Annex 4

to the Regulations on selection of project applications

**Methodology of application of criteria for evaluation of project applications[[1]](#footnote-2)**

|  |  |
| --- | --- |
| Name of the operational programme | GROWTH AND EMPLOYMENT |
| Number and name of the priority axis | 1. Research, technological development and innovation |
| Number and name of the specific objective | 1.2.1. To increase investments of private sector in R&D |
| Activity of the specific objective | 1.2.1.4. Support in introduction of new products into production |
| Type of selection of project applications | Open selection of project applications |
| Round of selection of project applications | **Round 2 of selection of project applications** |
| Responsible authority | MINISTRY OF ECONOMICS |

**General rules of application of criteria for evaluation of a project application**:

1. In order to evaluate the compliance with the respective criterion for evaluation of project applications the assessor should take into account both the information provided in sections of the respective project application form and all the other information available in the project application form (in other sections and annexes of the project application, including the business plan).
2. When evaluating the compliance of project applications with evaluation criteria, only the information available in the project application form (in the project application form and annexes) should be taken into account. The evaluation cannot be based on assumptions or other information, which cannot be checked or proved, or which is not applicable to the specific project application. However, if the assessor has access to any information, which can affect the evaluation of the project, specific facts and sources of information should be indicated, which support and prove the information provided by the assessor.
3. When evaluating project applications, attention should be paid that the information provided in the project application form is harmonised in all the sections of the project application form, in which it is mentioned. If the information in sections is not harmonised, a rule should be set that additional explanation needs to be provided with regard to the criterion, to which this mismatch is applicable.
4. The evaluation of project applications uses:
   1. Regulations of the Cabinet of Ministers No.293 of 10 May 2016 Regulation for the implementation of activity 1.2.1.4 “Support in introduction of new products into production” of specific objective 1.2.1 “To increase investments of private sector in R&D” of the operational programme “Growth and Employment” (hereinafter referred to as the CM Regulations **No.293**);
   2. Operational programme “Growth and Employment” and annexes to the operational programme “Growth and Employment”;
   3. regulations for selection of project applications of **activity** 1.2.1.4 “Support in introduction of new products into production” of specific objective 1.2.2 “To promote implementation of innovations in businesses” (hereinafter referred to as the activity), including criteria for evaluation of project applications and methodology of completion of the project application form.
5. If the project application and other information appended to the project application does not make it clear or raises doubts about the score to be given to any of the criteria for evaluation of project applications or its justification, an opinion of a sectoral expert can be taken into account, when deciding on the compliance of the project application.
6. **Two sectoral experts shall participate in the evaluation of project applications. If the total evaluation of a project application by any expert differs considerably from the total evaluation of a project application by the other expert, the commission shall organise an expert discussion to agree on the evaluation of the project application and shall attract an additional expert for the evaluation of the project, when needed.**

**1. UNIFORM CRITERIA**

|  |  |  |  |
| --- | --- | --- | --- |
|  | | **Impact of the criterion on decision-making**  (P/N) | **Explanation of determination of eligibility** |
|  | The project applicant meets the requirements set for the project applicant in Cabinet of Ministers (hereinafter referred to as CM) regulations on the implementation of the activity of the specific objective[[2]](#footnote-3). | N | **The evaluation is “Yes”**, if:   1. The project applicant meets all the conditions of Chapter IV “Requirements to the project applicant” of CM Regulations **No.293**, incl.:   a) Paragraphs 15 and 16 of CM Regulations **No.293**, within the framework of which it is verified whether the experimental technology envisaged in the project is not available on the market, i.e. manufacturers of equipment do not offer manufacturing of the equipment without research and development activities in the company. If no unique components of an experimental technology at least in the amount of 20% of eligible project costs are clearly stated and justified in the project application, the project shall be rejected  b) Paragraph 17 of CM Regulations **No.293**, within the framework of which certifying documents on research and development (R&D) works and their content related to the experimental technology envisaged in the project are verified. The regulations on selection of project applications specify certifying documents, which justify research and development activities, which have been performed, for example:   * Contracts with scientific institutions or research staff; * Reports on performed research and development activities; * Experimental developments, descriptions of prototypes, etc.; * Tests and their results; * Research and its results; * The closed annual report of the project applicant or a linked undertaking, which was approved by a certified auditor (data certifying R&D costs), etc.   If as a result of R&D activities specified in the project no technologies available on the market, which meet the requirements set by the company, are found, but the commission finds such technologies exist, the project shall be rejected.   1. In accordance with Paragraph 27 of CM Regulations **No.293** it is verified whether the activities to be supported, which are specified in the project, are related to production equipment at a stage of the life cycle of innovations and correspond to technology readiness level No. 4, 5, 6, 7 or 8 (TRL 4 to TRL 8):  * Innovations shall not be minor changes, improvement or upgrade of a technology. * Adaptation of a production process to specific production needs, incl. purchasing or manufacturing of an equipment available on the market for the needs of a specific customer (for example, with regard to sizes, power) and its integration in a production line is not supported. * Purchasing of such equipment, where units meeting the set requirements are already available on the market, does not promote the achievement of goals of the research and development thematic objective and such equipment is deemed to correspond TRL 9.  1. The compliance of the project with the **aim of the activity set in Paragraph 4 of CM Regulations No.293**, including the project application certifies that during the implementation of the project or during the project monitoring period the project applicant will create at least one product and will introduce it in production in RIS3 sectors. 2. If assurance has been obtained and the commission has an argumented justification that the project does not meet the requirements of **Paragraph 4 or** 27 or **Chapter IV of CM Regulations No.293**, the project application shall be rejected. The compliance of the project application with other evaluation criteria shall be evaluated only in the cases, if the project application meets uniform criterion No.1.   The compliance with this criterion shall be evaluated according to the information provided in the project application.  If the project applicant does not meet the above mentioned requirements, the evaluation is **“No”**, the project application shall be rejected.  **The evaluation is “No”** and the project shall be rejected, if the project envisages (corresponds to one or more parameters):   * Increase in production capabilities or increase in service capabilities; * The new product intended within the framework of the project was created earlier and is not scientifically and economically justified; * Adaptation of the equipment. The equipment is ordered within the boundaries of parameters defined by the manufacturer or adaptations do not change the technological process operation of the equipment and the final product being produced; * The project applicant has not identified equipment, which is available on the market, and there is equipment on the market, which meets the requirements defined by the project applicant.   If no business plan was introduced, the project application shall be rejected according to Paragraph 12 of Chapter IV of CM Regulations **No.293**. |
|  | The project application form is completed in printed form. | N | **The evaluation is “Yes”**, if the project application form and its annexes are completed in printed form.  If the project application is not completed in printed form, **the evaluation is** **“No”**, the project application shall be rejected. |
|  | The project application has proper administration, implementation and financial capacity for the implementation of the project. | P | **The evaluation is “Yes”**, if the project applicant has necessary resources for the implementation of the project or if the project applicant knows how to secure all the necessary resources.  The project administration and implementation capacity is sufficient, if Section 2 of the project application:   * 1. includes information about necessary management staff for the project (for example, project manager, assisting project manager, procurement specialist, accountant, lawyer), their number and main tasks, as well as experience and professional qualifications necessary for the fulfilment of the work;   2. includes information that the project applicant is planning to secure the mentioned staff for the implementation of the project (project applicant’s staff or outsourced staff);   3. includes a description of the project monitoring mechanism and control of fulfilment and the quality of concluded contracts.   The financial capacity of the project applicant is sufficient, if sources of financing and publicly available reports of the project are clearly described and the information provided in the project application confirms the availability of sources of funding.  If the information specified in the project application fully or partially disagrees with the above mentioned requirements, the project application shall be evaluated as **“Yes, with a condition”** and a condition shall be set to submit supplementary information on administrative, implementation or financial capacity of the project applicant for the implementation of the project. |
