with the procedures laid down in the decision, the Agency shall provide an opinion on the fulfilment of the conditions specified in the decision and include in the opinion on the fulfilment of the conditions also information on the need to commence the contract awarding process. The deadline for providing the opinion may be extended by not more than one month. If the respective conditions are not fulfilled within the deadline and in accordance with the procedures laid down in the decision, the Agency shall cancel the decision taken and reject the project application.

24. The Agency shall take the decision on the rejection of the project application if at least one of the following conditions is met:

24.1. the project application does not meet any of the non-specified exclusion criteria referred to in Annex 1 to this Regulation;

24.2. the funding is not available for the project implementation within the framework of the project application selection;

24.3. the project applicant does not meet the conditions referred to in Paragraph 31 of this Regulation;

24.4. the project applicant refuses to implement the project with reduced funding or has failed to provide a reply to the Agency within the deadline referred to in Paragraph 25 of this Regulation.

25. If the funding available within the framework of the project application selection is not sufficient for the implementation of the next project in line, the Agency shall offer the project applicant to implement the project with reduced funding, and the project applicant shall provide a reply to the Agency on the consent or refusal to implement the project with reduced funding within five working days.

26. If the project applicant refuses to implement the project with reduced funding from the Recovery Fund, the Agency shall reject the project application and offer to implement the next project in line for which the decision has been taken to reject the project application due to insufficient funding.

27. The contract awarding process shall be commenced not later than within 30 working days after the opinion on the fulfilment of the conditions contained in the decision or taking the decision on the approval of the project application.

28. If the funding from the Recovery Fund has been fully allocated and the open project application selection has concluded, but the beneficiary refuses to continue the project during the project implementation, the Agency shall announce a new open project application selection until the full absorption of the funding, setting the deadline for the project application selection as 30 April 2025.

29. Within the framework of the Investment, project applications shall be evaluated and decisions on the approval, conditional approval, or rejection of the project application shall be taken in the order of submission of the project applications.

**III. Requirements for the Project Applicant**

30. The project applicant has the right to apply for the receipt of aid in accordance with this Regulation if the project application has been submitted to the Agency and the project applicant has been approved in an important project of common European interest in compliance with Sub-paragraphs 16.1 and 16.2 of this Regulation.

31. The project applicant shall meet the following conditions:

31.1. it meets one of the following conditions:

31.1.1. it is registered with the Enterprise Register of the Republic of Latvia and it has the status of a legal person;

31.1.2. it is registered in the list of public entities and institutions;

31.1.3. it is registered in the Register of Scientific Institutions of the Ministry of Education and Science;

31.2. according to the information available in the public database of tax (fee) debtors administered by the State Revenue Service, it does not have any debts of taxes or fees, including the debt of mandatory State social insurance contributions the total amount of which exceeds EUR 150, except for tax payments for which, on the day of submission of the project, the payment term has been extended, divided in instalments, deferred, or divided in instalments repeatedly in accordance with Section 24, Paragraphs one, 1.3, and 1.7 of the law On Taxes and Fees, or in respect of which a settlement agreement is in force on the specified day of submission of the project in accordance with Section 41 of the law On Taxes and Fees;

31.3. none of the following exclusion criteria are applicable thereto:

31.3.1. the project applicant or a person who is a member of the executive board or supervisory board or a general representative of the project applicant, or a person who is authorised to represent the project applicant in activities related to the branch, has been found guilty of any of the following criminal offences by such prosecutor’s penal order or court judgement that has entered into effect and has become non-contestable and non-appealable:

31.3.1.1. establishment, management of a criminal organisation, the involvement therein or an organised group in its composition or in another criminal formation or the participation in criminal offences committed by such organisation;

31.3.1.2. accepting bribes, bribery, misappropriation of bribe, intermediation in bribery, unauthorised accepting of benefits or commercial bribery, unlawful requesting, accepting, or giving of benefits, trading with influence;

31.3.1.3. fraud, fraud in an automated data processing system, insurance fraud, misappropriation, or laundering of proceeds from crime;

31.3.1.4. evasion from tax payments and payments equivalent thereto;

31.3.1.5. terrorism, financing of terrorism, formation or organisation of a terrorist group, travelling for terrorism purposes, justification of terrorism, incitement to terrorism, threats of terrorism, or recruitment, training, or self-training for terrorism;

31.3.1.6. trafficking in human beings;

31.3.1.7. movement of such goods and substances the circulation of which is prohibited or specially regulated across the State border of the Republic of Latvia;

31.3.1.8. unlawful participation in property transactions;

31.3.2. it has been found guilty under the decision by a competent authority on punishment in the relevant sector or a court judgement that has entered into effect and has become non-appealable, and has been punished for a violation manifested as employment of one or more persons who do not hold the necessary work permits or who are not entitled to stay in a European Union Member State, or for the employment of a person without an employment contract entered into in writing, or for the failure to submit an informative return on employees to be submitted in relation to persons who commence work within the deadline specified in laws and regulations;

31.3.3. it has been found guilty, under a decision of a competent authority in the relevant sector or a court judgement which has entered into effect and has become non-appealable, of a violation of competition law manifested as a vertical agreement aimed at restricting the ability of a purchaser to determine the resale price, or horizontal cartel agreement, except for the case where the relevant authority, upon establishing the violation of competition law, has released the project applicant from the fine or reduced the fine for its cooperation under the leniency programme;

31.3.4. insolvency proceedings have been declared, a case of legal protection proceedings has been initiated, or legal protection proceedings are being implemented for it, its economic activity has been suspended or discontinued, or it is being liquidated;

31.3.5. it corresponds to the characteristics specified in Section 11.2, Paragraph one of the Law on International Sanctions and National Sanctions of the Republic of Latvia;

31.3.6. it is subject to the recovery order referred to in Article 1(4)(a) of Commission Regulation No 651/2014. If the project applicant is a merchant, the merchant shall be evaluated at the related group level.

