Text consolidated by Valsts valodas centrs (State Language Centre) with amending regulations of:

4 July 2023 [shall come into force on 12 July 2023];

25 June 2024 [shall come into force on 4 July 2024].

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. 418

Adopted 5 July 2022

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

[*25 June 2024*]

*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 first round of Investment 5.1.1.2.i “Support Instrument for Research and Internationalisation” (hereinafter – the Investment) of Reform 5.1.1.r “Innovation Management and Motivation of Private Research and Development (R&D) Investments” of Reform and Investment Direction 5.1 “Promotion of Productivity through Increase in the Amount of Investments for Research and Development (R&D)” of the Recovery and Resilience Facility Plan of Latvia, including it prescribes:

1.1. the objective of the Investment;

1.2. the funding available for the Investment and the indicators to be achieved;

1.3. the aided activities and conditions for the eligibility of costs;

1.4. the competences of the authorities involved in the implementation and monitoring of the Investment, including the conditions related to the receipt of aid for commercial activity.

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2. The following terms are used in the Regulation:

2.1. competence centre – the beneficiary of the funding determined within the scope of the fourth round of Activity 1.2.1.1 “Support for Developing New Products and Technologies within Competence Centres” of Specific Objective 1.2.1 “Increase Private Sector Investments for Research and Development (R&D)” of the Operational Programme “Growth and Employment”;

2.2. competence centre project – a project which is implemented by the competence centre according to the contract concluded by the Central Finance and Contracting Agency (hereinafter – the Agency) and within the scope of which the research projects included in it are implemented in order to achieve the objective brought forward;

2.3. research project selection council – the advisory council which has been established within the scope of the competence centre to perform the tasks referred to in Paragraph 66 of this Regulation in the evaluation of the research projects submitted in the relevant call;

2.4. research project – a set of documents submitted to the competence centre of the co-operation partner which includes the application and the description of the research project which is defined in Annex 1 to this Regulation, in accordance with the developed conditions for the implementation of the research project approved by the research project selection council and for which a favourable decision of the Agency has been received on the conformity with the conditions for aid for commercial activity;

2.5. research and knowledge-dissemination organisation – an organisation which corresponds to the conditions of Article 2(83) 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);

2.6. co-operation partner – a merchant, a recognised agricultural service cooperative society, or a research and knowledge dissemination organisation that plans to implement an individual or co-operation research project within the scope of the competence centre and conforms to the requirements of this Regulation;

2.7. linked persons – persons which correspond to the definition of linked enterprises laid down in Annex I to Commission Regulation (EU) No 651/2014;

2.8. cross-sectoral co-operation research project – the sharing or exchange of information, resources, technologies, methods by performers of economic activity of two or more different sectors (with different statistical classification codes of economic activity) in order to jointly develop a new product or service, where, acting separately, the desired result cannot be achieved.

[*4 July 2023*]

3. The objective of the Investment is to increase private research and development expenditures through targeted State investments that promote the development of new products and technologies and also the transfer of knowledge to the economy.

4. The target group of the Investment shall be micro, small, medium-sized, large merchants and research and knowledge dissemination organisations that develop products and technologies in the fields of smart specialisation.

5. The funding available within the scope of the Investment of the Recovery and Resilience Facility (hereinafter – the Recovery Fund) Plan shall be EUR 25 000 000.

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

6.1. the objective – by 30 June 2025, approved commitments in the amount of at least EUR 22 500 000 from the funding specified in Paragraph 5 of this Regulation;

6.2. the monitoring indicator – by 31 December 2024, approved commitments in the amount of at least EUR 11 250 000 from the funding specified in Paragraph 5 of this Regulation;

6.3. the total indicator – the aided enterprises (micro, small, medium-sized, and large).

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6.1 Competence centres shall submit the following indicators of the field of smart specialisation upon request of the Ministry of Economics (hereinafter – the sectoral ministry), but not less than once a year:

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

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

6.1 3. the total research and development expenditures (EUR):

6.1 3.1. internal expenditures for research and development work carried out in the undertaking;

6.1 3.2. outsourcing expenditures for research and development works commissioned in other institutions, undertakings, organisations;

6.1 4. the total research and development staff (full-time equivalent):

6.1 4.1. the internal research and development staff:

6.1 4.1.1. researchers (scientists and other professionals);

6.1 4.1.2. research and development technical and research and development support staff;

6.1 4.2. external research and development staff – researchers, including unpaid ones (scientists and other professionals);

6.1 5. education of the research and development staff referred to in Sub-paragraph 6.1 4 of this Regulation (number):

6.1 5.1. doctoral degree;

6.1 5.2. master’s degree, bachelor’s degree, first or second level higher or vocational education;

6.1 5.3. education of another level which is lower than that referred to in Sub-paragraph 6.1 5.2 of this Regulation;

6.1 6. attracted foreign funding (EUR) (from international research programmes or from foreign partners) for research in the undertaking;

6.1 7. industrial studies (amount of the research and development expenditures, EUR);

6.1 8. feasibility study (amount of the research and development expenditures, EUR);

6.1 9. experimental developments (amount of the research and development expenditures, EUR);

6.1 10. labour costs (amount of the research and development expenditures, EUR);

6.1 11. newly created technologies (number);

6.1 12. newly created products (goods and services other than technology) (number);

6.1 13. number of aided merchants (number);

6.1 14. created industrial property objects (number):

6.1 14.1. patents and patent applications (number);

6.1 14.2. plant variety (number);

6.1 14.3. registered design (number);

6.1 14.4. semiconductor product or its application (number);

6.1 14.5. trademark (including collective marks) and certification mark (number);

6.1 15. publications in WoS and SCOPUS or conferences (number);

6.1 16. newly created jobs for research and development related to project implementation (number);

6.1 17. the net turnover of the merchant (in EUR) from the introduction of the project result in economic activity or commercialisation;

6.1 18. the export of the merchant (in EUR) from the introduction of the project result in economic activity or commercialisation.

[*25 June 2024*]

7. The sectoral ministry shall ensure data entry into the Management Information System of the Cohesion Policy Funds (hereinafter – the Management Information System) in a timely manner, but not less than once every six months, and also the accounting of the indicators referred to in Paragraph 6 of this Regulation, taking into account:

7.1. the information entered by the competence centre in the Management Information System in accordance with Sub-paragraph 54.1.8 of this Regulation on the granted funding of the Recovery Fund;

7.2. the information provided by the competence centre in accordance with Sub-paragraph 54.1.9 of this Regulation.

[*25 June 2024*]

8. Investments shall be provided to the limited range of project applicants referred to in Paragraph 14 of this Regulation.

9. The Investment aid is provided in the form of a grant.

10. The monitoring of the implementation of investments shall be ensured by the Agency and the sectoral ministry according to their competence.

11. Within the scope of the Investment, a contract for the project implementation is concluded between the Agency and the competence centre referred to in Paragraph 14 of this Regulation.

12. Within the scope of the Investment, the competence centre shall be responsible for the achievement of the indicators referred to in Paragraph 6 of this Regulation.

13. The sectoral ministry has the following obligations:

13.1. to participate and ensure that, in the meetings of the research project selection council and in the evaluation of research projects, the principle of prevention of conflict of interests is adhered to in accordance with Article 61 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 – Commission Regulation No 2018/1046), and also the principle of transparency and equality, concurrently preventing the risk of corruption, fraud and double funding, if necessary, by taking appropriate corrective measures;

13.2. to provide opinions on the conformity of research projects with the strategy of the competence centre;

13.3. to assess the received project applications in accordance with the criteria specified in Paragraph 16 of this Regulation;

13.4. to monitor the performance of the research project indicators and the achievement of the indicators of competence centres;

13.5. to monitor the achievement of the indicators specified in Paragraph 6 of this Regulation;

13.6. to ensure that several competence centres do not implement studies or experimental developments that in fact duplicate the activities, results, and target markets of the results;

13.7. to inspect whether such signs can be established in the research project implementation within the scope of the funding of the Recovery Fund which attest to a situation of double funding admitted against the European Union’s Cohesion Policy Programme for 2021–2027 and the Operational Programme “Growth and Employment” of the European Union Structural Funds and the Cohesion Fund for the Programming Period 2014–2020, including to verify demarcation also among other sources of public funding and also to verify whether signs of corruption, fraud risk, and conflict of interests can be established, if necessary, carrying out activities for the prevention and correction thereof;

13.8. to develop the methodology for applying research project criteria and to publish it on its website.

[*25 June 2024*]

**II. Requirements Laid Down for the Project Applicant and Co-operation Partners (Implementers of Research Projects)**

14. Within the scope of the Investment, the following competence centres may submit project applications:

14.1. *sabiedrība ar ierobežotu atbildību “LEO pētījumu centrs”* [limited liability company LEO Research Centre];

14.2. *sabiedrība ar ierobežotu atbildību “Latvijas pārtikas kompetences centrs”* [limited liability company Latvian Food Competence Centre];

14.3. *sabiedrība ar ierobežotu atbildību “IT Kompetences centrs”* [limited liability company IT Competence Centre];

14.4. *sabiedrība ar ierobežotu atbildību “Meža nozares kompetences centrs”* [limited liability company Forest Sector Competence Centre];

14.5. *sabiedrība ar ierobežotu atbildību “Mašīnbūves kompetences centrs”* [limited liability company Mechanical Engineering Competence Centre];

14.6. *sabiedrība ar ierobežotu atbildību “Farmācijas, biomedicīnas un medicīnas tehnoloģiju Kompetences centrs”* [limited liability company Pharmacy, Biomedicine and Medical Technology Competence Centre];

14.7. *sabiedrība ar ierobežotu atbildību “ETKC”* [limited liability company ETKC];

14.8. *sabiedrība ar ierobežotu atbildību “VMKC”* [limited liability company VMKC].