|  | The project applicant has no tax arrears, including state mandatory social security contribution arrears in the Republic of Latvia, which exceed 150 euro, on the day of submission of the project application. | P | The evaluation is “Yes”, if the project applicant has no tax arrears, the total amount of which exceeds 150 euro.  The database of tax and levy debtors administered by the State Revenue Service should be used for the evaluation of the criterion <http://www6.vid.gov.lv/VID_PDB/NPAR>.  Taking into account that the information on tax arrears administered by SRS is published in the SRS database twice a month, the tax arrears during the evaluation will be checked in the SRS database on the day of publication set by the SRS, which is the closest date before the day of decision-making by the cooperation authority.  The project application evaluation form should specify the date of the check and the amount of the tax arrears, if any.  If the project applicant has tax arrears, the total amount of which exceeds 150 euro, on the date of submission of the project application, the evaluation shall be **“Yes, with a condition”**, a condition shall be set to pay the tax arrears. |
|  | The original project application has legal force of a document: | P |  |
|  | 5.1. it has been prepared according to the laws and regulations regulating circulation of electronic documents (applicable, if the project application is submitted in the form of an electronic document), incl. the project application is signed with a secure electronic signature according to laws and regulations on preparation of electronic documents, attaching an authorisation (if required); |  | **the evaluation** of sub-criterion 5.1 **is “Yes”**, if:   * the project application has been submitted in the form of an electronic document and altogether as a single file is signed with a safe electronic signature and contains a time stamp; * the project application has been signed by a responsible official of the project applicant, who has the right to sign; * the project application is accompanied by a proper authorisation signed by a responsible official of the project applicant (power of attorney, internal regulatory act), if the project application is signed by other person.   When evaluating the criterion, the <https://www.eparaksts.lv/lv/palidziba/parbaudit-edokumentu/> website shall be used for verification of the electronic signature (identity and validity).  Signatories of legal persons shall be checked in databases. |
|  | 5.2. it has been prepared according to the laws and regulations regulating the requirements to the development and presentation of documents (applicable, if the project application is submitted on paper), incl. the project applicant’s certification is signed by the project applicant or its authorised person, a relevant authorisation shall be appended to the project application. |  | **the evaluation** of sub-criterion 5.2 **is “Yes”**, if:   * the project application is submitted on paper and has been prepared according to the laws and regulations regulating the requirements to the development and presentation of documents; * Section 8 “Certification” of the project application is signed by a responsible official of the project applicant; * the project application is accompanied by a proper authorisation signed by a responsible official of the project applicant (power of attorney, internal regulatory act, etc.), if the project application is signed by other person.   Signatories of legal persons shall be checked in databases.  If the project application does not meet any of the requirements set in the respective criterion, the evaluation shall be **“Yes, with a condition”**, a relevant condition shall be set:   * in case of sub-criterion 5.1 – to sign the project application with an electronic signature and/or certify with a time stamp, and/or to attach a relevant authorisation; * in case of sub-criterion 5.2 – to prepare the project application according to laws and regulations regulating the requirements to the development and presentation of documents and/or append a relevant authorisation, and/or sign Section 8 “Certification” of the project application. |
|  | The project application form has been fully completed according to the requirements set in Cabinet of Ministers Regulations No.784 of 16 December 2014 “Procedure according to which institutions involved in the management of European Union structural funds and the Cohesion Fund ensure preparation of programming documents and the implementation of these funds in 2014-2020 programming period”, the documents to be submitted according to CM Regulations No.293 and specified in the regulations on selection of project applications have been appended. | P | **The evaluation is “Yes”**, if:   * the project application form has been prepared according to the form attached to the regulations on selection of project applications and it has been completed in full; * the project application has all the necessary annexes, which are specified in the regulations on selection of project applications: * Annex 1 “Time schedule of the project implementation”; * Annex 2 “Financing plan”; * Annex 3 “Summary of the project budget”; * a power of attorney (power of attorney, internal regulatory act, etc.), with which the signatory of the project application form has been granted the right to sign (applicable, if the project application is signed by a person, who is not a responsible official of the project applicant); * a translation (if applicable); * a business plan; * documents certifying research and development works, which the project applicant or linked persons performed during the last year before the submission of the project to define hypothetical requirements to the experimental technology and its components or equipment (for example, contracts with scientific institutions or research staff; reports on performed research and development activities, experimental developments, descriptions of prototypes, etc., tests and their results, research and its results, a closed annual report of the project applicant or a linked undertaking, which was approved by a certified auditor (data certifying R&D costs, etc.)); * detailed requirements to the experimental technology (technical specifications, drawings, process flow charts, etc. of equipment, software, auxiliary equipment); * the form “Certification on non-existence of double funding”; * the form “Certification on compliance with the requirements”; * a certification of the manufacturer or installer of components of the experimental technology (if a specific manufacturer or installer is known, if not, then the certification shall be submitted as soon as the procurement has completed and the specific manufacturer or installer is known) that the parameters referred to in Sub-Paragraphs 30.3 and 30.6 of CM Regulations **No.293** and at least one of the parameters referred to in Sub-Paragraphs 30.1, 30.2, 30.4, 30.5 or 30.7 of these Regulation has not been tested in real production environment, in economic activity, in conditions of long, intensive operation:   + 30.1. there are no hypotheses tested in practice, on which technical specification of components or equipment of the experimental technology are based;   + 30.2. no special equipment and production structures have been prepared, which are necessary for operation of components or equipment of the experimental technology;   + 30.3. no instructions or user manuals of components or equipment of the experimental technology have been prepared;   + 30.4. there are no precedents of stable operation of components or equipment of the experimental technology in conditions of long, intensive operation;   + 30.5. it is unknown how components or equipment of the experimental technology work, if production capabilities are different;   + 30.6. it has not been tested in practice, how often components or equipment of the experimental technology will need maintenance and repair;   + 30.7. components or equipment of the experimental technology are not produced for commercial purposes; * one or more of these documents certifying the availability of funding (when applicable):   + a contract concluded with a credit institution registered in the European Union or the European Economic Area, on granting of a loan necessary for the implementation of the project in the amount of at least 50% of total project costs;   + a contract concluded with a linked person on provision of funding necessary for the implementation of the project, if the equity of this linked person in the last closed accounting year constitutes at least 100% of total project costs;   + a board decision of the project applicant on provision of funding necessary for the implementation of the project, if the equity of the project applicant in the last closed accounting year constitutes at least 100% of total project costs; * a certification of the certified auditor on research and development works, which the project applicant or linked persons performed in the last three years before the project submission year (if applicable) (if the research and development works are specified in a closed annual report, which has been approved by a certified auditor, then a separate certification of a certified auditor is not necessary); * a first demand contract performance guarantee letter issued by a credit institution registered in the European Union or the European Economic Area for the amount no less than four percent of the demanded public funding; * a declaration regarding the compliance of the project applicant to the category of a very small (micro), small or medium-sized undertaking, which has been prepared in accordance with the regulatory enactments regarding the procedure of declaration of commercial companies according to small (very small (micro) or medium-sized commercial company (if the project applicant within the framework of these regulations qualifies for funding according to the requirements set for very small (micro), small and medium-sized undertakings). In order to determine the status of the project applicant, only data regarding the last closed financial year shall be taken into account. If the project applicant has not closed any financial year, data from the operational interim financial statement, which has been approved by a certified auditor, shall be taken into account; * an operational financial statement for the period of 12 months until the last closed month, which has been approved by a certified auditor, which on the day of submission of the project application cannot be older than two months (if applicable) (to be submitted only by newly established undertakings); * a consolidated annual report, if the parent company or linked undertakings are legal persons registered abroad; * documents certifying a procurement procedure for standard equipment or standard components (when applicable); * research documentation of potential suppliers of equipment or components (correspondence, screenshots from potential suppliers and websites of service providers, etc.); * other annexes; * the project application has been prepared in Latvian; * if any section of the project application or any annex to the project application is in some other language, a translation into Latvian is attached, which has been prepared according to the laws and regulations on the procedures for the certification of document translations in the official language (a notarial certification of the translation or a certification of a certified translator, or a certification of a translator is appended).   