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32. In order to ensure that the Investment corresponds to the ‘do no significant harm’ principle in accordance with Article 2(6) of Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility (hereinafter – Regulation 2021/241), the funding from the Recovery Fund shall not be granted for the following activities within the framework of the Investment:

32.1. activities related to fossil fuels, including its derived use, except for the projects in the generation of electricity or heat, and also related transmission and distribution infrastructure using natural gas in conformity with the conditions laid down in Annex III to the Commission Notice “Technical guidance on the application of the ‘do no significant harm’ principle under the Recovery and Resilience Facility Regulation” (Official Journal of the European Union, 18.2.2021, C 58/1);

32.2. [20 August 2024];

32.3. activities related to landfills of waste, waste incineration facilities (except for the activities intended only for non-recyclable hazardous waste treatment facilities and activities intended for the existing facilities to increase energy efficiency, capture exhaust gases for storage or use, or recover materials from ash resulting from the operation of incineration facilities, provided that such activities, under this Investment, do not increase the waste processing capacity of the facilities or extend the service life of the facilities, for which evidence is provided at the level of the facilities at the end of the research project), and mechanical-biological treatment facilities (except for the activities intended for the existing facilities to increase energy efficiency or modernise separate waste processing operations, converting waste into compost biowaste, and performing anaerobic digestion of biowaste, provided that such activities do not increase the waste processing capacity of the facilities or extend the service life of the facilities, for which evidence is provided at the level of the facilities at the end of the research project);

32.4. activities related to long-term disposal of waste that may cause harm to the environment;

32.5. activities detrimental to the good condition or ecological potential of water bodies, including surface water, groundwater, or the good environmental condition of maritime waters;

32.6. activities detrimental to the circular economy, including the waste prevention and recycling, causing a significant lack of effectiveness in the use of materials or in such direct or indirect use of natural resources as non-renewable energy resources, raw materials, water and land in one or more stages of the product cycle, including in terms of product durability, repairability, upgradeability, reusability, or recyclability;

32.7. activities detrimental to the prevention and control of environmental pollution;

32.8. activities detrimental to the protection and restoration of biological diversity and ecosystems if the respective activity causes harm to the good condition and resilience of ecosystems, or causes harm to the conservation status of habitats and species, including habitats and species of European Union importance;

32.9. activities within the framework of the European Union Emissions Trading System which achieve the projected level of greenhouse gas emissions that is not lower than the relevant benchmarks.

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33. If the project applicant operates in any of the non-aided sectors in accordance with Article 1(3) of Commission Regulation No 651/2014 and Paragraphs 32 and 40 of this Regulation, the aid for commercial activity may only be granted if the aided activities and financial flows related to the implementation thereof are clearly separated from the activities and financial flows of other sectors of activity, ensuring that the beneficiary in the excluded sectors do not benefit from the aid for commercial activity in accordance with the last paragraph of Article 1(3) of Commission Regulation No 651/2014.

34. The project applicant may not provide the private co-funding required for the implementation of the research project in kind.

35. After signing the contract or agreement for the project implementation, the project applicant shall use the data input forms available in the Management Information System for data exchange in accordance with the type of document to be submitted.

36. The Agency shall evaluate the conformity of the project applicant to the condition referred to in Sub-paragraph 31.3 of this Regulation on the day of submission of the project application, but the conformity to the condition referred to in Sub-paragraph 42.1 of this Regulation – on the day of taking the decision on approval of the project application or issuance of the opinion on the fulfilment of the conditions if the decision on the conditional approval of the project application had been taken previously.

**IV. Aided Activities**

37. Such activities shall be considered to be aided activities within the framework of this Investment and eligible for the funding from the Recovery Fund that are performed by the beneficiary within the framework of the project in order to promote development of new products, services, and technologies which conform to the following conditions:

37.1. industrial research in accordance with Article 2(85) of Commission Regulation No 651/2014;

37.2. experimental development in accordance with Article 2(86) of Commission Regulation No 651/2014;

37.3. feasibility study for research projects the total value of which exceeds EUR 250 000 in accordance with Article 2(87) of Commission Regulation No 651/2014. The maximum amount of the funding shall not exceed EUR 300 000 per year for one beneficiary.

38. The following activities shall not be considered to be aided activities within the framework of this Investment and eligible for the funding from the Recovery Fund:

38.1. development of software and information system to be used for commercial activity if known methods or existing software tools are used therein;

38.2. support for the existing software and information systems;

38.3. conversion and translation of computer languages;

38.4. supplementation of the existing programs with a new functionality for users;

38.5. debugging of the existing systems;

38.6. purchase of equipment for the European Union Emissions Trading System;

38.7. preparation of the existing software;

38.8. preparation of user documentation;

38.9. development of websites;

38.10. development of web application programs;

38.11. development of program platforms that cannot be separated from pre-developed software;

38.12. activities that have been commenced prior to the submission of the project application in the Management Information System.

39. The activities referred to in Paragraph 38 of this Regulation (except for Sub-paragraph 38.12) shall be recognised as eligible for aid if one of the following conditions is present:

39.1. activities are related to the respective research project and are performed in cooperation with research and knowledge-dissemination organisations or by purchasing outsourced services from research and knowledge-dissemination organisations;

39.2. post-doctoral graduates or doctoral degree candidates are employed within the framework of the research project;

39.3. research results are published in scientific journals, scientific conferences are organised, or there is participation in scientific studies.