15. The project applicants referred to in Paragraph 14 of this Regulation shall submit project applications for receipt of the funding of the Recovery Fund in the Management Information System, signing them with a secure electronic signature, based on the invitation sent by the sectoral ministry in the form of an electronic document. If the functionality of the Management Information System has not yet been ensured at the time of project submission, the project applicant shall submit the project application to the sectoral ministry in the form of an electronic document according to the project application sample developed by the Agency within the specified time limit.

16. The sectoral ministry shall assess the project applications received according to the following criteria:

16.1. the project application was submitted in the Management Information System within the specified time limit and in the specified manner;

16.2. the project application and annex thereof – the development strategy of the competence centre in accordance with Annex 2 to this Regulation – have been submitted in Latvian, without specifying specific research projects or specific co-operation partners in the research direction for the time period until 30 June 2026;

16.3. the financial data and estimates of the project application are indicated in EUR and are arithmetically correct;

16.4. the amount of the funding from the Recovery Fund provided for in the project application does not exceed the amount of funding from the Recovery Fund specified in Paragraph 102 of this Regulation for one competence centre;

16.5. the time limit for the project implementation does not exceed 30 June 2026;

16.6. the expected outcome planned in the project application meets Paragraph 6 of this Regulation;

16.7. risks of the project have been identified, described, and assessed in the project application, their impact and probability of setting in has been evaluated, and also risk mitigation measures have been determined;

16.8. in the project application, no less than 25 per cent of the funding referred to in Paragraph 102 of this Regulation is intended for experimental developments;

16.9. in the project application, no less than 25 per cent of the funding referred to in Paragraph 102 of this Regulation is intended to be used for cross-sectoral co-operation research projects;

16.10. a description of the internal control system (internal procedures) is attached to the project application, including information on the pre-assessment of aid for commercial activity, the selection of research projects, the characteristics of the control, prevention, and correction mechanism of conflict of interests, fraud, corruption risk, and double funding;

16.11. the total costs included in the project application, the planned aided activities, and cost items meet the requirements laid down in this Regulation.

17. The sectoral ministry shall, after the assessment carried out in Paragraph 16 of this Regulation, approve the submitted project applications if the project applicant meets all evaluation criteria. If the project applicant has not met all the evaluation criteria, the sectoral ministry shall ask to make appropriate clarifications or additions, providing the maximum time limit for making clarifications or additions.

18. Before concluding the contract for the project implementation, the Agency shall make sure that:

18.1. the project applicant referred to in Paragraph 14 of this Regulation meets the conditions for aid for commercial activity;

18.2. the project applicant has no tax debts in the Republic of Latvia, including the debts of State social insurance mandatory contributions which in total exceed EUR 150, except for tax payments for which the time limit for tax payment has been extended or postponed by the decision of the State Revenue Service in accordance with Section 24, Paragraph one of the law On Taxes and Fees;

18.3. the competence centre does not meet the exclusion criteria laid down in Article 136 of Commission Regulation No 2018/1046.

18.1 In order to ensure the conformity of the Investment with the principle of “do no significant harm” 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, within the scope of the Investment, the funding of the Recovery Fund shall not be allocated for the following activities:

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

18.1 2. activities related to landfills, waste incineration facilities (except for the activities intended for facilities solely for the treatment of non-recyclable hazardous waste and activities intended for existing facilities in order to increase energy efficiency, capture exhaust gases for storage or use, or recover materials of the ash generated from operation of incineration facilities, 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 facility level at the end of the research project) and mechanical biological treatment facilities (except for the activities intended for existing facilities to increase energy efficiency or modernised segregated waste processing operations by converting waste into compost bio-waste and performing anaerobic digestion of bio-waste, provided that such operations 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 facility level at the end of the research project);

18.1 3. activities where long-term disposal of waste may cause damage to the environment;

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

18.1 5. activities detrimental to the circular economy, including waste prevention and recycling, causing a significant lack of effectiveness in the use of materials or in the direct or indirect use of natural resources such 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;

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

18.1 7. activities detrimental to the protection and restoration of biological diversity and ecosystems if the abovementioned 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 the European Union importance;

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

[*25 June 2024*]

19. The Agency shall assess the conformity of Paragraph 18 of this Regulation at the moment when it takes the decision on the conformity of the competence centre with the conditions for aid for commercial activity.

20. The competence centre has the right to involve co-operation partners in the project implementation.

[*4 July 2023*]

21. The competence centre shall involve co-operation partners in an open call for the submission of a research project application.

22. The Agency shall assess the conformity of the co-operation partners with the requirements of this Paragraph at the moment when the decision on the conformity of the co-operation partner with the conditions for aid for commercial activity is taken. The Agency shall check and not grant aid for commercial activity if the co-operation partner has tax debts in the Republic of Latvia, including the debts of mandatory State social insurance contributions which in total exceed EUR 150, except for tax payments for which the time limit for tax payment has been extended or postponed by the decision of the State Revenue Service in accordance with Section 24, Paragraph one of the law On Taxes and Fees.

23. The co-operation partner shall participate in the implementation of the research project with the property, intellectual property, funding, or human resources in its possession or ownership. As a result of such investments, the competence centre as a beneficiary may not have such legal relations with a co-operation partner from which it would arise that this transaction corresponds to the characteristics of a public procurement contract in accordance with the Public Procurement Law or the Law on the Procurements of Public Service Providers, or that the transaction is subject to the laws and regulations regarding the procurement procedure and its application procedures to the projects financed by the contracting authority.

24. After the contract for the project implementation referred to in Paragraph 11 of this Regulation has been signed, the competence centre shall use the data entry forms existing in the Management Information System for data exchange according to the type of document to be submitted.

25. Within 10 working days after conclusion of the contract referred to in Paragraph 11 of this Regulation, the competence centre shall submit to the Agency the schedule for submitting the planned payment requests.

26. The competence centre that developed the development strategy of the competence centre within the scope of the fourth round of Activity 1.2.1.1 “Support for Developing New Products and Technologies within Competence Centres” of Specific Objective 1.2.1 “Increase Private Sector Investments for Research and Development (R&D)” of the Operational Programme “Growth and Employment”, shall make the necessary clarifications in the strategy, but only the clarified parts of the development strategy of the competence centre shall be submitted to the Management Information System together with the project application.

27. The co-operation partner may involve other merchants or research and knowledge dissemination organisations that participate in the implementation of the research project with scientists (doctors), or outsourcing providers – research and knowledge dissemination organisations or other legal entities that employ scientists (doctors).

[*4 July 2023*]

28. The sectoral ministry shall determine the time limit for the submission of project applications not exceeding than two months from sending the invitation to the competence centres referred to in Paragraph 14 of this Regulation.

29. The competence centre may organise the first meeting of the project selection council after the date of submission of the project application of the competence centre in the Management Information System.

**III. Aided and Non-aided Activities**

30. Funding of the Recovery Fund shall be granted to:

30.1. co-operation partners for the activities performed by them within the scope of a research project to develop new or significantly improve existing products, services, and technologies in the fields of smart specialisation together with co-operation partners:

30.1.1. for the industrial studies assessed by the research project selection council in accordance with the definition referred to in Article 2(85) of Commission Regulation No 651/2014 for which a favourable decision of the Agency on conformity with the conditions of aid for commercial activity has been received;

30.1.2. for the experimental developments assessed by the research project selection council in accordance with the definition referred to in Article 2(86) of Commission Regulation No 651/2014 for which a favourable decision of the Agency on conformity with the conditions of aid for commercial activity has been received;

30.1.3. for the feasibility study assessed by the research project selection council for the research projects the total amount of which exceeds EUR 250 000, in accordance with the definition referred to in Article 2(87) of Commission Regulation No 651/2014 for which a favourable decision of the Agency on conformity with the conditions for aid for commercial activity has been received. The maximum amount of funding shall not exceed EUR 300 000 per year for one competence centre;

30.2. for the co-ordination of research projects organised by the competence centre, including the promotion of co-operation, information and knowledge sharing and also covering the costs of the project management of the competence centre. Within the scope of the Investment, the funding for the activities referred to in this Sub-paragraph shall be provided in accordance with Commission Regulation (EU) No 2023/2831 of 13 December 2023 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid (hereinafter – Commission Regulation No 2023/2831).

[*25 June 2024*]

31. Aid is provided only for such project activities of the competence centre which are commenced after the date of submission of the project application of the competence centre in the Management Information System which is evaluated by the sectoral ministry. The costs shall be eligible from the date of submission of the project application of the competence centre in the Management Information System which is evaluated by the sectoral ministry.

32. Aid is provided only for such research project activities which are commenced after a list of aided research project applications, together with research project applications and supporting documents, has been submitted to the Management Information System for review by the Agency. In case of combining the aids referred to in Paragraphs 107 and 108 of this Regulation, the commencement of a research project shall be possible if a project application has been submitted in all planned aid schemes. If the research project has been commenced but the project application has not been submitted in one of the aid schemes, the research project shall not be aided.

33. Funding from the Recovery Fund shall not be granted for:

33.1. the development of software and information systems to be used in commercial activity if known methods or existing software tools are used therein;

33.2. the support of existing software and information systems;

33.3. converting and translation of computer languages;

33.4. the supplementation of existing programmes with a new functionality for users;

33.5. debugging of the existing systems;

33.6. preparation of the existing software;

33.7. preparation of the user documentation;

33.8. development of websites;

33.9. development of web applications;

33.10. development of program platforms indistinguishable from ready-made software;

33.11. already completed activities.

34. Activities in the service sectors and also in the software sector are recognised as to be aided if one of the following conditions is met:

34.1. the activities are related to the relevant research project and are carried out in co-operation with research and knowledge dissemination organisations or by outsourcing from research and knowledge dissemination organisations;

34.2. doctors or doctoral students are employed within the scope of a research project;

34.3. research results are published in scientific journals, scientific conferences are organised, or involvement in scientific studies is taking place.

35. Within the scope of the Investment, the beneficiary has the right to invite an independent auditor or an internal auditor in order to certify the achievement of the objectives referred to in the interim or final report of the research project and the justification of the costs, including to perform checks of the available documents in case of a conflict of interests, fraud, corruption, or double funding.