Having received the documents specified in the regulations on selection of project applications from the project applicant, the cooperation authority shall translate the documents specified in the regulations on selection of project applications into English to provide the experts included in the database of experts of the European Commission, who are involved in the evaluation of the project application, with necessary information for an examination. The translation shall be provided by the translators attracted by the cooperation authority.  If the project applicant together with its project application submitted translation into English of the documents specified in the regulations on selection of project applications, which should be translated into English, the cooperation authority shall not translate the document, but shall use the translation of the document submitted by the project applicant.  If the project applicant has chosen to submit translations into English of the documents specified in the regulations on selection of project applications, which should be translated into English, the project applicant shall be responsible for the accuracy of submitted translations and their compliance with the original.  If the project application does not meet any of the set requirements, **the evaluation shall be “Yes, with a condition”**, a relevant condition for the elimination of shortcomings shall be set, for example:   * to submit a project application form according to the form specified in the regulations on selection of project applications, and/or submit a completely filled project application form; * to submit any missing annex; * to submit a project application form or annex prepared in Latvian, or to append a translation into Latvian certified according to the laws and regulations. |
|  | The financial data in the project application are specified euro. | P | **The evaluation is “Yes”**, if the financial data in the project application are specified euro.  If the project application does not meet the set requirements, **the evaluation shall be “Yes, with a condition”**, a condition shall be set to specify financial data in euro. |
|  | The financial calculation of the project application has been developed in an arithmetically correct way and meets the requirements of the project application form. | P | **The evaluation is “Yes”**, if the financial calculation of the project application contains no arithmetic errors and meets the requirements of the project application form.  If the project application does not meet the set requirements, **the evaluation shall be “Yes, with a condition”**, a condition shall be set to make necessary updates to the project application. |
|  | The amount of funding of an EU fund envisaged in the project application corresponds to the amount of funding from an EU fund set for the project in CM Regulations **No.293**. | P | **The evaluation is “Yes”**, if the available funding from an EU fund specified in the project application corresponds to the ERDF funding specified in CM Regulations **No.293**. The amount of minimum total eligible costs of the project shall be 500,000 euro, but the amount of maximum total eligible costs of the project shall not exceed 16,000,000 euro. The total ERDF funding for one project application shall not exceed 4,000,000 euro.  If the information specified in the project application fully or partially disagrees with the above mentioned requirements, the project application shall be evaluated as **“Yes, with a condition”** and a condition shall be set to ensure a relevant amount of public funding in the project application. |
|  | The aid intensity of an EU fund specified in the project application does not exceed the maximum aid intensity of the EU fund set in CM Regulations **No.293**. | P | **The evaluation is “Yes”**, if the aid intensity specified in the project application (Annex 2) does not exceed the one specified in Paragraph 31 of CM Regulations **No.293** – 35% percent of the total eligible funding of the project.  If the project application does not meet the set requirements, **the evaluation shall be “Yes, with a condition”**, a condition shall be set to make a necessary update to the project application envisaging that aid intensity does not exceed 35 percent of the total eligible funding of the project*.* |
|  | | Total costs included in the project application (total eligible costs, total non-eligible costs (if applicable) of the project and total project costs), planned activities and cost items to be supported meet provisions of CM Regulations **No.293**, incl. do not exceed the set amounts of cost items and: | P |  |
|  | | 11.1. are related to the implementation of the project; |  | **The evaluation is “Yes”**, if the eligible costs included in the project application are necessary for the implementation of the project and reaching of the aim and performance indicators of the activity.  If the information provided in the project application evidences that the eligible costs are not related to the implementation of the project, the evaluation is **“Yes, with a condition”** and a condition shall be set to prove that the eligible costs are related to the implementation of the project or to correct the eligible costs. |
|  | | 11.2. are necessary for the implementation of the project (for the implementation of the activities specified in the project, to secure the needs of the target group, to resolve the defined problem); |  | **The evaluation is “Yes”**, if:   * the costs planned in the project application correspond to the costs specified in Paragraphs 38, 39, 40 and 41 of CM Regulations **No.293** and are necessary for the implementation of the activities specified in the project; * the costs planned in the project application are necessary for the implementation of the supported activities specified in Paragraph 26 of CM Regulations **No.293**.   If the information provided in the project application evidences that the costs and activities planned in the project are not necessary for the implementation of the project, **the evaluation is “Yes, with a condition”** and a condition shall be set to make necessary updates. |
|  | | 11.3. ensure reaching of the aim and performance indicators set in the project. |  | **The evaluation is “Yes”**, if the costs planned in the project ensure reaching of the aim and performance indicators set in the project.  If the information provided in the project application evidences that the costs planned in the project do not ensure reaching of the goal and performance indicators set in the project, **the evaluation is “Yes, with a condition”** and a condition shall be set to make necessary updates. |
|  | The period of implementation of the project corresponds to the project implementation period set in CM Regulations **No.293**. | P | **The evaluation is “Yes”**, if:   * the cooperation authority has obtained assurance whether the activities to be supported envisaged in the project application are planned to be started within the deadline set in Paragraph 48 of CM Regulations **No.293**, i.e. after the submission of the project application to the cooperation authority (according to Paragraph 50 of CM Regulations No.293, after the submission of the project application to the cooperation authority, but before the conclusion of the contract on the implementation of the project, the cooperation authority has the right to randomly conduct preliminary inspections at the place of implementation of the project); * the period of implementation of the project (including funding) according to the project application (Paragraph 2.3, Annexes 1 and 2) does not exceed the one set in Paragraph 51 of CM Regulations **No.293**, i.e. four years from the day, when the project applicant has submitted a contract with the cooperation authority, but not longer than by 30 December 2022; * the funding planned in Annexes 2 and 3 of the project application matches provisions of Annex 1 both by breakdown of finances by years and by planning of cost items.   If the project application does not meet all the above mentioned requirements, the evaluation is “Yes, with a condition”, a condition shall be set to accordingly update the duration of implementation of the project, planning of activities by quarters or planning of funding by years or cost items, to ensure harmonised information in related sections of the project application. |
|  | The goal of the project corresponds to the goal set in CM Regulations **No.293** | P | **The evaluation is “Yes”**, if the information specified in Paragraph 1.2 of the project application and also other information listed in the project application on the aim of the project, as well as activities planned within the project evidence that it is aimed at the achievement of the aim set in **Paragraph 4** of CM Regulations **No.293**.  If the project generally lets obtain assurance that it meets the criterion, however, the provided information is unclear and/or contradictory, then the project application shall be evaluated as “Yes, with a condition” and a condition shall be set to submit supplementary information.  The project application shall be evaluated as “Yes” or “Yes, with a condition” and a condition shall be set to make relevant updates only in the case, if the project application meets uniform criterion No.1. |