40. Aid shall not be granted to the project applicant for the following sectors and activities:

40.1. trade in weapons and ammunition (Statistical Classification of Economic Activities in the European Community, Revision 2 (hereinafter – NACE Rev. 2), Class 47.78 “Other retail sale of new goods in specialised stores”);

40.2. gambling and betting activities (Division 92 “Gambling and betting activities” of NACE Rev. 2);

40.3. manufacture and sale of tobacco products (Division 12 “Manufacture of tobacco products”, Class 46.35 “Wholesale of tobacco products” and Class 47.26 “Retail sale of tobacco products in specialised stores” of NACE Rev. 2);

40.4. sale of alcohol (Class 46.34 “Wholesale of beverages” and Class 47.25 “Retail sale of beverages in specialised stores” of NACE Rev. 2);

40.5. activities with real estate (Section L “Real estate activities”, Class 68.1 “Buying and selling of own real estate” and Class 68.31 “Real estate agencies” of NACE Rev. 2);

40.6. collection, treatment, and disposal of waste, processing of materials (Class 38.21 “Treatment and disposal of non-hazardous waste” and Class 38.22 “Treatment and disposal of hazardous waste” of NACE Rev. 2);

40.7. sectors and activities not to be aided that are specified in Article 1(2)(c) and (d) of Commission Regulation No 651/2014;

40.8. sectors and activities not to be aided that are specified in Article 1(3) of Commission Regulation No 651/2014.

41. The beneficiary has the right, within the framework of the Investment, to invite an independent auditor or an auditor to confirm the achievement of the objectives specified in the interim or final report of the research project (justified by the indicators referred to in Sub-paragraphs 6.1 and 6.2 of this Regulation according to the project) and also the achievement of the objectives defined in the project, and the justification of costs.

42. Aid shall not be granted to the project applicant if:

42.1. the project applicant corresponds to any of the characteristics referred to in Article 2(18) of Commission Regulation No 651/2014. If the project applicant is a merchant, the merchant shall be evaluated at the related group level;

42.2. in accordance with Article 6(2) of Commission Regulation No 651/2014 the project implementation is commenced before the submission of the project application in the Management Information System or the content of the project application does not conform to the requirements of Article 6(2) of Commission Regulation No 651/2014. Within the framework of this Regulation, the commencement of the project implementation shall be understood as the “start of works” specified in Article 2(23) of Commission Regulation No 651/2014.

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**V. Eligible Costs and Costs Not Covered from the Funds of the Recovery Fund**

43. The following costs that are measurable, proportionate, justified and meet the principles of sound financial management in accordance with the conditions of Article 33 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (hereinafter – Regulation 2018/1046) shall be eligible within the framework of the Investment:

43.1. remuneration within the meaning of Section 59 of the Labour Law, insofar as it is required for the activities referred to in Paragraph 37 of this Regulation. Consideration for the performance of works shall be determined by taking into account the volume and specific nature of the works and the direct personnel costs of the involved specialists in accordance with Article 25(3)(a) of Commission Regulation No 651/2014;

43.2. mandatory State social insurance contributions related to the remuneration in accordance with Article 25(3)(a) of Commission Regulation No 651/2014;

43.3. costs of an official travel (work trip) in accordance with the laws and regulations regarding the procedures for reimbursing the expenses related to official travels in accordance with Article 25(3)(a) of Commission Regulation No 651/2014;

43.4. costs of public utility services and communications services, insofar as they are used for research or feasibility study activities in accordance with Article 25(3)(e) of Commission Regulation No 651/2014;

43.5. lease payment for premises in accordance with Article 25(3)(c) of Commission Regulation No 651/2014;

43.6. lease payment for instruments, facilities, and equipment thereof, insofar as they are used for research or feasibility study activities in accordance with Article 25(3)(b) of Commission Regulation No 651/2014, not exceeding the market price. The eligible monthly lease payment for instruments, facilities, and equipment thereof shall be treated as equivalent to depreciation costs, as they would be if the instruments, facilities, and equipment thereof were owned by the beneficiary. The same method for the calculation of depreciation shall be applied to the costs as to fixed assets owned by the lessee. The beneficiary shall submit the relevant documents confirming the market value of the leased instruments, facilities, and equipment thereof;

43.7. planned costs of the acquisition of physical, biological, chemical, and other materials, and also trial animals, reagents, chemicals, wares for laboratory, medicinal products, scientific literature, and low-value inventory, including delivery costs thereof, insofar as they are used for research or feasibility study activities in accordance with Article 25(3)(b) of Commission Regulation No 651/2014;

43.8. costs of contractual research and patents, insofar as they are used for the research or feasibility study activities referred to in Article 25(3)(d) of Commission Regulation No 651/2014;

43.9. depreciation costs of instruments, facilities, and equipment thereof owned by the beneficiary, depreciation costs of facilities acquired through financial leasing, insofar as they are used for research or feasibility study activities in accordance with Article 25(3)(b) of Commission Regulation No 651/2014, and depreciation costs of patents and licences, insofar as they are used in the research project in accordance with Article 25(3)(d) of Commission Regulation No 651/2014, and depreciation costs of buildings owned by the beneficiary, and costs of commercial transfer of land or actual capital costs in accordance with Article 25(3)(c) of Commission Regulation No 651/2014. Costs for buildings may be eligible for a specific part. The same method for the calculation of depreciation shall be applied to the depreciation of facilities as to fixed assets owned by the lessee. Depreciation costs of facilities acquired through financial leasing may not exceed the amount of the lease payment made for the acquisition of fixed asset. Depreciation costs of premises, instruments, facilities, and equipment thereof, patents and licences shall not be covered if the aid for commercial activity has already been received from the State, local government, the European Union, or other public funds for the acquisition or creation thereof within the framework of this or another aid activity or project. If the time during which premises, instruments, facilities, patents, and licences are used for research does not cover the entire useful life of the respective premises, instruments, facilities, patents, and licences, only such depreciation costs that correspond to the duration of the project shall be considered eligible costs;