[*4 July 2023*]

35.1 If, within the scope of the research project, the auditor referred to in Paragraph 35 of this Regulation, when assessing the available documents, establishes a conflict of interests, fraud, corruption, or double funding, the competence centre shall, on the basis of the assessment of the auditor, apply a 100 % financial correction to the co-operation partner from the moment of the violation and discontinue further implementation of the research project, where applicable.

[*4 July 2023*]

**IV. Eligible and Non-eligible Costs**

36. Within the scope of the Investment, the following costs which are directly related to the implementation of the research project and necessary for achieving the results shall be eligible and such relation is clearly understandable and demonstrable:

36.1. costs eligible to co-operation partners. Costs shall be eligible to the extent that they relate to the specific research project. The funding shall be provided for the activities referred to in this Sub-paragraph in accordance with Article 25 of Commission Regulation No 651/2014:

36.1.1. remuneration within the meaning of Section 59 of the Labour Law for the performance of the aided activities referred to in this Sub-paragraph. Remuneration for the performance of work is determined commensurately, taking into account the work amount and its specific nature and the direct costs of the personnel for the specialists involved;

36.1.2. mandatory State social insurance contributions related to remuneration;

36.1.3. costs of an official travel (work journey) in accordance with the laws and regulations regarding the procedures for reimbursing the expenditures related to official travels and work journeys of employees:

36.1.3.1. baggage transportation expenditures:

36.1.3.2. expenditures for a hotel (accommodation), including breakfast expenditures at the hotel;

36.1.3.3. travel (transport) expenditures (economy class public transport expenditures, local transport costs or fuel costs if a personal or company car is used);

36.1.3.4. daily allowance;

36.1.3.5. travel-related costs of carrying out a COVID-19 test and reserving seats in conformity with the conditions in force insofar as the implementation of the research project is concerned;

36.1.4. the cost of utilities and communication services insofar as they are used for research or feasibility study activities;

36.1.5. the rental fee for premises, tools, installations and their equipment insofar as they are used for research or feasibility study activities. The eligible monthly rental fee for tools, devices and their equipment is equated to the depreciation costs, as they would be if the tools, devices and their equipment were owned by the co-operation partner. The same method of calculation of depreciation as for fixed assets owned by the lessee should be applied to costs. Co-operation partners shall submit the relevant documents certifying the market value of the leased tools, devices and their equipment;

36.1.6. planned purchase costs of materials (physical, biological, chemical, and other materials, and also experimental animals, reagents, chemicals, laboratory vessels, medicines) scientific literature, and low-value inventory, including delivery costs insofar as they are used for research or technical-economic feasibility study activities;

36.1.7. costs for patents insofar as they relate to the implementation of the specific research project referred to in Article 25(3)(d) of Commission Regulation No 651/2014;

36.1.8. depreciation costs of premises, tools, devices and their equipment, patents and licenses owned by research project implementers insofar as they are used in the study, including depreciation costs of the equipment purchased on financial lease. The same method for the calculation of depreciation shall be applied to equipment depreciation as for fixed assets owned by the lessee. Depreciation costs for the equipment purchased under financial lease may not exceed the lease payment made for the purchase of the fixed asset. The depreciation costs of premises, tools, devices and their equipment, patents and licenses are not covered if support has already been received from the State, local government, European Union, or other public funds for their purchase or creation within the scope of this or another aid measure or project. Depreciation costs of patents and licenses may only be eligible if they were purchased after submission of the project application. If the time while premises, tools, devices, patents and licenses are used in the study does not cover the useful life of all relevant premises, tools, devices, patents and licenses, only depreciation costs corresponding to the time limit of the research project shall be considered to be eligible costs;

36.1.9. insurance costs – health, life, vehicle, property, device, civil liability and other – for the duration of the research project implementation without accumulation of funds and inclusion thereof in the contract. If the research project does not include all term of validity of the relevant insurance, such part of the insurance costs shall be included in the eligible costs which conform to the time limit of the research project;

36.1.10. outsourcing costs – legal, accounting, testing and development, project management, record keeping and translation services which are procured by the co-operation partner from third parties if the relevant services are used only for research or feasibility study activities;

36.2. eligible costs of the competence centre. Funding for the activities referred to in this Sub-paragraph shall be provided in accordance with Commission Regulation No 2023/2831:

36.2.1. costs for performing the activities specified in Sub-paragraph 30.2 of this Regulation (a participation fee of the competence centre for the involvement in international research and development programmes, platforms, and initiatives, a participation fee for networking and mobility measures, costs of preparing international projects to participate in international consortia, such as projects of the Horizon Europe programme, and other costs which ensure co-operation and involvement in international research projects);

36.2.2. the project management costs of the competence centre – remuneration costs of the project management personnel for planning, co-ordination, and control of the activities to be performed within the scope of the project, including also the costs for ensuring the project documentation in accordance with the requirements laid down in the legal acts of the European Union and national level, costs of organising and control of project procurements);

36.2.3. outsourcing – legal, accounting, record keeping, independent auditor, internal auditor and translation services which are necessary to ensure the operation of competence centres.

[*25 June 2024*]

37. Unforeseen expenditures shall be considered additional expenditures or rise in price that occurred during implementation of the project, and the competence centre, as a beneficiary and co-operation partner, shall cover it from its own funds which are free from aid for commercial activity.

38. Within the scope of the research project, the costs referred to in Sub-paragraphs 36.1.4, 36.1.5, and 36.1.6 of this Regulation which arose within the scope of the previously concluded agreement on economic transaction shall be eligible. Additional costs are indicated in the private co-funding part and shall not be verified by the Agency.

39. Devices which will be transferred in a financial lease and for which depreciation costs are calculated in accordance with Sub-paragraph 36.1.8 of this Regulation shall, after the end of the time limit of the lease agreement, remain in the ownership of the co-operation partner.

40. The cost price of the services provided by the implementer of research projects – a merchant and a recognised agricultural service co-operative society – shall be calculated in accordance with the conditions of the Law on Annual Statements and Consolidated Annual Statements.

41. Outsourcing service providers – research or knowledge dissemination organisations – shall receive a fee for their services equivalent to the market price of their services. For the purchase of the outsourcing services necessary for the implementation of the research project, procurement shall be carried out in accordance with the laws and regulations in the field of public procurement in conformity with open, transparent, non-discriminatory, and competitive procedure.

42. The competence centre and the co-operation partner are entitled not to apply the laws and regulations regarding the procurement procedure and its application procedures to the projects financed by the contracting authority if, due to technical, artistic reasons or reasons related to the protection of exclusive rights, the contract may only be concluded with the specific supplier, and also if information on the prices offered by the suppliers of the potential material (physical, biological, chemical and other materials, laboratory animals, reagents, chemicals, laboratory ware, medicinal products for research), scientific literature, and low-value inventory is publicly available, for example on stock exchanges or websites, and the supplier offering the lowest price is selected. In such case, the competence centre or the research project implementer of the co-operation partner has an obligation to prepare and store a written justification for determining the lowest price.

43. The costs are compensated for research and knowledge dissemination organisations if they are involved in a research project as co-operation partners in conformity with the conditions of eligible costs, and they must clearly distinguish the financial flows related to the implementation of the relevant study project from the financial flows related to other economic activity and non-economic activity of a research and knowledge dissemination organisation.

44. When purchasing services from public research and knowledge dissemination organisations, the contracting authority of studies has an obligation to receive certification that the accounting policy of the public research and knowledge dissemination organisation incorporates the principles for determining the value – market price – of scientific services.

45. The conditions for eligibility of the costs referred to in Sub-paragraph 36.1 of this Regulation:

45.1. if the scientific employee involved in the implementation of research or feasibility study receives remuneration by entering into an employment contract, the number of hours devoted to work in the study shall be indicated in the timesheets, indicating separately the workload for industrial studies, experimental developments, and feasibility study and how many hours devoted to work which is not related to the study;

45.2. if the scientific employee works in the study and performs other functions for which he or she receives remuneration within the scope of another employment contract or work performance contract, the work in the study shall not be performed during the time when, according to the contract entered into, the person performs tasks not related to the study. If the work in the study is performed during the main work, the workload of the main work shall be reduced by the corresponding number of hours;

45.3. the co-operation partner shall make sure that the duties to be performed and determined in the basic work or other contracts do not overlap with the duties to be performed in the study.

46. In the project, the following costs are not financed from the funds of the Recovery Fund:

46.1. the costs that are not related to the research or feasibility studies indicated within the scope of the research project;

46.2. the costs related to the preparation of the project application, including consulting services;

46.3. the value added tax, customs duties, fees and fine payments which the competence centre and co-operation partner cover from private co-funding;

46.4. the payment for examining, issuing, and reserving a loan or leasing, interest payments, contractual penalty, late payment interest, fee for financial transactions;

46.5. the costs related to the export volumes of a merchant or a recognised agricultural service cooperative society – establishment and operation of a distribution network of goods, and also current expenditures of a merchant or recognised agricultural service co-operative society for export operations;

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

46.7. the costs of purchasing tools, devices and their equipment;

46.8. other costs which are not determined to be eligible in Sub-paragraph 36.1 of this Regulation.

47. The competence centre shall include only the costs for those study activities in the eligible costs which will have been completed on the day of submitting the request for the final payment of the project. The expenditures actually incurred in conformity with the project application shall be included in the eligible costs of the interim payment request.

48. The costs which are directly related to the activities performed within the scope of the project, are measurable, commensurate, justified, and conform to the principles of sound financial management shall be financed within the scope of the Investment. Within the scope of the Investment, the integration of environmental requirements in socially responsible public procurement shall be eligible.

49. The fee for the participation in international initiatives shall be applied only if the participation of the competence centre in them is set to help with the achievement of the results and objectives defined in the development strategy of the competence centre and the involvement in new international projects and if new result indicators to be achieved are determined for the competence centre in connection with participation in the relevant international initiatives.