|  | The planned expected results and monitoring indicators in the project application are accurately defined, justified and measurable and they promote the achievement of the indicators set in CM Regulations **No.293**. | P | **The evaluation is “Yes**”, if each project activity in Paragraph 1.5 of the project application has a justified (clearly arises from the respective project activity), accurately defined (a specific expected result is specified, which can be recorded, for example, the activity envisaged in the respective project is performed, a certain indicator is achieved, etc.) and measurable result, which will be achieved as a result of each project activity.  If the project application does not meet all the set requirements, **the evaluation shall be “Yes, with a condition”**, a condition shall be set to update Paragraph 1.5 of the project application, specifying a justified, accurately defined or measurable result for each project activity. |
|  | Planned project activities in the project application: | P |  |
|  | 15.1. meet provisions of CM Regulations **No.293** and envisages a link to respective activities to be supported; |  | **The evaluation is “Yes”**, if the activities specified in Paragraph 1.5 of the project application correspond to the activities to be supported specified in CM Regulations **No.293** – production or purchasing, as well as installation and testing in real production environment of experimental technologies, when conducting economic activity from technology readiness level No.4 to No.8, inclusive, but not exceeding. The technology readiness level No.8 is the last technology development level and it is achieved, if the system is completed and qualified: the technology has been proven to work in its final form and under expected conditions. |
|  | 15.2. are accurately defined and justified, and resolve the problems defined in the project. |  | **The evaluation is “Yes”**, if in Paragraph 1.5 of the project application:   * project activities are accurately defined, i.e. the content of the activities can be figured out from names of the activities, the planned duration of implementation of activities is proportional and relevant; * project activities are justified, i.e. they directly influence the achievement of project aim, results and indicators. The achievement of the project aim, results and indicators is impossible without any of the activities. Descriptions of all activities justify their need, described actions planned within their scope; * project activities are aimed at the resolution of problems described in Paragraph 1.3 of the project application.   If the project application does not meet all the above mentioned requirements, **the evaluation shall be “Yes, with a condition”**, a relevant condition shall be set:  in case of sub-criterion 15.1 – to update Paragraph 1.5 of the project application, ensuring the compliance of project activities and their descriptions with the activities to be supported according to CM Regulations **No.293**;  in case of sub-criterion 15.2 – to update projects activities or their description, thus ensuring that they directly promote the achievement of project aim, results or indicators or they are aimed at the resolution of problems described in Paragraph 1.3 of the project application. |
|  | The publicity and information distribution measures planned in the project application correspond to the communication and visual identity requirements set out in Cabinet of Ministers Regulations No.87 of 17 February 2015 “Procedure of ensuring observation of communication and visual identity requirements in 2014-2020 programming period in the implementation of European Union structural funds and the Cohesion Fund”. | P | **The evaluation is “Yes”**, if the information and publicity measures specified in Section 5 of the project application correspond to Cabinet of Ministers Regulations No.87 of 17 February 2015 “Procedure of ensuring observation of communication and visual identity requirements in 2014-2020 programming period in the implementation of European Union structural funds and the Cohesion Fund”.  1) if the total public funding intended for the project exceeds 500,000 euro, a temporary billboard should be put up during the implementation of the project, while, if the total public funding envisaged for the project does not exceed 500,000 euro at least one poster with information about the project, including the financial support from the ERDF, should be placed at a location readily visible to the public of the beneficiary;  2) on the beneficiary’s website it is intended to publish a description of the implementation of the project, including its aims and results;  3) if the total public funding envisaged for the project exceeds 500,000 euro, a permanent billboard or plaque should be put up after the completion of the project.  These information and publicity measures have a description of the measure (i.e. what this measure includes, who will implement it, how frequently), the implementation period (for example, during the entire project implementation period, specified quarters), as well as the number the measures.  If the project application does not meet all the above mentioned requirements, **the evaluation shall be “Yes, with a condition”**, a relevant condition shall be set to supplement/update information and publicity measures, their description or implementation period. |
|  | The project application identifies, describes and evaluates risks of the project, their impact and probability of occurrence, as well as lays down risk mitigation measures. | P | **The evaluation is “Yes”**, if Paragraph 2.4 of the project application:   * identifies and analyses project implementation risks at least from the following angles: risks of achievement, administration of financial, implementation, result and monitoring indicators. Other risks may be specified as well; * a description of each risk is provided, i.e., specifying the nature of the risk, as well as characterising, which conditions and information substantiates the probability of its occurrence; * impact (high, medium, low) and probability of occurrence (high, medium, low) is specified for each risk; * planned and risk prevention/mitigation measures existing during the implementation of the project are specified for each risk.   If the project application does not meet all the above mentioned requirements, **the evaluation shall be** “**Yes, with a condition**”, a relevant condition shall be set to supplement the list of risks and their description, specify their impact and probability of occurrence, as well as specify or update risk prevention/mitigation measures. |

**2. UNIFORM SELECTION CRITERIA**

|  |  |  |  |
| --- | --- | --- | --- |
|  | | **Impact of the criterion on decision-making**  (P/N) | **Explanation of determination of eligibility** |
|  | The project applicant is not an economic operator in difficulty, as well as it does not correspond to the status of an economic operator in difficulty according to CM Regulations **No.293**. | N | The evaluation is “Yes”, if the project applicant is not an economic operator in difficulty, as well as it does not correspond to the status of an economic operator in difficulty according to CM Regulations **No.293**.  The criterion is evaluated taking into account data of the project applicant and its linked companies. Linked persons meet the definition of linked companies in Annex 1 to Commission Regulation No 651/2014. The status of a group of linked persons of the project applicant is fixed according to the situation, which exists on the day of adoption of the evaluation commission’s decision on forwarding for approval, approval with a condition or rejection of the project application according to Paragraph 71 of CM Regulations **No.293**.  The project applicant is an economic operator in difficulty, if the project applicant, which will receive aid pursuant to Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (Official Journal of the European Union, 26 June 2014, No L 187) (hereinafter referred to as “Commission Regulation No 651/2014”) is not subject to any of these conditions:   1. the applicant for the aid (other than an SME that has been in existence for less than three years or, for the purposes of eligibility for risk finance aid, an SME within seven years from its first commercial sale) – where more than half of its capital has disappeared as a result of accumulated losses, if deduction of accumulated losses from reserves (and all other elements generally considered as part of the own funds of the company) leads to a negative cumulative amount that exceeds half of the subscribed share capital, and share capital includes, where relevant, any share premium; 2. the applicant for the aid, where at least some members have unlimited liability for the debt of the company (other than an SME that has been in existence for less than three years or, for the purposes of eligibility for risk finance aid, an SME within seven years from its first commercial sale), where more than half of its capital as shown in the company accounts has disappeared as a result of accumulated losses. For the purposes of this provision, a company is the company, where at least some members have unlimited liability for the debt of the company (in particular, general partnerships and limited partnerships); 3. the applicant for the aid has not been declared insolvent by a court judgement or redress proceedings are not being implemented by a court judgement, or out-of-court redress proceedings are not being implemented, bankruptcy proceedings have not been initiated, rehabilitation or composition was not used by a court decision, or its operations have not been suspended, or it does not fulfil the criteria under its domestic law for being placed in insolvency proceedings at the request of its creditors (certification); 4. the applicant for the aid has received rescue aid and has not yet reimbursed the loan or terminated the guarantee, or has received restructuring aid and is still subject to a restructuring plan; 5. the applicant for the aid (other than an SME) in the last two years had book debt to equity ratio greater than 7.5, as well as the undertaking’s interest coverage ratio calculated based on company earnings before interest, taxes, depreciation and amortization deductions (EBITDA) has been below 1.0.   The determination of a company in difficulty at the moment of the decision on granting of the aid should be based on objective grounds according to verifiable and credible data:   1. the information is verified in the last publicly available closed annual report; 2. if an operational interim statement for 12 months approved by a certified auditor is submitted, then the data of an approved operational statement are used in determining a company in difficulty; 3. if the project applicant points to publicly available (i.e. verifiable) information about the increase of the share capital after the last closed annual report, then this information, which has been submitted together with the operational interim statement approved by a certified auditor, shall be taken into account.   The evaluation is “No”(the project shall be rejected), if the project applicant is an economic operator in difficulty. |