43.10. insurance costs, i.e. health, life, vehicle, property, facilities, civil liability insurance, and other insurance costs, for the time of the implementation of the project, without creation of reserves and inclusion thereof in the text of the contract or agreement for the project implementation in accordance with Article 25(3)(e) of Commission Regulation No 651/2014. If the project does not include the entire term of validity of the relevant insurance, such part of the insurance costs shall be included in the eligible costs which corresponds to the duration of the project;

43.11. costs of external services, i.e. legal, accounting, testing and development, project management, record-keeping, and translation services purchased by the beneficiary from third parties, if the relevant services are only used for research or feasibility study activities in accordance with Article 25(3)(e) of Commission Regulation No 651/2014;

43.12. communication costs related to publicity measures within the framework of a strategical project in accordance with Sub-paragraph 63.4 of this Regulation, pursuant to Article 25(3)(e) of Commission Regulation No 651/2014;

43.13. data acquisition costs in accordance with Article 25(3)(d) of Commission Regulation No 651/2014 and subscription costs in accordance with Article 25(3)(e) of Commission Regulation No 651/2014, insofar as they are related to research or feasibility study activities.

44. The costs referred to in Sub-paragraph 43.3 of this Regulation shall not exceed 15 per cent of the total amount of the eligible project costs.

45. The costs referred to in Paragraph 43 of this Regulation shall be eligible, provided that they have been incurred starting from the day when the project application is submitted in the Management Information System. If the project is commenced prior to the submission of the project application in the Management Information System, all the costs incurred within the framework of the project shall not be eligible.

46. Facilities that will be transferred for financial leasing and in respect of which depreciation costs are calculated in accordance with Sub-paragraph 43.9 of this Regulation shall remain in the ownership of the beneficiary after expiry of the lease contract.

47. Procurement for the purchase of outsourced services required for the project implementation shall be conducted in accordance with the laws and regulations in the field of public procurement according to an open, transparent, non-discriminatory, and competitive procedure.

48. The beneficiary shall ensure separate accounting of revenues and expenditures from economic transactions related to the project implementation, and also separation of activities and financial flows related to the project implementation.

49. Eligibility conditions for the costs referred to in Sub-paragraph 43.1 of this Regulation shall be as follows:

49.1. if a scientific worker involved in the implementation of the research or feasibility study receives a consideration within the framework of the research project upon entering into an employment contract, working time recording tables shall indicate how many hours are dedicated to work in the research project (indicating separately the workload for industrial research, experimental development, and feasibility study) and how many hours are dedicated to work not related to the research project;

49.2. if the scientific worker works on the research project and performs other functions for which he or she receives a consideration under another employment or work-performance contract, the work on the research project shall not be carried out during the time when the person performs tasks not related to the research project under the contract entered into. If the work within the framework of the research project is performed during hours of the main job, the workload of the main job shall be reduced by the corresponding number of hours;

49.3. the beneficiary shall ascertain that the tasks to be performed that are specified in the main job or other contracts do not overlap with the tasks to be performed in the research project.

50. The following costs shall be not financed from funds of the Recovery Fund within the framework of the Investment:

50.1. costs not related to the research or feasibility study works specified within the framework of the research project;

50.2. costs related to the preparation of the project application, including consultancy services;

50.3. value added tax, customs duties, fees, and penalty payments which the beneficiary covers from private co-funding, ensuring separate accounting and separation of project costs (including value added tax costs) for all the costs referred to in this Sub-paragraph;

50.4. payment for the examination, arrangement, and reservation of a loan or leasing, interest payments, contractual penalty, late payment interest, fee for financial transactions, commission fee;

50.5. costs related to the amounts of export of a merchant, i.e. formation and operation of a distribution network for goods, and also the current expenses of export operations of the merchant;

50.6. costs related to the construction design, reconstruction, construction, and adaptation of premises;

50.7. any other costs not specified as eligible in Paragraph 43 of this Regulation.

51. The eligible costs of the beneficiary shall include the costs of only those activities of the research project which will be completed on the day of submission of the final report of the project. The eligible costs in the interim and final reports shall include the actual expenditures made in accordance with the project application.

52. Unforeseen expenditures shall be considered additional expenditures or price increase that has occurred during the project implementation, and the beneficiary shall cover them from its own funds free of aid for commercial activity.

53. Additional costs that are not eligible within the framework of Paragraph 43 of this Regulation and are not covered from funds of the Recovery Fund shall be indicated as part of private co-funding, and the Agency shall not verify them.

54. The maximum permissible funding intensity in accordance with Article 25(5)(b), (c), and (d), (6)(a), and (7) of Commission Regulation No 651/2014 (as a percentage of the total eligible costs of the project) shall be as follows:

54.1. for industrial research:

54.1.1. 70 per cent – for micro and small merchants;

54.1.2. 60 per cent – for medium-sized merchants;

54.1.3. 50 per cent – for large merchants;

54.2. for experimental development:

54.2.1. 45 per cent – for micro and small merchants;

54.2.2. 35 per cent – for medium-sized merchants;

54.2.3. 25 per cent – for large merchants;

54.3. for feasibility study:

54.3.1. 70 per cent – for micro and small merchants;

54.3.2. 60 per cent – for medium-sized merchants;

54.3.3. 50 per cent – for large merchants.