**V. Conditions for the Implementation of the Project and the Receipt of the Funding**

50. [25 June 2024]

51. The contract referred to in Paragraph 11 of this Regulation shall contain at least the following information:

51.1. the details of the competence centre;

51.2. the obligations and rights of the competence centre and the co-operation partner;

51.3. the funding planning of the competence centre;

51.4. the term for storage of the documents related to the implementation of the project;

51.5. the duration of the contract, the procedures for the amendment and termination thereof;

51.6. the action in case of *force majeure*;

51.7. the dispute settlement procedures;

51.8. the procedures for the submission of the schedule for the submission of planned payment requests, the procedures for the submission of the procurement plan, the procedures for the submission of the planned payment requests and the final payment request;

51.9. in order to ensure that the aided activities do not have a significant impact on the environmental objectives, the contract for the aided research project shall include information on not aiding initiatives that cause significant harm.

52. If the indicators referred to in Paragraph 6 of this Regulation are achieved, the costs within the scope of the Investment may be allocated until 31 December 2027, if necessary, by making amendments to the contract for the project implementation. If the competence centre and the co-operation partner incur costs after 31 December 2027, they are covered from their own funds.

[*25 June 2024*]

53. The place of the implementation of project and research project of the competence centre shall be the Republic of Latvia.

54. The competence centre has the following rights and obligations:

54.1. the obligations of the competence centre:

54.1.1. to manage the project of the competence centre and to ensure the achievement of the objectives specified therein, including to co-ordinate the implementation of all research projects included in the project of the competence centre;

54.1.2. to implement the approved project of the competence centre;

54.1.3. to document and store the reason for approval and rejection of research project applications;

54.1.4. to prepare and store all supporting documentation for the selection of research projects, including to document the work of the research project selection council;

54.1.5. to submit payment requests to the Agency in conformity with the contract concluded with the Agency, no more than once in a quarter, including only those expenditures of the research project of the co-operation partner which have actually been used in the research project and that have been assessed and approved by the competence centre and the research project selection council;

54.1.6. to create a research project selection council by selecting the members referred to in Paragraph 65 of this Regulation in an open competition or by conducting market research if a work performance contract is concluded;

54.1.7. within 15 working days from the day of the meeting of the research project selection, to inform co-operation partners in writing of the approved or rejected research project, providing an explanation of the reasons for the rejection and the possibilities for contesting;

54.1.8. to submit in the Management Information System a copy of the contract or an extract of the contract on the approval of the research project concluded between the competence centre and the co-operation partner;

54.1.9. upon request, to submit the list of co-operation partners of the Recovery Fund to the sectoral ministry, indicating the name and registration number of the co-operation partner, the name of the research project, and a brief description of the research project;

54.1.10. to check, prevent, and correct a conflict of interests, corruption, and fraud before the meeting of the research project selection council where the research projects will be considered. During the entire implementation period, to ensure the documentation of checks and the signing of a certification of prevention of a conflict of interests before the meeting of the research project selection council, if necessary, by preventing or correcting the identified risks or the identified conflict of interests;

54.1.11. in case of approval of the research project, to verify the absence of double funding before approval of the research project and throughout its implementation, ensuring documentation of the verifications;

54.1.12. before submission to the sectoral ministry and the Agency, to examine the documentation supporting milestones and objectives, including to conduct data reliability checks;

54.1.13. to enter into an agreement with a co-operation partner on the implementation of a research project;

54.1.14. to ensure the representation of the interests of the sector in the international working groups of European projects of common interest, ensuring communication with the potential research project applicants;

54.1.15. [25 June 2024];

54.1.16. to submit a procurement plan in the Management Information System for all procurements planned for the introduction of the Investment for the organising of which it is planned to apply the regulation of public procurements, the Law on the Procurements of Public Service Providers, or Cabinet Regulation No. 104 of 28 February 2017, Regulations Regarding Procurement Procedure and Procedures for Application Thereof to Projects Financed by a Contracting Authority;

54.1.17. to create an internal control system, including conditions for the verification, prevention, and correction conditions in relation to the management processes of corruption, fraud, conflict of interests, and double funding, and also including conditions for determining and identifying conditions that cause or may cause their occurrence, evaluation, and correction;

54.1.18. to develop the research project selection criteria;

54.1.19. to make sure that the expenditures of the research project of the co-operation partner are necessary to achieve the results of the study and that this relationship is clearly understandable and demonstrable, and that the expenditures of the research project have been made in conformity with the principle of economy, efficiency, and effectiveness;

54.1.20. to submit all the necessary information related to the implementation of the research project, including in order to prove that the research project expenditures are necessary for achieving the study results and that this relationship is clearly understandable and demonstrable, and that the research expenditures were made in conformity with the principle of economy, efficiency, and effectiveness;

54.1.21. to ensure the achievement of the indicators determined within the scope of the project by 30 June 2026;

54.1.22. to register all received research project applications and to inform the applicant in writing by sending an electronic confirmation of the received research project;

54.1.23. to perform a pre-assessment of aid for commercial activity before submitting the list of the aided research project to the Agency;

54.1.24. to repay non-invested funding of the Recovery Fund to the Agency;

54.2. the rights of the competence centre:

54.2.1. to access the original documents justifying the costs related to the implementation of research projects and to go to the place of implementation of the research project in order to gain assurance of the conformity of the research project submitted to the competence centre;

54.2.2. to provide proposals for the improvement of the long-term strategy of smart specialisation and the clarification of the activity plan.

[*25 June 2024*]

55. The co-operation partner has the following rights and obligations:

55.1. to submit research project applications to the competence centre;

55.2. if the research project applicant who has submitted a research project application to the competence centre cannot prove that he or she is capable of performing research and development work on its own (for example, there is no research and development department, all employees are already busy, there is no appropriate scientific infrastructure, there are no high-level engineers or industry specialists who are capable of conducting scientific studies at a level appropriate to the needs of the sector, or there is no strong knowledge base in production or service provision), it shall ensure co-operation with a research and knowledge dissemination organisation or another merchant that employs scientists (doctors of science) working in the relevant scientific area and whose economic activity is related to the provision of such services;

55.3. to implement the approved research project for which the decision of the Agency to grant aid for commercial support has been received;

55.4. to provide the competence centre with the information necessary for submitting interim and final payment requests to the Agency;

55.5. if necessary, to ensure access to the original documents and the place of implementation of the research project;

55.6. to take responsibility at the level of a research project in accordance with the contract referred to in Sub-paragraph 54.1.13 of this Regulation if a conflict of interests, fraud, corruption, or double funding is established, to repay the funding of the Recovery Fund granted for the implementation of the research project;

55.7. not less than once in every six months, to publish on its website and, if possible, on the website of the beneficiary the current information on the progress of the implementation of the research project, ensuring information and publicity measures in accordance with Article 34 of Regulation No 2021/241 and Article 10 of the Recovery and Resilience Facility Financing Agreement between the Commission and the Republic of Latvia.

[*4 July 2023; 25 June 2024*]

56. During implementation of the project, the competence centre may receive a faster payment without a bank guarantee of up to 75 % of the payment request submitted to the Agency, before the Agency has completed the assessment of the relevant payment request. The amount of faster payment shall be determined by the Agency by assessing the risk, including taking into account the statistics on what part of the previously submitted payment requests by the beneficiary was recognised to be appropriate after the checks performed by the Agency and in respect of which the payment was disbursed accordingly.

57. The representative of the sectoral ministry shall confirm in the minutes of the meetings of the research project selection council with his or her signature that no possible case of a conflict of interests, double funding, fraud, and corruption was detected during the meeting, and also the funding for research projects was allocated for the implementation of the specified objectives and activities.

58. In order for the co-operation partner to receive the funding, it shall submit a research project application to the competence centre together with a description of the research project in Latvian in accordance with Annex 1 to this Regulation, an estimate, and a schedule of activities in Latvian, and also shall submit its translation into English upon request of the research project selection council. The research projects are selected according to the research project selection criteria developed by the competence centre which are harmonised with the sectoral ministry before entering into the contract referred to in Paragraph 11 of this Regulation and making changes.

59. It shall be provided for in the criteria for the selection of research projects that those research projects that have received the sign of excellence in the European Union’s research and innovation programme “Horizon Europe” or have been approved as international Important Projects of Common European Interest (IPCEI) shall be approved as a matter of priority with the same number of points.

60. The co-operation partner may submit a complaint to the competence centre regarding the justification for rejection referred to in Sub-paragraph 54.1.7 of this Regulation in the list of aided or rejected research project applications approved by the research project selection council. If the dispute cannot be settled through negotiations, the co-operation partner may submit a written complaint to the sectoral ministry within a month from the day of receipt of the rejection of the claim.

61. When evaluating research project applications and co-operation partners, the research project selection council has an obligation to make sure that they conform to all the conditions of this Regulation. If the research project selection council approves the research project, the competence centre shall send to the Agency the evaluation of the project on conformity with the conditions of this Regulation.

62. When evaluating research project applications and research project implementers within the scope of the Investment, the research project selection council shall, on a priority basis, approve cross-sectoral co-operation research projects that conform to the research project evaluation procedures and the objective referred to in Paragraph 3 of this Regulation.

63. If the time limit for the introduction of the research project exceeds six months, it shall be divided into stages and for each stage the achievable results shall be determined which are evaluated by the research project selection council.

64. The sectoral ministry may involve international or local experts in the evaluation of research projects. If an agreement is entered into with an expert registered in the database of scientific experts of the European Commission or in another database of scientific experts for such services in the field of research and development which are related to the initial scientific evaluation of research project applications or the evaluation of the interim or achieved results of such projects, then the exception procedure laid down the laws and regulations in the field of public procurements is applied. The involvement of an expert for the evaluation of a research project shall be decided within the scope of the research project selection council. After receiving the evaluation of the expert, the research project is reviewed again by the research project selection council, and the council shall decide on the approval or rejection of the research project.