|  | Validity, efficiency and effectiveness of project costs (all the conditions should be met): |  | This criterion shall be evaluated taking into account the information available in the business plan.  Updates are permissible in the business plan, which do not materially change the project application, i.e.:   * do not influence the achievement of the aims and results initially envisaged in the project; * do not influence the activities to be supported and eligible costs initially envisaged in the project.   When significant inaccuracies, mismatches or missing information are found (no sufficient calculations, explanations, no market analysis or assumptions, on which the business plan is based, are not justified) in the project application, which would results in materials changes, if the project application is updated, as well as if the information cannot be obtained from independent/objective resources (for example, State Revenue Service, Register of Enterprises), the project application shall be rejected according to Section 25(3)(2) of the Law On Management of European Union Structural Funds and the Cohesion Fund for the 2014-2020 Programming Period. |
|  | 2.1. planned expenses are necessary for the implementation of the project (for the implementation of the activities specified in the project, resolution of the defined problem, achievement of aims, indicators of the activity); | P | 1. It shall be verified whether the problem is defined, a description and justification of the problem solution is provided (Sections 1.1-1.3 of the project application form). 2. It shall be evaluated whether the investments planned within the framework of the project, which are necessary for the implementation of the project, are characterised in detail and completely, and they correspond to the defined project actions and correspond to the selected problem solution, as well as ensure the implementation of the project (Section 1.5 of the project application form and Annex 3 to the project application form). It shall be verified whether the business plan provides a characteristic of the planned use of the equipment in the technological process. 3. It shall be ascertained that target groups of the projects are defined. If the project applicant has defined target groups of the project, then it is verified whether the anticipated investments are appropriate to secure the needs of the target groups of the project (for example, description of products produced and services provided as a result of the project and ensuring their sustainability, market and field analysis (business plan)). 4. The substantiation of the choice of the location for the implementation of the project should be verified pointing out advantages, compared to other alternatives.   If it is envisaged to establish an industrial park or a new factory in the project implementation location, has the technical design of the building been developed or have the construction works started. If such information in not available or purchasing of land and designing of a building is envisaged only after the approval of the project, the decision on the approval of the project application shall include a condition to provide information, as well as explanation/justification, how the specified works will be ensured.  It shall be verified whether it is justified, why the project is being implemented in Latvia, especially, if the parent company is located abroad. For example, the invention is made in Latvia, therefore specialists, who are necessary for testing the experimental technology, are readily available, or the project implementation location has been selected closer to potential buyers.  The choice of a project implementation location is not justified, if, for example, there is no logical link to Latvia, or the business plan specifies that the project may be implemented in any place.  It is permissible that the project is implemented in more than one project implementation location, provided that the need for more than one project implementation locations is economically, technologically and financially justified (Section 1.7 of the project application form, business plan). |
|  | 2.2. eligible costs ensure reaching of the set aim, measurable indicators of the project; | P | * It shall be verified whether the project applicant has justified compliance of the project aim with the activity aim according to Paragraphs 33 and 34 of CM Regulations **No.293**, as well as explaining, what the planned result of the project is according to the Oslo Manual (<http://www.oecd.org/sti/inno/oslomanualguidelinesforcollectingandinterpretinginnovationdata3rdedition.htm>). * It shall be verified whether a detailed description of the planned product or service is provided, as well as the production or service provision cycle is described, descriptions of processes and necessary resources are specified, indicating specific quantitative and qualitative indicators. It is insufficient, if a general, non-specific description without measurable, verifiable facts is provided. * It shall be verified whether the project applicant has identified activities to be performed within the project and deadlines for their performance in order to ensure the implementation of the project in the planned scope, quality and terms.   It shall be verified whether a detailed technical specification, necessary parameters (planned power of the equipment, output per hour/minute, etc.), functions and connection parameters (kWh) of each investment are provided. It is insufficient, if the project applicant has characterised only functionality of the equipment. If the technical specification is appended as an annex and/or the technical specification is included in the business plan, then the documents attached shall be used in the evaluation, and the technical specification is not required, if there is a reference to the additional document attached. |
|  | 2.3. planned expenses are economically justified in the business plan appended to the project application; | P | Planned expenses may be supported according to the requirements of Article 30 of Regulation No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (Official Journal of the European Union, 26 October 2012, No L 298/1), that is observing principles of economy, efficiency and effectiveness.  The information included in the business plan appended to the project application shall be evaluated and a decision on compliance of the project in this criterion on economic and financial justification of the business plan in the context with the project aim shall be taken, analysing:   1. compliance of the business plan on the merits according to practices in the sector:    1. project implementation capacity (experience in the field of implementation of the project, characteristics of the management staff and technical staff, material and technical supplies and planned measures to obtain missing supplies);    2. financing plan of the project;    3. market and sector analysis (current and post-project consumers, competitors, target market, distribution channels of the project/service);    4. financial justification of the project (justification of the assumptions used in the preparation of the business plan, description and justification of assumptions used (range of products, production output, production losses, production prices, fixed and variable costs and other assumptions).   The evaluation in the criterion is positive, if the project corresponds to all the below mentioned conditions of the criterion:   1. planned expenses are proportionately (for example, compared to the market situation, the project in general and benefit from the project) necessary for the implementation of the project and ensure the occurrence of a physically measurable results, the achievement of the aim set in the project; 2. eligible costs correspond to Paragraphs 33-40 of CM Regulations **No.293**; 3. the project is viable at least 3 (5) years after the completion of the implementation of the project.   If it is impossible to ascertain that the planned expenses of the project are economically justified according to the above mentioned conditions, the evaluation is “No” and the project application shall be rejected. |