55. The funding intensity referred to in Sub-paragraph 54.1.1 of this Regulation may be increased by 10 per cent, but the intensity referred to in Sub-paragraphs 54.1.2, 54.1.3, and 54.2 of this Regulation – by 15 per cent in accordance with Article 25(6)(b) of Commission Regulation No 651/2014 if the beneficiary has envisaged it initially in the project application and any of the following conditions is met:

55.1. within the framework of the research project, there is effective cooperation within the meaning of Article 2(90) of Regulation No 651/2014 with at least one micro, small, or medium-sized merchant, and one merchant does not cover more than 70 per cent of the total eligible costs;

55.2. within the framework of the research project, there is effective cooperation within the meaning of Article 2(90) of Regulation No 651/2014 with at least one research and knowledge-dissemination organisation and the research and knowledge-dissemination organisation covers at least 10 per cent of the total eligible costs and has the right to publish results of its research project;

55.3. the results of the research project have been accepted for publication in at least two scientific articles indexed in the Web of Science, SCOPUS, ERIH (A or B), ScienceDirect, Elsevier, or similar databases or disseminated in such technical or scientific conference the collection of articles of which is indexed in the Web of Science, SCOPUS, ERIH (A or B), DBLP, ScienceDirect, Elsevier, or similar databases, and the author of the publication is a researcher of the merchant or the publication is a co-publication of researchers of the merchant or the research and knowledge-dissemination organisation;

55.4. the beneficiary shall undertake to make licences for the research results developed within the project and protected by intellectual property rights available to interested parties in the European Economic Area (hereinafter – the EEA) at market price, on a non-exclusive and non-discriminatory basis.

56. The funding intensity referred to in Sub-paragraph 54.1.1 of this Regulation may be increased by 10 per cent, the funding intensity referred to in Sub-paragraph 54.1.2 – by 20 per cent, but the funding intensity referred to in Sub-paragraphs 54.1.3 and 54.2 of this Regulation – by 25 per cent in accordance with Article 25(6)(d) of Commission Regulation No 651/2014 if the beneficiary has envisaged it in the project application and the following conditions are met:

56.1. the project of the beneficiary has been selected by a Member State via an open call, the project application is accompanied by the comfort letter referred to in Sub-paragraph 16.1 of this Regulation, and the beneficiary has developed the project in effective cooperation with representatives from at least three different European Union Member States or EEA contracting parties;

56.2. the research project envisages effective cooperation with merchants in at least two different European Union Member States or EEA contracting parties if the beneficiary is a micro, small, or medium-sized merchant, or in at least three different European Union Member States or EEA contracting parties if the beneficiary is a large merchant;

56.3. at least one of the following conditions is met additionally:

56.3.1. it is intended to widely disseminate results of the research and development project in at least three Member States or EEA contracting parties at conferences, through publications, open-access repositories, or free or open-source software;

56.3.2. the beneficiary shall undertake to make licences for the research results developed within the project and protected by intellectual property rights available to interested parties in the EEA at market price, on a non-exclusive and non-discriminatory basis.

[*20 August 2024*]

57. Funding for additional intensity in the case referred to in Sub-paragraph 55.3 of this Regulation shall be paid after the following conditions are met:

57.1. the publication or conference materials include information on the methods employed or research results. If possible, a reference is provided to the website where all research results are posted, including those results that will be achieved or clarified after the publication;

57.2. if multiple related research projects are carried out within the framework of the project, the funding intensity shall be increased if the results of the research project are included in the publication or conference materials referred to in Sub-paragraph 55.3 of this Regulation;

57.3. the results of the research project have been accepted for publication in such editions that will be indexed in the Web of Science, SCOPUS, ERIH (A or B), ScienceDirect, Elsevier, or similar databases or distributed in such technical or scientific conference the collection of articles of which is indexed in the Web of Science, SCOPUS, ERIH (A or B), DBLP, ScienceDirect, Elsevier, or similar databases.

[*20 August 2024*]

58. Funding for additional intensity in the cases referred to in Paragraph 56 of this Regulation shall be paid after the following conditions are met:

58.1. the project of the beneficiary has been selected by a Member State via an open call, the project application is accompanied by the letter of intent referred to in Sub-paragraph 16.1 of this Regulation, and the beneficiary has implemented the project in effective cooperation with representatives from at least three different European Union Member States;

58.2. effective cooperation has been implemented within the framework of the research project with merchants in at least two different European Union Member States or EEA contracting parties if the beneficiary is a micro, small, or medium-sized merchant, or in at least three different European Union Member States or EEA contracting parties if the beneficiary is a large merchant;

58.3. at least one of the following conditions is met additionally:

58.3.1. results of the research and development project are widely disseminated in at least three Member States or EEA contracting parties at conferences, through publications, open-access repositories, or free or open-source software;

58.3.2. the beneficiary has made licences for the research results developed within the project and protected by intellectual property rights available to interested parties in the EEA at market price, on a non-exclusive and non-discriminatory basis.

59. The aid intensity referred to in Paragraphs 55 and 56 of this Regulation may not be increased or mutually combined after approval of the project application in accordance with Article 25(6) of Commission Regulation No 651/2014.

60. The total funding intensity applied to the project may not exceed 80 per cent for industrial research and experimental development in accordance with Article 25(6) of Commission Regulation No 651/2014.

**VI. Implementation of the Project and Conditions for Receiving the Aid**

61. Costs can be eligible within the framework of the Investment until 31 December 2027. If the beneficiary incurs costs after 31 December 2027, they shall be covered from its own funds free from aid for commercial activity.

62. The text of the contract or agreement for the project implementation shall include at least the following information:

62.1. details of the beneficiary;

62.2. the rights and obligations of the beneficiary;

62.3. the procedures for submitting a schedule for the submission of planned progress reports, the procedures for submitting the procurement plan, the procedures for submitting planned advance payment requests, interim report, and final report;

62.4. the planning of the funding related to the project implementation;

62.5. the period for the retention of documents related to the project implementation;

62.6. the duration of the contract or agreement for the project implementation, the procedures for amending and terminating it;

62.7. the dispute settlement procedures that shall include the condition that disputes arising during the project implementation after signing the contract or agreement for the project implementation shall be resolved in civil proceedings, stipulating additionally that the beneficiary shall first submit a claim to the Agency, and if the dispute cannot be resolved through negotiation, the beneficiary may bring an action against the Agency in a court of general jurisdiction;

62.8. the regularity of and responsibility for the entry of data in the Management Information System;

62.9. the procedures in the case of force majeure or exceptional circumstances;

62.10. the procedures for applying publicity requirements;

62.11. the condition that activities in conflict with the ‘do no significant harm’ principle are not aided.