65. The competence centre may include the following participants in the research project selection council:

65.1. at least one sectoral merchant or representatives of recognised agricultural service cooperative societies who have obtained higher education in the relevant sector or higher education and at least five years of work experience in the relevant sector;

65.2. representatives of research and knowledge dissemination organisations who have obtained a master’s or doctoral degree in the relevant sector;

65.3. representatives of the sectoral ministry;

65.4. representatives of competence centres, co-operation networks, associations, or other organisations of other sectors if it is decided by the research project selection council.

[*4 July 2023*]

66. Within the scope of the Investment, the research project selection council is required:

66.1. to make sure that the research project indicates and analyses the efficiency and justification of the investments to be made or already made, and also the commercialisation potential;

66.2. to make sure that the conformity of the research project with the defined development strategy of the competence centre is indicated;

66.3. to make sure that the indicators defined in the research project are achievable within the specified period;

66.4. to attract an external expert in the evaluation of the research project;

66.5. to evaluate the interim and final reports of the research project application, voting for their approval or rejection;

66.6. to monitor that research projects meet the specified indicators of the interim and final results;

66.7. to monitor that the performance indicators of the competence centre referred to in Paragraph 12 of this Regulation are achieved;

66.8. if necessary, to involve experts before submitting the final payment of the research project to the Agency in order to gain confidence that the investments made have been efficient and justified in achieving the results of the research project;

66.9. to verify the absence of risk of a conflict of interests, fraud, corruption, and double funding in the assessment, approval, and implementation process of research projects, taking the necessary actions to prevent and correct them, ensuring impartiality and equal access to all research project applicants;

66.10. to ensure documentation and transparency of the assessment of research projects;

66.11. to ensure that gender equality and the principle of equal opportunities are adhered to in the assessment process of research projects;

66.12. to ensure adherence to the principle of “do no significant harm” in the approval of research projects so that the included activity does not have a foreseeable impact on all environmental objectives, evaluating both direct and primary indirect consequences throughout the life cycle in accordance with Article 2(6) of Regulation No 2021/241 whether this effect would be insignificant;

66.13. based on the cost evaluation conducted by the competence centre, to make sure that the expenditures of the research project of the co-operation partner are necessary to achieve the study results;

66.14. to ensure that the individual assessment of the expert on the conformity of research projects with the established criteria is completed, signing a certification of the absence of a conflict of interests before the assessment. The assessment shall be provided by all who participate in the research project selection council with the right to vote.

[*25 June 2024*]

67. If it is established that a participant of the research project selection council is in a conflict of interests or the principle of impartiality, transparency, or equality is not adhered to, or fraud or corruption is found, or there is a risk of the abovementioned violations, then the competence centre shall exclude this member from the composition of the research project council and, if necessary, replace him or her with another participant in order to ensure a quorum.

[*4 July 2023*]

68. When participating in the research project selection council, the representative of the sectoral ministry shall make sure that:

68.1. at the meetings of the research project selection council, research projects are evaluated adhering to the principles of prevention of a conflict of interests, transparency and equality, concurrently preventing and correcting the risk of setting in of double funding, fraud and corruption;

68.2. the research project indicates and analyses the efficiency and justification of the investments to be made or already made, and also the commercialisation potential;

68.3. the conformity of the research project with the objective and research directions defined in the development strategy of the competence centre is indicated;

68.4. the co-operation partner does not conduct the same research project in several competence centres or in other State aid schemes within the scope of the planning period 2014-2020 of the European Union Structural Funds and the Cohesion Fund, measures financed by the Recovery Fund, or the Cohesion Policy Programme of the European Union for 2021-2027;

68.5. the research project applicants demonstrate an understanding and vision of the potential application and impact of the knowledge, and the demonstrated scope, impact, and benefits exceed the expected costs of the research project;

68.6. the stages of the research project are indicated in the research project after completion of which the efficiency of continuing the research project is reassessed;

68.7. the research project provides for and allows to verify the financial participation of a real merchant in the amount corresponding to the funding intensity of the research project. The representative of the sectoral ministry shall, in the research project selection council, get acquainted with the interim assessment of the research project to determine whether the co-operation partner and the competence centre have assessed, if provided, the interim results of the research project and whether the evaluations of the continuation or termination of the research project are documented and based on facts;

68.8. within the scope of the research project, the expenditures included in the interim reports are related to the achievement of the study results, and this relationship is clearly understood and justified by the co-operation partner, adhering to the principle of economy, efficiency, and effectiveness.

[*25 June 2024*]

69. In the evaluation and implementation of research projects, the competence centre shall prevent and correct conflicts of interests within the meaning of Article 61 of Commission Regulation No 2018/1046 in the activities of the members and experts of the research project selection council.

[*4 July 2023*]

70. The representatives of the sectoral merchants or recognised cooperative societies of agricultural services and the representative of the sectoral ministry have the right to vote at the research project selection council. The proposals of the other members of the research project selection council shall be of recommendatory nature.

[*4 July 2023*]

70.1 The representatives of the research and knowledge dissemination organisations referred to in Sub-paragraph 65.2 of this Regulation shall be attracted by the competence centre after assessing the absence of a conflict of interests in the research project selection council.

[*4 July 2023*]

70.2 If a co-operation partner submits a research application as an effective co-operation project in which a research and knowledge dissemination organisation is indicated as a partner in order to receive the funding for additional intensity in accordance with Sub-paragraphs 86.1 and 86.2 of this Regulation, the competence centre need not include a representative of the research and knowledge dissemination organisation in the composition of the council referred to in Paragraph 65 of this Regulation in order to prevent the risk of a conflict of interests.

[*4 July 2023*]

70.3 If necessary, the competence centre may attract a manager of the scientific direction in the assessment of interim and final results of research projects to provide a scientific evaluation of the progress of the implementation of the research project.

[*4 July 2023*]

71. If, within the scope of the evaluation process of the research project selection council, the representative of the sectoral ministry establishes that the assessment process of the research project application, interim or final report is not sufficiently substantiated and the research project selection council does not approve the invitation of an independent expert, the representative of the sectoral ministry shall not sign the minutes and the list of research projects is not forwarded to the Agency.

72. It shall be considered that a participant of the research project selection council is in a conflict of interests or the principle of impartiality, transparency, or equality is not adhered to if at least one of the following conditions is met:

72.1. a research project of the merchant or institution represented by it or a research project in which the participation of the relevant participant or the merchant or institution represented by it is planned has been submitted;

72.2. the participant of the research project selection council evaluates the research project of another participant of the research project selection council;

72.3. the participant of the research project selection council is a representative of the holder of capital shares of the competence centre who evaluates the research project of another holder of capital shares of the competence centre;

72.4. other objectively justified conditions and conditions applicable in accordance with the regulation laid down in Article 61 of Commission Regulation No 2018/1046.

[*4 July 2023*]

72.1 A conflict of interests and its risk, and also the risk of non-adherence to the principle of impartiality, transparency, or equality and the risk of fraud and corruption shall be eliminated by the competence centre in accordance with Paragraph 67 of this Regulation.

[*4 July 2023*]

73. The competence centre shall assess the need to grant the right to vote to other persons involved in the research project selection council and referred to in Sub-paragraph 65.4 of this Regulation in addition to that laid down in Paragraph 70 of this Regulation.

[*4 July 2023*]

74. The competence centre shall send a copy of the description of the research project and a copy of the signed minutes of the research project selection council together with the request for amendments to the contract to the Agency within 10 working days after signing the minutes of the research project selection council in which the list of approved and rejected research projects is included together with the research project applications and supporting documents and the opinion on the research project of the representative of the sectoral ministry of the research project selection council. A research project may be commenced after submitting a research project application to the Agency, with the applicant of the research project assuming the risk of covering all incurred costs from its own funds, if the Agency takes the decision on the non-conformity of the research project with the conditions for aid for commercial activity. If the opinion on the research project of the representative of the sectoral ministry is negative, the research project is not submitted to the Agency. The task of the research project selection council is to monitor that the specified indicators of interim results are met in the research projects and that the funding available from the Recovery Fund is distributed as stipulated in the contract referred to in Sub-paragraph 54.1.13 of this Regulation.

[*4 July 2023*]

75. Members of the research project selection council, experts, and employees of the competence centre who are involved in the process of evaluating and monitoring the implementation of research projects shall sign the certification of impartiality, confidentiality, and absence of a conflict of interests contained in Annex 3 to this Regulation that, in case of a conflict of interests, they will not participate in the assessment of research projects and in the monitoring of the implementation thereof. The certification shall be signed before review of the research projects funded by the Recovery Fund, the evaluation of interim and final deliverables. The competence centre shall store the certification in accordance with Article 132 of Commission Regulation No 2018/1046 and Paragraph 118 of this Regulation.

[*4 July 2023*]

76. [4 July 2023]

77. After completion of the research project, the competence centre shall submit a summary of the results of the research project to the Agency in Latvian and, if necessary, also the English translation thereof.

78. In case of establishing any risks related to the unabsorbed funding or the planned activities not implemented in the achievement of project results, the research project selection council shall decide on the involvement of external experts in order to assess the results of research projects before making the final payment of research projects and to make sure that the investments made have been efficient and justified. A copy of the expert evaluation shall also be sent to the Agency. If the expert evaluation is negative or contains recommendations, the opinion prepared by the experts shall be sent to the implementer of the research project. Within five working days after the received written request of the competence centre, the co-operation partner shall prepare an explanation of the inconsistencies indicated in the opinion and submit it to the competence centre. If the explanation is not received within five working days or, after becoming acquainted with the explanation, the repeated assessment of the expert is negative, the Agency shall request the competence centre to repay the entire amount of public funding invested in the research study.