|  | 2.4. the financial calculation of the project is economically justified, incl. provides a justification of assumes financial calculations. | P | 1. The argumentation of the project applicant about the need for planned expenses for the implementation of the project shall be evaluated. Unjustified costs shall be those investment costs, the need for which for the implementation of the project is not economically and financially justified. The business plan should contain a comparison of alternatives, which is equipment currently at the disposal of the project applicant (technical parameters, functions, depreciation, etc.), possibility and costs of adapting them and what financial and technological benefit from purchasing or creation of new equipment will be, as well as alternatives for purchasing or creation of other equipment.  2. The proportionality of planned investment costs shall be compared with market prices. The price of purchasing or creation of equipment should be proportionate to the price of purchasing or creation of similar equipment. An unjustified, considerable rise above the market price, namely, more than 20% of the price clarified during a market survey, is not permissible. The market price shall be determined by asking at least two manufacturers of similar equipment (to the extent possible and taking into account components that can be purchased on the market), based on the technical specification of necessary equipment specified in the project. All the information about survey results and progress (incl. asked manufacturers) should be reflected in the project application. Publicly available information on the internet and other sources of searching for information shall be used to verify information about planned cooperation partners of the project applicant in delivery of the equipment, ascertaining the ability of the potential suppliers to deliver components or equipment of the experimental technology, compliance with the manufacturer’s status. This shall be verified ascertaining on the publicly available internet, for example, databases and other sources of searching for information:  - the legal status and the financial situation of the potential supplier (location, employees, turnover, profit or loss and other essential information);  - experience on the market (supplier’s duration of operation, cooperation partners).  If the potential supplier is registered in the countries, which are mentioned in laws and regulations of low-tax or tax-free countries or territories, while investment costs are proportionate, as well as no other significant deviations are found, a positive evaluation is provided in the criterion provided that if the project is approved and conditions are met, it is requested to choose a proper supplier through a procurement procedure.  The decision on the approval of the project shall include a condition to provide an explanation, if a rise in price of standard equipment of at least 20% of total eligible costs of the project is stated.  **Viability of the project shall be verified** – long-term competitive advantages of the product produced or service provided as a result of the project (hereinafter referred to as the project) compared to equivalent products available in the product’s sales market.   |  | | --- | | *Competitive advantages depend on the following factors:*   1. *Resources are undertaking’s technological, organisational, physical, financial resources and factors and human resources. Resources are broken down into:*     1. *tangible (land, buildings, equipment, devices, reserves, availability of raw materials, money, etc.) and*    2. *intangible*        1. *knowledge of employees (know how),*       2. *experience, qualification,*       3. *research capacity,*       4. *intellectual property, software, trademarks, copyright, recipes,*       5. *knowledge hard to reproduce,*       6. *undertaking’s recognition,*       7. *exclusivity of the product,*       8. *special status of the undertaking*    3. *Resources may create special/different abilities for an undertaking, if its resources are*        1. *created by the undertaking or*       2. *available only to the undertaking, and at the same time for similar undertaking in the field (competitive undertakings in the same market, with a comparable production output) they are*           1. *hard,*          2. *expensive or*          3. *time-consuming to obtain or copy.*       3. *In order to justify sustainability, undertaking’s resources should be directly or indirectly related to the product being produced and should directly affect competitiveness.* 2. *Undertaking’s abilities are undertaking’s skills to effectively use the resources it has access to. These undertaking’s abilities arise from*     1. *organisational structure,*    2. *cooperation with other undertakings,*    3. *participation in the resource delivery or manufacturing chain,*    4. *management and control systems, namely, the way how the undertaking takes decisions and manages internal processes to achieve its goals.*   *Undertaking’s abilities arise from the way its employees cooperate, supplement each other, take decisions of behalf of the undertaking.* |   **Signs, the existence of which proves that the project is viable.**  If any of the below mentioned signs exist, for example, the first sign of competitiveness, the viability of the company has been proved.  Linked persons meet the definition of linked companies in Annex 1 to Commission Regulation No 651/2014. The status of a group of linked persons of the project applicant is fixed according to the situation, which exists on the day of adoption of the evaluation commission’s decision on forwarding for approval, approval with a condition or rejection of the project application.  The compliance of the project applicant and its linked companies with the definition of linked companies set out in Section 1(3) of the Latvian Law On Enterprise Income Tax shall also be evaluated.   1. **First sign of competitiveness (**source of information: databases). All the below mentioned signs should exist.    1. Equity of the project applicant or project applicant’s group of linked persons amounts to at least 25% of the eligible costs of the project. The evaluation of the specific eligibility criterion 1 shall be taken into account in the evaluation of this criterion;    2. The average net turnover of the company in the last 3 closed years is at least twice higher than eligible costs of the project;    3. The historical gross profit margin = Gross profit or loss / Net turnover is higher than the average gross profit margin (in terms of 4 digits of NACE Rev.2, if data about more than 10 companies are not available, then up to the next highest number of digits, where data are available and the number of companies exceeds 10). 2. **Second sign of competitiveness (**source of information: databases). All the below mentioned signs should exist.    1. Equity of the project applicant or project applicant’s group of linked persons amounts to at least 25% of the eligible costs of the project. The evaluation of the specific eligibility criterion 1 shall be taken into account in the evaluation of this criterion;    2. The average net turnover of the company in the last 3 closed years is at least twice higher than eligible costs of the project;    3. Historical exports amount to at lest 50% of the turnover.   For the evaluation of the first and second sign of competitiveness, adequacy of equity and the historical gross profit margin shall be calculated for the last closed financial year. Furthermore, for the evaluation of the second sign of competitiveness, historical exports shall be calculated about the last three closed financial years, namely, it shall be viewed whether the project applicant exported 50% of its net turnover in any of the closed financial years in the period of the last three years.   1. **Third sign of competitiveness,** based on **advantages of products and the undertaking**, which restrict other undertakings in offering a similar product (the one intended in the project) for a similar price/profitability.   Competitive advantages are justified, if there are different/special undertaking’s abilities and the undertaking has resources available, which allow (at least one condition should be met):   * 1. producing different/special products compared to the similar products offered on sales markets of competitors;   2. producing products at a significantly lower prime cost than the price cost of similar products of competitors;   3. due to properties of the product (incl. exclusiveness of the product) selling it for a higher price than competitors sell similar products;   4. If the undertaking is registered and is operating less than a year – concluded declarations of intent on exports of the product in the next three years for the amount, which is at least as big as the requested aid funding.  |  | | --- | | *In order to justify competitiveness, based on advantages of products and the undertaking, the following information should be evaluated in the business plan:*   1. *the calculation of the prime cost per unit:*     1. *specifying all the direct and indirect costs related to production and*    2. *comparing with the price offered by the competitor on the sales market.* 2. *The planned Gross profit margin = Gross profit or loss / Net turnover is higher than the historical average gross profit margin (in terms of 4 digits of NACE2, if data about more than 10 companies are not available, then up to the next highest number of digits, where data are available and the number of companies exceeds 10).* 3. *sensitivity of the customer sales market to the product price, namely, how lower price will affect the demand for the specific product. In this situation, it is essential that the product, which can be offered on the market for a lower price, does not lose its quality properties, namely, it is inadmissible, that under the influence of the price reduction the product no longer corresponds to the quality/properties of other equivalent product with a higher price;* 4. *differences in technical specification, improvements in components, equipment and materials, included software, functional characteristics, types of use (what advantages/differences it ensures) and its need to the customer – why the customer will appreciate differences in the product;* 5. *if the undertaking is registered and is operating less than a year – concluded declarations of intent on exports of the product in the next three years for the amount, which is at least as big as the requested aid funding.* | |

**3. SPECIFIC ELIGIBILITY CRITERIA**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **3. SPECIFIC ELIGIBILITY CRITERIA** | |  | **Evaluation system** | | |
| **Sub-criteria / Score** | **Maximum score to be obtained and scoring procedure** | **Minimum and necessary score** | **Explanation of determination of eligibility** |
| **1.** | The project applicant has submitted a certification signed by the project applicant that the received aid will not be used to:  2.1. close down the same or a similar activity in the European Economic Area in the two years preceding its application for regional investment aid or which, at the time of the aid application, has concrete plans to close down such an activity within a period of up to two years after the initial investment for which aid is requested is completed in the area concerned;  2.2. use domestic over imported goods. | **-** | **-** | P | Source of information: the project application and/or documents attached in addition, incl. the business plan, publicly available information.  Compliance with Paragraph 23.3 of CM Regulations No.293 shall be verified, i.e. whether the project applicant has submitted a certification signed by the project applicant that the received aid will not be used to:   1. close down the same or a similar activity in the European Economic Area in the two years preceding its application for regional investment aid or which, at the time of the aid application, has concrete plans to close down such an activity within a period of up to two years after the initial investment for which aid is requested is completed in the area concerned; 2. use domestic over imported goods.   If the project applicant has not provided such a certification and/or this is not clear and/or includes additional conditions, then the project application shall be evaluated as “Yes, with a condition” and a condition shall be set to ensure compliance with specific eligibility criterion 2. |