63. The beneficiary has the following obligations:

63.1. to ensure the achievement of the objectives defined in the project;

63.2. to implement the project approved by the Agency as a strategically important project, posting up-to-date information on the project implementation on its website at least every six months and ensuring information and publicity measures in accordance with Article 34 of Regulation 2021/241 and Article 10 of the Recovery and Resilience Facility Financing Agreement between the Commission and the Republic of Latvia, ensuring at least one informative measure (a conference, a seminar, or another type of informative measure);

63.3. to ensure participation in working groups of an important project of common European interest;

63.4. to ensure communication with partners involved in an important project of common European interest;

63.5. within 30 days after signing the contract or agreement for the project implementation, to submit a procurement plan in the Management Information System for all planned procurements for the implementation of the Investment, the organisation of which is subject to the application of the laws and regulations regarding the procurement procedure and the procedures for the application thereof for projects funded by the contracting authority;

63.6. to submit to the Agency all documentation related to the project implementation and necessary for the submission and evaluation of advance payments and interim reports;

63.7. to ensure that the Agency and sectoral ministry have access to the original documents related to the project implementation and to the place for the implementation of the project;

63.8. to ensure that there are no risks of double funding in the project implementation;

63.9. to adhere to the principles of the prevention of a conflict of interest in accordance with Article 61 of Regulation 2018/1046 and also to the principles of transparency and equality, concurrently preventing corruption, fraud, and double funding, taking appropriate corrective measures, if necessary. Prior to the commencement of the project, sign the declaration included in Annex 2 to this Regulation;

63.10. to submit to the Agency amendments to the contract or agreement for the project implementation in order to specify the procedures for the submission of planned advance payment requests, interim report, and final report;

63.11. to collect and list data to determine the progress of the achievement of project indicators, ensuring that the project indicators are entered in the Management Information System twice a year;

63.12. to reimburse to the Agency the funding from the Recovery Fund not invested in accordance with the provisions of the concluded contract or agreement for the project implementation.

64. The Agency shall, for the purpose of providing aid, and the Agency and the sectoral ministry shall, for the purpose of ensuring supervision within the framework of this Regulation, request and receive information from the State Information System “Punishment Register” under supervision of the Information Centre of the Ministry of the Interior. In order to ensure access to the data, the Agency or the sectoral ministry shall, if necessary, enter into an agreement with the Information Centre of the Ministry of the Interior.

65. The beneficiary shall, within 10 working days after signing the contract or agreement for the project implementation, submit to the Agency the schedule for the submission of planned progress reports, divided according to the indicators specified within the framework of the project.

66. The Agency has the right to invite an external expert during the evaluation of the interim report and final report in order to verify whether the eligible costs indicated in the estimate of project costs are proportionate and economically justified.

67. The Agency has the right to unilaterally withdraw from the contract or agreement for the project implementation in any of the following cases:

67.1. the beneficiary does not fulfil the conditions of the contract or agreement for the project implementation, including fails to meet the deadlines specified in the project or other circumstances have occurred which negatively affect or may affect the achievement of the objective of the Investment or supervision indicator;

67.2. the beneficiary has intentionally provided false information to the Agency during the project implementation;

67.3. it is provided for in the contract or agreement for the project implementation.

68. During the project implementation, the beneficiary may receive an advance payment not exceeding 30 per cent of the amount of the total public funding for the project, justifying the connection thereof with the progress of fulfilment of the indicators specified within the framework of the project in accordance with Paragraph 6 of this Regulation. If the beneficiary wishes to receive several advances, then the next advance may only be received after the previous one has been fully used. The total sum of advance and interim payments may not exceed 90 per cent of the total funding allocated to the project. The Agency shall disburse the final payment after completion of all activities envisaged in the project.

[*20 August 2024*]

69. The beneficiary shall ensure the implementation of project activities and pre-finance the planned costs of the project from its own funds, except for the case where the advance is planned within the project in accordance with Paragraph 68 of this Regulation.

70. The beneficiary shall ensure that the principle of gender equality and equal opportunities is adhered to during the process of project implementation.

71. The project may be commenced after the project application is submitted in the Management Information System, with the project applicant assuming the risk of covering all incurred costs from its own funds if the Agency rejects the project application.

72. The beneficiary may not earn beneficial interest from the funding received within the framework of the project. If beneficial interest is generated, the beneficiary shall reimburse it to the Agency.

73. After completion of the project, the beneficiary shall submit a summary of the results of the project to the Agency. The summary shall indicate the progress of the implementation of the activities implemented within the project, the achieved results, the amount of the funding used, and the amount of the private co-funding.

74. Premature termination of the project shall be supported if during the project implementation the beneficiary establishes that it will not be possible to fully achieve the objective of the project. The Agency shall evaluate the results of the project, included costs, and conformity of the achieved results with the objective and planned activities of the project. Costs of individual activities included in the project shall be eligible if the action planned within the framework of the activity has been fully completed in accordance with the project application and the conditions of the contract or agreement for the project implementation. Costs may only be eligible and included in the progress report in respect of those interim stages that have been completed at the time of the interruption of the project.

75. The sectoral ministry shall post on its website the contact information of the beneficiary and indicate a brief description of the project, granted amount, achieved results, and available funding.

76. The beneficiary shall ascertain that the costs of co-funded goods and services correspond to the market prices and there is no conflict of interest in the selection of the supplier or service provider. The beneficiary shall also consider the possibility of conducting socially responsible procurement or innovative public procurement in the project implementation in accordance with the laws and regulations regarding public procurement.