79. Premature termination of the research project shall be aided if it is established during implementation of the research project that it will not be possible to achieve the objective brought forward by the research project. The competence centre shall assess the results and costs of the research project and their conformity with the objective of the research project and the planned activities. Within five working days after assessment of the termination of the research project, the competence centre shall submit to the Agency a copy of the evaluation of the research project selection council on the terminated study. The costs of certain activities included in the research project shall be eligible in conformity with the principle of economy, efficiency, and effectiveness within the meaning of Article 33 of Commission Regulation No 2018/1046 if the activity has been fully completed according to the research project application and the conditions of the concluded contract. Costs may be eligible and included in the payment request only for those activities of the research project which have been completed at the time of termination of the study.

[*4 July 2023*]

80. The competence centre shall, at least once every six months, post on its website or, if there is none, on the website of the sectoral association the current information on the implementation progress of the studies included in the project of the competence centre, information on the research project calls made, and the results. The co-operation partner shall post the current information on the implementation progress of the research project on the website of the co-operation partner, if any, at least once every six months.

81. The sectoral ministry shall post the contact information of the competence centres on the website and indicate the research directions of the competence centres.

82. The competence centre and the co-operation partner shall ensure information and publicity activities in accordance with Article 34 of Regulation No 2021/241 and Article 10 of the Recovery and Resilience Facility Financing Agreement between the Commission and the Republic of Latvia.

[*25 June 2024*]

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

83.1. the competence centre as the beneficiary does not fulfil the contract for the project implementation, including failure to conform to the time limits specified in the project or other circumstances have set in which negatively affect or may affect the objective of the Investment or achievement of the monitoring indicators of the aid objective;

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

83.3. in other cases determined by the contract for the project implementation referred to in Paragraph 11 of this Regulation.

84. The Agency has the right to invite an expert during evaluation of the interim and final payment request to check whether the eligible costs indicated in the cost estimate of the project are proportionate and economically justified.

85. The maximum permissible funding intensity in accordance with Article 25(5) of Regulation No 651/2014 from the total eligible costs of the research project is as follows:

85.1. for industrial studies:

85.1.1. 70 % – for micro and small merchants;

85.1.2. 60 % – for medium-sized merchants;

85.1.3. 50 % – for large merchants;

85.2. for experimental developments:

85.2.1. 45 % – for micro and small merchants;

85.2.2. 35 % – for medium-sized merchants;

85.2.3. 25 % – for large merchants;

85.3.for a feasibility study:

85.3.1. 70 % – for micro and small merchants;

85.3.2. 60 % – for medium-sized merchants;

85.3.3. 50 % – for large merchants;

85.4. 100 % – for the activities referred to in Sub-paragraph 30.2 of this Regulation.

86. The funding intensity referred to in Sub-paragraph 85.1.1 of this Regulation may be increased by 10 %, but the intensity referred to in Sub-paragraphs 85.1.2, 85.1.3, and 85.2 of this Regulation – by 15 % if the cooperation partner has provided for it in the initial research project application and any of the following conditions is met:

86.1. there is effective co-operation within the scope of the research project within the meaning of Article 2(90) of Commission Regulation No 651/2014 with at least one micro, small or medium-sized merchant and one merchant does not cover more than 70 % of the total eligible costs;

86.2. there is effective co-operation within the scope of the research project within the meaning of Article 2(90) of Commission Regulation No 651/2014 with at least one research and knowledge dissemination organisation and the research and knowledge dissemination organisation covers at least 10 % of the total eligible costs and has the right to publish the results of its study;

86.3. the results of the research project accepted for publication in at least two scientific articles indexed in Web of Science, SCOPUS, ERIH (A or B), ScienceDirect, or Elsevier databases or distributed in a technical or scientific conference the collection of articles of which is indexed in Web of Science, SCOPUS, ERIH (A or B), in the DBLP, ScienceDirect, or Elsevier databases, and the author of the publication is a researcher of a merchant or a recognised agricultural service cooperative society, or the publication is a joint publication of researchers of a merchant or a recognised agricultural service cooperative society and a research and knowledge dissemination organisation.

87. The funding intensity referred to in Paragraph 86 of this Regulation may not exceed 80 % for industrial studies and experimental development in accordance with Article 25(6) of Commission Regulation No 651/2014.

88. The funding for additional intensity in the case referred to in Sub-paragraph 86.3 of this Regulation shall be disbursed after the following conditions have been met:

88.1. the publication or conference materials contain information on the applied methods or study 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 is made;

88.2. if multiple related studies are conducted, the funding intensity is increased for those studies that are included in the publication or conference materials referred to in Sub-paragraph 86.3 of this Regulation;

88.3. indexed in the Web of Science, SCOPUS, ERIH (A or B), ScienceDirect, or Elsevier databases or distributed in a technical or scientific conference the collection of articles of which is indexed in the Web of Science, SCOPUS, ERIH (A or B), DBLP, ScienceDirect, or Elsevier databases.

89. The co-operation partner shall ensure and the competence centre as the beneficiary shall make sure that the costs of the co-financed goods and services correspond to the market price and that there is no conflict of interests in selecting a supplier or service provider. When implementing a research project, the co-operation partner shall choose a supplier of goods or a service provider in accordance with the laws and regulations in the field of public procurement, implementing an open, transparent, non-discriminatory, and competitive procedure.

90. The beneficiary has an obligation to accumulate and list data for determining the achievement progress of the project indicators.

91. The private co-funding necessary for conducting the research project may not be invested in kind.

91.1 The sectoral ministry shall prepare a report on the implementation of the Investment for examination by the Cabinet which includes information on further monitoring of the Investment after 31 August 2026, including the use of funding, providing proposals for redirecting of financing to aid measures of the sectoral ministry.

[*25 June 2024*]

91.2 If, within the scope of the Investment, the indicators referred to in Paragraph 6 of this Regulation have been achieved but the funding allocated for the Investment has not been fully invested by 31 December 2027, the sectoral ministry shall include the information on the use of the non-invested funding in the report referred to in Paragraph 91.1 of this Regulation.

[*25 June 2024*]

**VI. Conditions Related to the Receipt of Aid for Commercial Activity**

92. The funding for co-operation partners within the scope of the Investment shall be provided in accordance with Article 25 of Commission Regulation No 651/2014. The funding shall be granted to co-operation partners after the decision taken by the Agency on the conformity with the conditions for aid for commercial activity where the Agency assesses the list of approved research projects submitted by the competence centre together with research project application and supporting documents.

93. The decisions of the Agency to grant aid for commercial activity:

93.1. in respect of the beneficiary may be taken by the time limit specified in Article 7(3) of Commission Regulation No 2023/2831;

93.2. in respect of the co-operation partner may be taken by the time limit specified in Article 58(4) of Commission Regulation No 651/2014.

[*25 June 2024*]

94. The research project selection council shall assess the conformity of the research project application submitted by the co-operation partner with the requirements of this Regulation. The research project selection council shall send the list of approved research projects – the form of the submitted research project description, the cost estimate, the declaration of the conformity of the commercial company with small (micro), medium-sized or large commercial company – to the Agency for decision-making.

95. The Agency shall assess the research project and include it in the project of the competence centre with the amendments to the contract for the project implementation entered into. The Agency has the right, upon receiving the list of research projects, to make sure that the prevention of a conflict of interests is ensured, the principle of impartiality, transparency, and equality is adhered to, fraud and corruption are prevented, and there is no risk of the abovementioned violations in the work of the research project selection council. If the Agency establishes that the abovementioned conditions have not been conformed to, it shall not include the research project in the contract for the project implementation entered into and shall send the research project to the competence centre for the rectification of the violations established by the Agency and for re-assessment of the research project. Amendments to the contract for the project implementation shall not be made until the violations established by the Agency have been rectified and the research project has been re-assessed.

[*4 July 2023*]

96. The Agency shall approve the maximum possible amount of aid for approved research projects.

97. The aid for commercial activity provided to competence centres in accordance with Commission Regulation No 2023/2831 is granted by the decision of the Agency. The day of taking the decision shall be regarded the day of granting aid for commercial activity.

[*25 June 2024*]

98. The funding of the Recovery Fund is granted only if the competence centre as the beneficiary conforms to the requirements of Commission Regulation No 2023/2831 and the laws and regulations regarding the procedures for the accounting and granting *de minimis* aid and for samples of accounting forms of *de minimis* aid.

[*25 June 2024*]

99. The funding of the Recovery Fund is granted only in case if the co-operation partner conforms to the requirements of Commission Regulation No 651/2014 and it is considered to be aid for commercial activity for the cooperation partner.

100. Before entering into the contract, the competence centre may contest the decision taken by the Agency on the conformity of the project of the competence centre with the conditions of aid for commercial activity in the Ministry of Finance within one month from the date of entry into effect of the decision. The competence centre may appeal the decision taken by the Ministry of Finance in accordance with the procedures laid down in the Administrative Procedure Law.

101. Disputes that arise during the project implementation after entering into the contract are resolved in accordance with the civil law procedures. First, the competence centre shall submit a complaint to the Agency. If the dispute cannot be resolved through negotiation, the competence centre may bring an action against the Agency in a court of general jurisdiction.

102. The maximum permissible funding of the Recovery Fund per project applicant shall be EUR 3 125 000.

103. The maximum permissible total funding of the Recovery Fund for one co-operation partner and a group of related persons of those co-operation partners which is determined in Annex 1 to Commission Regulation No 651/2014 shall be not more than 25 % of the amount of public funding approved by the competence centre in the implementation of research projects.

104. If a co-operation research project is implemented, an appropriate intensity is applied to the disbursements made by each co-operation partner, taking into account the conformity of the partner with a micro, small, medium-sized or large merchant.

105. Micro, small, and medium-sized merchants shall correspond to the definitions laid down in Annex 1 to Commission Regulation No 651/2014.

106. Large merchants shall correspond to Article 2(24) of Commission Regulation No 651/2014.

107. Aid provided within the scope of the measure in accordance with Article 25 of Commission Regulation No 651/2014 may be combined with the aid provided in another aid scheme for commercial activity or individual aid project for different eligible costs to be determined or the same eligible costs in accordance with Article 8 of Commission Regulation No 651/2014, including *de minimis* aid provided in another aid scheme for commercial activity or individual aid project, without exceeding the maximum permissible intensity of aid funding in accordance with Article 25(5), (6), and (7) of Commission Regulation No 651/2014.