| **2.** | The sector, in which the project is implemented, is not the sector not subject to support, which is specified in **CM Regulations No.293**. | **-** | **-** | N | Source of information: the project application and/or documents appended in addition, incl. business plan, databases, publicly available information.  It shall be verified whether the project implementation area specified in the project application and/or documents appended in addition, incl. the business plan, is not any of the sectors not subject to support included in annex to CM Regulations **No.293** according to Paragraph 24 of CM Regulations **No.293**. If the specified information evidences that the sector, in which the project is implemented, is not the sector not subject to support, which is specified in CM Regulations **No.293**, then the project application corresponds to the criterion. If the provided information is unclear and/or contradictory, the project shall be rejected. |
| **3.** | The project applicant together with the project application has submitted to the cooperation authority a first demand contract performance guarantee letter issued by a credit institution registered in the European Union or the European Economic Area for four percent of the requested public funding, which secures payout of the guarantee in the cases referred to in CM Regulations **No.293**. | **-** | **-** | N | Source of information: documents appended in addition.  It shall be verified whether the project applicant has submitted to the cooperation authority a first demand contract performance guarantee letter issued by a credit institution registered in the European Union or the European Economic Area for four percent of the requested public funding, which secures payout of the guarantee in the cases referred to in CM Regulations **No.293**.  If the project applicant has not appended such a document, or it does not meet the requirements included in Chapter VIII of CM Regulations **No.293**, the project shall be rejected. |
| **4.** | The project meets the requirements of state aid, which are included in CM Regulations **No.293** (in this criterion, the compliance of state aid intensity, compliance of the category of the research and development activity, observation of cumulation norms is evaluated). | **-** | **-** | P | Source of information: project application.  The evaluation is “Yes”, if the project applicant corresponds to the state aid conditions set in CM Regulations No.293 (in this criterion, the compliance of state aid intensity, observation of cumulation norms is evaluated).  Taking into account that research costs, which do not correspond to the explanations provided in the OACD Frascati Manual about research and development costs in experimental facilities, are not eligible, the compliance of the category of the research and development activity is not evaluated.  Investments in the experimental facility shall be eligible, if they correspond to initial investments according to Paragraphs 34 and 38 of the CM Regulations **No.293**.  The project applicant meets the requirements set for the project applicant in CM Regulations No.293, i.e. the undertaking complies with the status of micro, small or medium-sized enterprise (SME) or a large enterprise, according to Annex 1 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 (Official Journal of the European Union, 26 June 2014, No L 187).  The state aid intensity specified in the project application corresponds to the aid intensity specified in CM Regulations **No.293**, including observation of cumulation norms is evaluated in order to determine what state aid intensity should be applicable.  The compliance of the project with Paragraphs 25, 31, 32, 72, 73, 73.1 and 74 of CM Regulations **No.293** should be verified.  If the information specified in the project application fully or partially disagrees with the above mentioned requirements, the project application shall be evaluated as “Yes, with a condition” and a condition shall be set to make relevant updates. |
| **5.** | The project meets the requirements of state aid, which are included in CM Regulations **No.293** (in this criterion, the compliance with state aid norms and compliance of activities with state aid norms is evaluated). | **-** | **-** | N | Source of information: project application  The compliance with Sub-Paragraph 23.3.2 of CM Regulations **No.293** should be verified.  The evaluation is “Yes”, if the project applicant has appended a certification that it does not meet provisions of Article 1(2)(c) of Commission Regulation No 651/2014.  If the information specified in the project application fully or partially disagrees with the above mentioned requirements, the project application shall be evaluated as “No” and the project application shall be rejected. |
| **6.** | The project application certifies that during the implementation of the project or during the project monitoring period the project applicant will create at least one product and will introduce it in production. | **-** | **-** | P | Source of information: project application.  A new product (product, service) within the framework of the project is introduction of a new or improved product or service with regard to its characteristics or purpose of use. This includes significant improvements in technical specifications, components and materials.  Within the framework of the project, the undertaking’s product should correspond to any of degrees of innovation:  For a new undertaking – with regard to products and processes: significantly improved;  For a new market – the undertaking is the first, who introduces something on the market or into production or in the world. A market is simply defined as an undertaking and its competitors, and it may include a geographical region or a product line. A new geographic scope market in such a way is the object of beliefs of the undertaking itself regarding its activity on the market and therefore may include domestic and international companies.  A new product or technology is not:  1. the development of a product or technology based on an order from a specific customer, if the fulfilment of the customer’s order is envisaged according to the solutions offered by the manufacturer (possibilities and parameters) for adaptation of the technology for individually set needs;  2. improvement of organisational processes in undertaking’s activity;  3. increase in production capabilities or increase in service capabilities;  4. asset replacement (purchasing of modules identical to the modules being used or newer or more modern modules, extensions, equipment and software upgrades);  5. regular, daily, seasonal or cyclic changes and improvements;  6. aesthetic changes, changes in taste and smell and other improvements for marketing purposes, which do not change functions, use or technical properties;  7. changes arising purely from changes in factory prices. Changes in price of the product or productivity of the process, which are the result of changes in product factor prices, no innovation;  8. other activities, which do not correspond to the definition of a new product or a new technology (incl. explanations provided in the Oslo manual).  A new product or technology in the field of software is not:  1. development of software and information systems, using known methods or existing software tools;  2. support of existing systems;  3. conversion and translation of computer languages;  4. upgrading programs with new functionality for users;  5. debugging of systems;  6. adaptation of existing software;  7. preparation of user documentation.  A newer version, complement or changes in the existing software or system are considered to be R&D, if these are scientific and / or technological improvements, as a result of which the scope of knowledge increases. The use of software for a new application or a new purpose by itself is not considered to be an improvement.  It shall be verified:  a) whether the project application certifies and justifies in detail that during the implementation of the project or during the project monitoring period the project applicant will create at least one product and will introduce it in production;  b) whether information is provided, why production of a new product requires a new technology and what significant/insignificant changes in the production process it creates compared to previous versions of the similar technology, which is on the market and is already used in production;  c) whether a product/technology, which was invented long ago/recently, is introduced into production, whether the project applicant is the author of the invention, whether the argumentation is clear, why was impossible to introduce this invention in production earlier;  d) in publicly available resources, whether this product has not been implemented in production and is not on sale on the market;  e) whether the product has a potential sales market, its competitiveness compared to other similar products. The evaluation of this criterion shall be taken into account in the uniform selection criterion 2.4.  If the project generally lets obtain assurance that it meets the criterion, however, the provided information is unclear and/or contradictory, then the project application shall be evaluated as “Yes, with a condition” and a condition shall be set to submit supplementary information.  The project application shall be evaluated as “Yes” or “Yes, with a condition” and a condition shall be set to make relevant updates only in the case, if the project application meets uniform criterion No.1. |