77. When examining the progress report, the Agency shall ascertain that no signs can be established within the framework of the project indicating the occurrence or possibility of a conflict of interest, corruption, fraud, or a situation of double funding.

78. The sectoral ministry has the obligation to ensure that the indicators referred to in Paragraph 6 of this Regulation are recorded in the Management Information System in a timely manner and to supervise timely entry of data.

79. The sectoral ministry has the right to, by 31 March 2026, conduct at least one supervision check based on risk assessment to verify that no signs can be established in the implementation of this Regulation indicating the occurrence or possibility of a conflict of interest, corruption, fraud, or a situation of double funding, and also verify the reference point set by the beneficiary, the documentation supporting the objective and supervision indicator referred to in Section 6 of this Regulation, including to check the reliability of data.

**VII. Conditions Related to Receiving the Aid for Commercial Activity**

80. The project applicant may contest the decision of the Agency on the conformity of the project applicant with the conditions for the aid for commercial activity to the Ministry of Finance, and the decision taken by the Ministry of Finance may be appealed to the District Administrative Court.

81. The aid for commercial activity provided within the framework of the Investment in accordance with Article 25 of Commission Regulation No 651/2014 may be combined with the aid provided under another programme for the aid for commercial activity or individual aid project for different determined eligible costs or the same eligible costs in accordance with Article 8 of Commission Regulation No 651/2014, this also includes combining with *de minimis* aid provided under another programme for the aid for commercial activity or individual aid project, without exceeding the maximum permissible aid funding intensity in accordance with Article 25(5)(b), (c), and (d), (6)(a), (b), and (d), and (7) of Commission Regulation No 651/2014.

82. The Agency may take the decision on the conformity of the project applicant with the conditions for the aid for commercial activity until 30 June 2025. The day when the decision on the approval of the project is taken shall be considered the day of granting the aid for commercial activity.

83. The Agency shall publish information on the aid in accordance with the requirements for publicity measures laid down in Article 9(1)(c) and (4) of Commission Regulation No 651/2014 and the laws and regulations governing the procedures for publishing information on the provided aid for commercial activity and for granting and cancelling the right to use the electronic system.

84. The beneficiary may not, within the framework of the project, use research equipment procured within the framework of other projects not related to the economic activity, except for the case where the beneficiary conducts a research project not related to the economic activity. Research projects not related to the economic activity shall be such projects in which effective cooperation shall be ensured and intellectual property rights arising from the activity carried out by the research and knowledge-dissemination organisation within the framework of the project shall be fully granted to the research and knowledge-dissemination organisation.

85. If the conditions of Commission Regulation No 651/2014 are violated, the beneficiary has the obligation to reimburse to the Agency the unlawful aid for commercial activity received within the framework of the project, together with interest using funds free of aid for commercial activity, in accordance with the conditions of Chapter IV or V of the Law on Control of Aid for Commercial Activity.

86. In accordance with Article 12(1) of Commission Regulation No 651/2014, the availability of information and the document storage shall be ensured in accordance with the following procedures:

86.1. the beneficiary shall ensure the availability of information and the document storage for 10 years, starting from the moment of granting of the aid;

86.2. the Agency shall ensure the availability of information and the document storage for 10 years, starting from the day the last aid for commercial activity is granted according to the programme for the aid for commercial activity;

86.3. the sectoral ministry shall ensure the availability of information and the document storage for 10 years, starting from the day the last aid for commercial activity is granted according to the programme for the aid for commercial activity.

87. The sectoral ministry shall use the following documents in order to prepare a semi-annual progress report on the implementation of the Recovery Fund plan:

87.1. a list of beneficiaries, indicating the name and registration number of the beneficiary, the name and a brief description of the research project;

87.2. copies of the contracts or agreements for the project implementation confirming the approved funding from the Recovery Fund for projects (using the information available in the Management Information System that is provided by the beneficiaries).

Prime Minister E. Siliņa

Minister for Economics V. Valainis

**Annex 1**

Cabinet Regulation No. 116

20 February 2024

**Project Application Evaluation Criteria**

|  |  |  |
| --- | --- | --- |
| Name of the operational programme |  | Recovery and Resilience Facility Plan of Latvia |
| Reform and investment direction | **5.1.** | Promotion of Productivity through Increase in the Amount of Investments in Research and Development (R&D) |
| Reform | **5.1.1.r.** | Innovation Management and Motivation of Private Investments in Research and Development (R&D) |
| Number and name of the Investment activity | **5.1.1.2.i.** | Aid Instrument for Research and Internationalisation, the fourth round |
| Funding |  | EUR 31 000 000 |
| Type of the project selection |  | Open project application selection |
| Responsible institution |  | Ministry of Economics |

Within the framework of Cabinet Regulation No. 116 of 20 February 2024, Regulations Regarding the Implementation of the Fourth Round of Investment 5.1.1.2.i “Aid Instrument for Research and Internationalisation” under Reform 5.1.1.r “Innovation Management and Motivation of Private Investments in Research and Development (R&D)” of Reform and Investment Direction 5.1 “Promotion of Productivity through Increase in the Amount of Investments in Research and Development (R&D)” of the Recovery and Resilience Facility Plan of Latvia (hereinafter – the Cabinet Regulation), project applications shall be evaluated according to exclusion criteria and eligibility criteria, including non-clarified ones (hereinafter – N) which the project applicant cannot clarify (if the evaluation is “Yes”, then the Central Finance and Contracting Agency (hereinafter – the Agency) shall take the decision on the rejection of the project application) and clarified ones (hereinafter – P) which the project applicant can clarify (if the project application does not conform to the criterion, the Agency shall take the decision on the approval of the project application with the condition that the project applicant ensures full conformity with the criterion within the period specified in the decision and in accordance with the established procedures. If the clarifications in the clarified project application have not been made in accordance with the laid down conditions or if the application still does not meet the laid down requirements after fulfilment of the conditions, or if the conditions are not fulfilled within the deadline specified in the decision on the conditional approval of the project application, the Agency shall take the decision on the rejection of the project application).