108. Within the scope of this Regulation, the beneficiaries may combine the *de minimis* aid granted with other *de minimis* aid, including for the same eligible costs, until the relevant threshold specified in Article 3(2) of Commission Regulation No 2023/2831 if the relevant maximum aid intensity does not exceed 100 % for the aid unit or cost item after combining the aids.

[*25 June 2024*]

109. Co-operation partners and competence centres shall submit to the sectoral ministry and the Agency all information on the planned and granted aid, including information on the same eligible costs, indicating the date of granting the aid, the aid provider, the aid measure, and the planned or granted aid amount and aid intensity if it is planned to combine several aids before commencing joining the costs.

110. Aid shall not granted to the project applicant for the sectors and activities specified in Article 1(1) of Commission Regulation No 2023/2831.

[*25 June 2024*]

110.1 Aid shall not be granted to the co-operation partner for the non-aided sectors and activities specified in Article 1(2)(c) and (d) and (3) of Commission Regulation No 651/2014.

[*25 June 2024*]

110.2 Aid to the project applicant and the co-operation partner shall not be granted to the following sectors and activities:

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

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

110.2 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);

110.2 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);

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

110.2 6. collection, processing, 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).

[*25 June 2024*]

111. If the project applicant or co-operation partner simultaneously operates in the aided and non-aided sectors specified in this Regulation, aid for commercial activity may be granted only if activities and financial flows in aided sectors are clearly separated, ensuring that activities in non-aided sectors do not benefit from the aid for commercial activity in the following cases:

111.1. if the project applicant operates in one of the non-aided sectors referred to in Article 1(1)(a), (b), (c), or (d) of Commission Regulation No 2023/2831 or Paragraph 110.2 of this Regulation;

111.2. if the co-operation partner operates in one of the non-aided sectors referred to in Article 1(3)(a), (b), or (c) of Commission Regulation No 651/2014 or Paragraph 110.2 of this Regulation.

[*25 June 2024*]

112. Before providing aid for commercial activity in accordance with Commission Regulation No 2023/2831, the Agency shall make sure whether the *de minimis* aid planned by the beneficiary together with the *de minimis* aid granted within the last three years from the day of granting aid at the level of a single undertaking does not exceed the maximum amount of the *de minimis* aid laid down in Article 3(2) of Commission Regulation No 2023/2831. The funding limit for one beneficiary is evaluated at the level of a single merchant in accordance with Article 2(2) of Commission Regulation No 2023/2831. When providing aid to a co-operation partner, the restrictions laid down in Article 1(2)(c) and (d), (4)(a) and Article 4(1)(i) of Commission Regulation No 651/2014 shall be conformed to.

[*25 June 2024*]

113. The Agency shall ensure the publicity measures specified in Article 9(1)(c) and (4) of Commission Regulation No 651/2014.

114. Within the scope of projects, the competence centres and co-operation partners may not use research equipment procured within the scope of other projects not related to economic activity, except for the case when research projects not related to economic activity are conducted in the competence centre. Research projects not related to economic activity shall be the projects in which effective co-operation is ensured and the intellectual property rights arising from the activities performed within the scope of the project of the research organisation are fully assigned to the research organisation.

115. If the conditions of Commission Regulation No 2023/2831 are violated, the beneficiary of the Recovery Fund has an obligation to repay to the Agency the unlawful *de minimis* aid received within the scope 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.

[*25 June 2024*]

116. If the conditions of Commission Regulation No 651/2014 are violated in respect of the aid granted to the co-operation partner, the beneficiary of the Recovery Fund has an obligation to repay to the Agency the unlawful aid for commercial activity received within the scope 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. The beneficiary has the right to receive compensation from the co-operation partner in the amount of the repaid unlawful aid (together with interest).

[*25 June 2024*]

117. The sectoral ministry shall collect and publish the information on the freely available funding of the Recovery Fund on its website.

118. The availability of information and the storage of documents shall be ensured in the following way:

118.1. the beneficiary shall ensure the availability of information and the storage of documents for 10 years, starting from the day when the last aid for commercial activity has been granted to the co-operation partner;

118.2. the co-operation partner shall ensure the availability of information and the storage of documents for 10 years, starting from the moment of granting aid for commercial activity;

118.3. the Agency shall ensure the availability of information and the storage of documents for 10 years, starting from the day when the last aid for commercial activity has been granted according to the aid scheme for commercial activity;

118.4. the sectoral ministry shall ensure the availability of information and the storage of documents for 10 years, starting from the day when the last aid for commercial activity has been granted according to the aid scheme for commercial activity.

[*25 June 2024*]

119. Within the scope of funding of the Recovery Fund, the sectoral ministry shall perform inspections of the beneficiary regarding an appropriate implementation of the Investment in accordance with Cabinet Regulation No. 621 of 7 September 2021, Procedures for the Implementation and Supervision of the Plan for the European Recovery and Resilience Facility (hereinafter – Regulation No. 621).

120. The implementation progress of the funding of the Recovery Fund plan and the availability of data and their processing shall be ensured in accordance with the requirements laid down in Regulation No. 621.

121. Aid shall not be granted if the co-operation partners meet the status of a merchant in difficulty in accordance with the definition of Article 2(18) of Commission Regulation No 651/2014. When submitting a research project application, co-operation partners shall submit a certification on compliance with the condition contained in Article 2(18)(c) of Commission Regulation No 651/2014.

122. The sectoral ministry shall use the following documents for the preparation of the semi-annual progress report on the implementation of the Recovery Fund plan:

122.1. the list of co-operation partners, indicating the name and registration number of the co-operation partner, the name of the research project, and a brief description of the research project;

122.2. a copy of the contract certifying the approved funding of the Recovery Fund for research projects, using the information available in the Management Information System ensured by the competence centre.

Acting for the Prime Minister ‒ the Deputy Prime Minister, the Minister for Defence A. Pabriks

Minister for Economics I. Indriksone

**Annex 1**

Cabinet Regulation No. 418

5 July 2022

**Description of the Research Project**

1. Research project number (assigned by the competence centre).

2. Name of the research project.

3. Classification of the research project (sectoral research, cross-sectoral research, international research).

4. Information on the implementer of the research project (if the study is implemented in co-operation, information shall be provided for each co-operation partner, indicating the name, registration number, core activity NACE Rev. 2 code, company status (micro, small, medium-sized, large merchant)).

5. Brief description of the research project (indicate a brief summary, stating the objective, main activities, planned result that could be made public).

6. Time of implementation of the research project (start date and end date of the research project).

7. Place of implementation of the research project (address, ATUC code (according to the classification of Administrative Territories and Territorial Units used by the Central Statistical Bureau)).

8. Costs and intensity of the research project (indicate the total eligible costs of the research project, co-funding from the Recovery Fund, funding intensity (%), type of aid (grant) separately for each research project implementer).

9. Full description of the research project (indicate the justification for the need for the implementation of the research project, the planned activities according to individual types of the research project, the description of the commercialisation potential, the explanation that the knowledge to be acquired in the project is not available elsewhere or is protected, accordingly, the acquisition of this knowledge will increase the amount of industry knowledge).

10. Detailed costs and intensity of the research project (indicate the detailed costs of the research project in this Paragraph or attach a detailed estimate of the research project in annex).

11. Combining of costs (if planned).

12. The result of the research project (if the research project is longer than 6 months, the achievable interim results must be indicated which will be monitored by the project selection council of the competence centre).

13. Type of the research project (if the research project consists of several different stages, then information shall be indicated separately on the technological readiness level (TRL) of the industrial study, experimental development, or feasibility study at the beginning and at the end of the research project. In addition, the classification of the field of knowledge of the research project according to the OECD FOS classification shall be indicated. It is necessary to provide information on the planned effective co-operation and publication of research results).

14. The ability of the implementer of the research project to conduct research and development works on its own (this section shall include information provided by the implementer of the research project on the ability to conduct research and development works on its own. In addition, it is necessary to indicate what part of the research project is planned to be carried out by itself (%) if the implementer of the research project is unable or does not plan to conduct research and development work by itself).

15. Certification of the research project:

I, the undersigned, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (first name, last name), \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (name of the institution), \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (title of position), certify that at the time of submitting the project application:

1) the project applicant does not conform to the provisions referred to in Article 2(18) 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;

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 thereof is true and the funding of the Recovery Fund requested for the implementation of the project will be used according to that specified in the research project application;

4) there are no known reasons why this research project could not be implemented or its implementation could be delayed, and I confirm that it is possible to fulfil the obligations specified in the project within the deadlines specified in the laws and regulations regarding the implementation of the relevant objective of the Recovery Fund or the measures thereof;

5) the activities included in the research project are not implemented in other projects co-financed by the European Union funds.

I am aware that the project may not be approved for co-funding from the Recovery Fund if the project application, including this section, is not fully and qualitatively completed, and also if the funding of the Recovery Fund (for the current year/planning period) planned for the implementation of the relevant objective of the Recovery Fund or the measure thereof in the laws or regulations has been used up at the time of project approval.

I am aware that, in the case of false information provided in the certification, administrative sanctions may be initiated against both myself and the abovementioned legal person – the project applicant.

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

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

I certify that I have familiarised myself with the conditions of the relevant objective of the Recovery Fund or the measure thereof and the requirements laid down in the selection regulations.

I certify that the copies attached to the project application correspond to the original documents at my disposal and that the copies of the project application and the electronic version correspond to the original of the submitted project application.

I am aware that the project will have to be implemented in accordance with the activities provided for in the project application and the results will be maintained in accordance with the project application.

Signature\*

Date

Note. \* If the project application has been prepared electronically and signed with a secure electronic signature, the signature part need not be completed.