|  |  |  |
| --- | --- | --- |
| **1. EXCLUSION CRITERIA** | | **Impact of the criterion on decision-making (N, P)** |
| At the time of submission of the project and granting of aid, the project applicant is in the following exclusion situation1: | | |
| 1.1. | conforms to any of the exclusion criteria referred to in Sub-paragraph 31.3 of the Cabinet Regulation | N |
| 1.2. | conforms to the status of a merchant in difficulty, as specified in Sub-paragraph 42.1 of the Cabinet Regulation | N |
| **2. ELIGIBILITY CRITERIA** | | **Impact of the criterion on decision-making (N, P)** |
| 2.1. | The project has been commenced prior to the submission of the project application in the Cohesion Policy Funds Management Information System in accordance with Sub-paragraph 42.2 of the Cabinet Regulation | N |
| 2.2. | The project applicant corresponds to the range of applicants referred to in Sub-paragraph 31.1 of the Cabinet Regulation and also to a certain category of commercial company which is determined in accordance with Annex I to Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty | P |
| 2.3. | The project application is accompanied by the documents referred to in Paragraph 16 of the Cabinet Regulation as the documents to be submitted | P |
| 2.4. | The financial capacity of the project applicant is sufficient for the project implementation, including information on the securing of the private co-funding, administration and implementation capacity thereof in the project application | P |
| 2.5. | The project applicant has no debt of taxes or fees2 administered by the State Revenue Service in the Republic of Latvia, including the debt of mandatory State social insurance contributions the total amount of which exceeds EUR 150 in accordance with Sub-paragraph 31.2 of the Cabinet Regulation | P |
| 2.6. | The objective of the project conforms to the objective specified in the Cabinet Regulation regarding the implementation of the Investment and the objective of the project is accurately defined, justified, measurable, and contributes to achieving the objective specified in the Cabinet Regulation regarding the implementation of the Investment | P |
| 2.7. | The project application specifies the activities to be aided and performed in the project implementation and eligible costs, and they conform to the requirements laid down in the Cabinet Regulation, and the project application also indicates the planned expected results, and they are accurately defined, justified, and measurable | P |
| 2.8. | The project application includes information confirming the absence of double funding and the planned demarcation and/or synergy with the aid measures of the projects implemented (already completed) or under implementation by the project applicant or the projects or aid measures implemented by other subjects | P |
| 2.9. | The planned indicators to be achieved in the project comply with Paragraphs 6 and 7 of the Cabinet Regulation | P |
| 2.10. | The project application confirms adherence to the principle of gender equality and equal opportunities | P |

Notes.

1Conformity with the criterion 1.1 shall be evaluated at the time of the submission of the project application. Conformity to criterion 1.2 shall be evaluated on the day of taking the decision on the approval of the project application or issuance of the opinion on the fulfilment of the conditions if the decision on the conditional approval of the project application had been taken previously.

2Information on the debt of taxes of the project applicant shall be verified by using the database of tax (fee) debtors administered by the State Revenue Service (https://www.vid.gov.lv/lv/nodoklu-paradnieki):

1) as on the day of submitting the project application;

2) as on the day of submitting clarifications (the criterion shall be re-evaluated also in the cases when the condition was not set previously).

**Annex 2**

Cabinet Regulation No. 116

20 February 2024

**Declaration**

I, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_,

(given name, surname)

acting in the capacity of the responsible official \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(name of the position)

of the project applicant \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_,

(name of the project applicant)

hereby declare that at the time when the project application is submitted:

1) the project applicant does not correspond to the provisions referred to in Article 2(18) of Commission Regulation (EU) No 651/20141;

2) the project applicant has sufficient and stable financial resources at its disposal (not applicable to State budget institutions);

3) the information provided in the project application and annexes thereto is true and the funding requested from the Recovery Fund for the project implementation will be used according to the project application;

4) there are no known reasons why this project could not be implemented or why implementation thereof could be delayed, and I confirm that the commitments specified in the project can be fulfilled within the deadlines stipulated in the laws and regulations regarding the implementation of the relevant objective of the Recovery Fund or measure thereof;

5) the activities included in the project are not being implemented in other projects co-funded by the Recovery Fund or European Union funds;

6) there is no conflict of interest in accordance with the provisions of Article 61 of Regulation (EU) No 2018/10462.

I am aware that the project may not be approved for co-funding from the Recovery Fund if the project application and the description of the research project are not fully and qualitatively completed, and also if the funding from the Recovery Fund (for the current year/planning period) planned for the implementation of the relevant objective of the Recovery Fund or measure thereof is used at the time of the approval of the project.

I am aware that in the case of providing false information in the declaration, sanctions of administrative nature may be initiated against both myself and the respective legal person, i.e. the project applicant.

I am aware that in the case of an increase in the project costs, the project applicant shall cover all costs that may arise as a result of cost fluctuations.

I declare that the company does not conform to the criteria specified in Section 57 of the Insolvency Law to be subject to insolvency proceedings upon the request of creditors.

I declare that I have become acquainted with the conditions of the relevant objective of the Recovery Fund or measure thereof, and the requirements laid down in the selection regulations.

I declare that the copies accompanying the project application correspond to the original documents at my disposal, and the copies and electronic version of the project application correspond to the original project application submitted.

I acknowledge that the project should be implemented in accordance with the activities provided in the project application, and the results should be maintained in accordance with the project application.

Signature3:

Date:

Notes.

1 Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty.

2 Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012.

3 If the project application has been prepared electronically and signed with a secure electronic signature, the signature section need not be completed.