**Annex 2**

Cabinet Regulation No. 418

5 July 2022

**Development Strategy of the Competence Centre**

If the information to be indicated in the strategy overlaps with the information to be indicated in the project application form, the project applicant need not complete the relevant section of the strategy, but indicate in which section of the project application form the necessary information may be found.

The selected field or sub-field of smart specialisation (the section can be specified at the discretion of the CC)

[*The information contained in this section will be used for the evaluation of the quality criterion No. 1.1 “Selected field or sub-field of smart specialisation”.*]

a. Representatives of the field/sub-field, including scientific institutions and higher education institutions;

b. A mechanism for the involvement of scientific institutions and higher education institutions of the field/sub-field in the research project selection council of the competence centre;

c. The basket of products of performers of economic activity of the field/sub-field and its development possibilities and possibilities for adaptation to the global market;

d. Development trends of the field/sub-field in Latvia and the world;

e. Possibilities for performers of economic activity to develop niches of competitiveness;

f. Related sectors and fields (supply chain analysis);

g. The most promising future segments in the global market and evaluation of the related market opportunities and requirements.

Justification of the selected research directions and conformity with the fields of smart specialisation and development trends of the sector (section to be specified at the discretion of the CC)

[*The information contained in this section will be used for the evaluation of the quality criterion No. 1.2 “Justification of the selected research directions and conformity with the fields of smart specialisation and development trends of the sector”.*]

Co-operation between performers of economic activity, scientific institutions, and higher education institutions (section to be specified at the discretion of the CC)

[*The information contained in this section will be used for the evaluation of the quality criterion No. 1.3 “Co-operation between performers of economic activity, scientific institutions, and higher education institutions”.*]

a. Characterised co-operation between performers of economic activity, scientific institutions, and higher education institutions;

b. Identified scientific institutions with which co-operation in the implementation of studies is planned.

The contribution of the competence centre into the achievement of the target values​of the indicators of the smart specialisation strategy of Latvia, the indicators to be achieved by the competence centre, and the strategy of how the competence centre will achieve the defined monitoring indicators (the section to be specified mandatorily)

[*The information contained in this section will be used for the evaluation of the quality criterion No. 1.4 “The contribution of the competence centre into the achievement of the target values of the indicators of the smart specialisation strategy of Latvia, the monitoring indicators to be achieved by the competence centre, and the strategy of how the competence centre will achieve the defined monitoring indicators”.*]

a. Monitoring indicators to be achieved;

b. Strategy how the competence centre will achieve the defined monitoring indicators;

c. Contribution of the competence centre into the achievement of the target values of the indicators of the smart specialisation strategy of Latvia.

Assessment of the potential risks (the section to be specified mandatorily)

[*The information contained in this section will be used for the evaluation of the quality criterion No. 1.5 “Assessment of possible risks”.*]

a. Risks affecting the operation of the competence centre and the results to be achieved;

b. Impact of risks and probability of occurrence;

c. Measures for the prevention of risks.

The vision of the competence centre regarding sustainability (the section can be clarified at the discretion of the CC)

[*The information contained in this section will be used for the evaluation of the quality criterion No. 1.6 “The vision of the competence centre regarding sustainability”.*]

a. Sustainability vision of the competence centre;

b. The vision of the competence centre for attracting private co-funding.

The principles and criteria for the selection of projects to be aided by the competence centre (the section to be specified mandatorily)

[*The information contained in this section will be used for the evaluation of the quality criterion No. 1.7 “Principles and criteria for the selection of projects to be aided by the competence centre”.*

*If the information to be provided in this section overlaps with the information contained in the standard form of the description of the research projects of the competence centre, this section need not be completed, indicating instead that the required information can be found in the standard form of the description of research projects of the competence centre.*]

a. Institutional structure of the competence centre:

i. Role of the head of the competence centre;

ii. Role of the heads of scientific directions of the competence centre;

iii. Composition and role of the project selection council;

iv. Principles in adherence to which it will be decided whether to involve international or local experts in the evaluation of the research project;

b. How often are the meetings of the project selection council of the competence centre planned (this information is necessary so that representatives of the Ministry of Economics could plan the workload for participating in the meetings of the project selection council);

c. Principles and criteria for the selection of aided projects:

i. Is the research project international in nature;

ii. Ensuring the horizontal principle “Sustainable development” by awarding additional points to research projects on the development and introduction of eco-innovative technologies;

iii. For the conformity of the research project with the fields of smart specialisation or with the field or sub-field of specialisation determined during the business discovery process;

iv. For the conformity of the research project with the level 4–8 of technological readiness.

Other relevant information depending on the specific nature of the fields (the section can be specified at the discretion of the CC)

[*The information contained in this section will be used for the evaluation of the quality criterion no. 1.8 “Other significant information depending on the specific nature of the fields”.*]

a. Self-assessment of the activity of the competence centre within the scope of the European Union Structural Funds and the Cohesion Fund programme of the planning period 2007‒2013, if applicable;

b. Self-assessment of the activity of the competence centre within the scope of the European Union Structural Funds and the Cohesion Fund programme of the planning period 2014‒2020;

c. Other significant information depending on the specific nature of the fields.

The development strategy shall provide for specific actions for the commencement of co-operation with similar organisations (clusters, cluster associations, sectoral associations, etc.) both in Latvia and outside Latvia (the section to be specified mandatorily)

[*The information contained in this section will be used for the evaluation of the quality criterion No. 1.9 "The development strategy provides for specific actions for the commencement of co-operation with similar organisations (clusters, cluster associations, sectoral associations, etc.) both in Latvia and outside Latvia”. The development strategy includes a justified plan of planned activities, it is fully characterised and creates confidence that its implementation will promote international co-operation, the purpose and benefits of co-operation are indicated, and also co-operation partners and activities within the scope of co-operation are indicated as far as possible, for example, internationalisation activities as participation in international project calls (BSR Innovation Express, Horizon 2020, etc.), identification of similar organizations (clusters, cluster associations, sectoral associations, etc., operating in the cluster sector, product group, etc.) and promotion of co-operation both in Latvia and outside Latvia, and etc.*

*It is necessary to include in the description of activities included in the development strategy at least one organised conference and seminar every year to ensure co-operation with similar organisations. The activity description may also include participation in Latvian or foreign conferences and seminars, promoting international co-operation.*]

The strategy defines cross-sectoral aided directions, possible co-operation partners, results to be achieved, planned measures to promote cross-sectoral research co-operation (the section to be specified mandatorily)

[*The information contained in this section will be used for the evaluation of the quality criterion No. 1.10 “The cross-sectoral aided directions, possible co-operation partners, results to be achieved, planned measures for the promotion of cross-sectoral research co-operation are defined in the strategy.*]

a. An action plan has been developed for co-operation with performers of economic activity in the implementation of cross-sectoral studies (for the involved performers of economic activity, the statistical classification codes of economic activity (NACE codes) differ at the first level. The CC project selection council shall approve the cross-sectoral co-operation study projects from the second level or interim-level of NACE codes if no cross-sectoral co-operation study application with the first level NACE code has been submitted);

b. The strategy shall identify possible cross-sectoral project frameworks:

i. performers of economic activity may be as co-operation partners, ensuring effective co-operation, contributing to the implementation of the study and sharing risks, results, and intellectual property;

ii. performers of economic activity may carry out a procurement procedure before submitting a research application to the competence centre by entering into a contract between merchants after submitting a study application to the competence centre. In case of procurement, the intellectual property may belong to one performer of economic activity. Performers of economic activity may not apply the procurement procedure in accordance with the exceptional cases referred to in the Public Procurement Law;

iii. cross-sectoral co-operation may also be based on a letter of intent in which the study activities are covered by the research applicant, where the co-operation partner does not receive funding, but considers future co-operation opportunities or offers the research implementer to use equipment, technology, knowledge, or specialists owned by the merchant free of charge.

**Annex 3**

Cabinet Regulation No. 418

5 July 2022

[*25 June 2024*]

**Certification of Impartiality, Confidentiality, and Absence of a Conflict of Interests**

I, (given name, surname), certify that I agree to participate in the evaluation stages of the research projects of the first round selection of Investment 5.1.1.2.i “Support Instrument for Research and Internationalisation” of Reform 5.1.1.r “Innovation Management and Motivation of Private Research and Development (R&D) Investments” of Reform and Investment Direction 5.1 “Promotion of Productivity through Increase in the Amount of Investments for Research and Development (R&D)” of the 5th Component “Economic Transformation and Productivity Reform” of the Recovery and Resilience Facility (hereinafter – the research project), including examination of the research projects, assessment of interim and final deliverables.

I certify that I am not related to the research project within the meaning of the law On Prevention of Conflict of Interest in Activities of Public Officials and within the meaning of Article 61 of Regulation (EU) No 2018/1046[1] and I have not participated in the preparation of the research projects to be evaluated, and also there are no circumstances due to which I might violate the restrictions specified in the laws and regulations for the person involved in the management, implementation, and monitoring of the Recovery Fund and due to which there are grounds to believe that I am interested in approval or rejection of a particular research project. I certify with a signature that no conflict of interests exists.

There are no reasons, including reasons related to family, emotional ties, political or national affinity, economic interests, or any other direct or indirect personal interests which could call into question my independence and impartiality in decision-taking process.

I will immediately inform the chairperson or deputy chairperson of the research project selection council if circumstances arise that could call into question my impartiality and independence in the decision-taking process.

When examining the received research projects, I will perform my duties responsibly and professionally, as well as give objective opinions.

I undertake not to disclose to third parties any information that has become known or available to me during the evaluation of research projects, and I also undertake to use the available information and documents only for the evaluation of research projects and taking a decision on them. I undertake not to keep or transfer to third parties any written or electronic information on the research project and its evaluation.

I am fully aware that, if I fail to comply with that referred to in this certification, I will be excluded from the composition of the evaluation commission and I will be held liable in accordance with the laws and regulations.

|  |  |  |
| --- | --- | --- |
| Date | Signature | Given name, surname |

[1] 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