| **7.** | The investments envisaged in the project application correspond to technology readiness level 8. | **-** | **-** | P | Source of information: project application.  It shall be verified whether the investments envisaged in the project, when the project is closed, will correspond to technology readiness level No.8 (TRL8), but will not exceed this level (they cannot correspond to technology readiness level No.9 (TRL9)). In this criterion, all the investments envisaged in the project application shall be evaluated as a whole (technology, according to which products will be produced later – experimental technology).  Experimental technology is equipment or an integrated production line, which consists of several components or equipment.  Several independent production lines may be created within a single flow chart, if this is necessary to ensure a complete production cycle.  The main purpose of the experimental facility is research and development, and their use is not commercial up to the end of implementation of the project. If, when the experimental phase ends, the experimental facility becomes a usual commercial facility, further activities cannot be considered R&D even if the process may still be called a trial process.  According to terminology used in the international standard ISO 16290:2013, all the investments envisaged in the project application as a whole correspond to the term “element” used in Paragraph 2.4 of the standard.  Taking into account that project application envisages investments as a whole usually an experimental technology, which consists of several equipment or components, then individual equipment or components of this experimental technology correspond to the term “sub-element” used in the second from last paragraph of Paragraph 3.1 of the international standard ISO 16290:2013. As far as “sub-elements” within the framework of one “element” may have different technology readiness levels, then according to provisions of the second from last paragraph of Paragraph 3.1 of the standard[[3]](#footnote-4), all the “element” is assigned the same technology readiness level as the “sub-element” with the lowest technology readiness level. Therefore, if an “element” consists of two “sub-elements” – one with TRL8 and the other with TRL9, then the “element” shall be generally evaluated as corresponding to TRL8.  To justify compliance with TRL8, the project applicant shall justify the link of each sub-element of the experimental technology with the new product – how exactly the new product will be affected in the process of operation/production of the sub-element.  Therefore, in the project application and in Annex 3 “Summary of the project budget” to the project application it should be separated and justified, which sub-elements correspond to TRL8.  Project applicants shall include in eligible costs all the experimental technology rather than only the “sub-elements” corresponding to TRL8.  If the experimental technology envisaged in the project contains at least 20% of components or equipment, which correspond to a lower TRL (for example, 8), then the entire experimental technology envisaged in the project shall be recognised as corresponding to the lower TRL (for example, 8).  Therefore, the business plan is created based on theoretical calculations and assumptions, about which the manufacturer or installer of components or equipment of the experimental technology shall provide a certification (together with the project application or as soon as the manufacturer/installer is known) that the parameters referred to in Sub-Paragraphs of 30.3 and 30.6 of CM Regulations **No.293** and at least one of the parameters referred to in Sub-Paragraphs 30.1, 30.2, 30.4, 30.5 or 30.7 of these Regulation has not been tested in real production environment, in economic activity, in conditions of long, intensive operation:  1. there are no hypotheses tested in practice, on which technical specification of components or equipment of the experimental technology are based;  2. no special equipment and production structures have been prepared, which are necessary for operation of components or equipment of the experimental technology;  3. no instructions or user manuals of components or equipment of the experimental technology have been prepared;  4. there are no precedents of stable operation of components or equipment of the experimental technology in conditions of long, intensive operation;  5. it is unknown how components or equipment of the experimental technology work, if production capabilities are different;  6. it has not been tested in practice how often components or equipment of the experimental technology will need maintenance and repair;  7. components or equipment of the experimental technology are not produced for commercial purposes.  At the same time, it shall be verified whether the business plan includes a description and analysis of similar technologies existing on the market, which confirms that the parameters referred to in Sub-Paragraphs of 30.3 and 30.6 of CM Regulations **No.293** and at least one of the parameters referred to in Sub-Paragraphs 30.1, 30.2, 30.4, 30.5 or 30.7 of these Regulation has not been tested in real production environment.  Therefore, a full scale first sample of the experimental technology shall be produced within the framework of the project. It means that such an experimental technology was not produced before, but it may be the same as the planned second, third samples and so on. At the end of the implementation of the project, the full scale experimental technology is ready and tests may be started. Testing may last longer (a year or even longer). Therefore, the project is considered to be complete and aid is paid, when the full scale experimental technology has been installed in the planned place of performance of economic activity in Latvia, is operational and is used for the performance of the economic activity envisaged in the project.  According to Paragraph 52 of CM Regulations **No.293**, testing within the framework of the project shall be performed in a real production environment. This means that this technology is operated in the same way as any other production technology to evaluate production capacity of the new technology, stability of its operation and other parameters, which may be completely evaluated only when used in real life and producing actually planned volumes.  The project shall specify:   1. Tests envisaged in the project and descriptions of activities to be performed within the framework of them; 2. Aims of tests; 3. Testing methods; 4. Expected time and duration of the tests; 5. Staff involved.   Testing need not to be completed before the end of the project. During the implementation of the project, activities can be performed, which correspond to technology readiness levels No.4-8, to the extent those correspond to the activities to be supported, which are set out in CM Regulations **No.293**.  During the implementation of the projects, it is not allowed to perform activities, which correspond to TRL9, because such costs cannot be eligible within the framework of activity 1.2.1.4 “Support in introduction of new products into production”.  Additional information on TRL levels can be found in the international standard ISO 16290:2013 “*Definition of the Technology Readiness Levels (TRLs) and their criteria of assessment*”.  Technology readiness levels:  • TRL 1 – Understand the laws of nature: scientific research results allow to initiate applied research and development works.  • TRL 2 – Concept of practical application of technology is formulated.  • TRL 3 – Experimental verification of a concept: research and development is initiated (analytical / laboratory researches) to validate predictions of technological components.  • TRL 4 – Validation of technology in laboratory environment: basic technological components are integrated to establish that they will work together in laboratory environment.  • TRL 5 – Validation of technology in simulated environment: technological components are integrated with reasonably realistic supporting elements so the technology can be tested in a simulated environment.  • TRL 6 – Demonstration of technology in simulated environment: the system model or prototype is tested in a simulated environment.  • TRL 7 – System prototype demonstration in an operational environment: a system prototype that matches or is minimally different from the planned system, is tested in an actual operational environment.  • TRL 8 – The system is completed and qualified: the technology has been proven to work in its final form and under expected conditions (last technology development level).  • TRL 9 – Successful operation of the system.  Fundamental research usually corresponds to TRL1.  Industrial research usually corresponds to TRL2-4.  Experimental development usually corresponds to TRL5-8.  While purchasing and operation of existing systems (incl. production equipment and devices), without changes, corresponds to TRL9. For example, if the equipment envisaged in the project is standard equipment or standard components.  *Intellectual property rights*  In publicly available resources it should be verified whether the experimental technology, which will be used for production of the new product, is patented or has a level of protection of intellectual property rights.  The project applicant shall be provided intellectual property rights to at least those unique elements of the experimental technology, which are produced for the needs of the specific project.  Before the end of the implementation of the project the project applicant shall provide certifying documents about any of these documents:  - topography of a semiconductor product;  - patent application;  - positive patent search report of a patent application;  - an agreement with the producer of equipment, in which the project applicant is provided intellectual property rights to at least those unique elements of the experimental technology, which are produced for the needs of the specific project.  A topography of a semiconductor product or a patent shall be registered in the name of the project applicant in the follow-up period.  Protection of intellectual property rights shall be ensured in at least EEA countries.  According to the above mentioned documents, it is necessary to obtain assurance that the specified topography of a semiconductor product or the patent, or the agreement with the producer of equipment ensures protection of the planned technology and is directly related to the planned costs of the project and the achievement of the project aim. If the specified topography of a semiconductor product or the patent, or the agreement with the producer of equipment is not related to the implementation of the project, then it shall not be taken into account.  If the project generally lets obtain assurance that it meets the criterion, however, the provided information is unclear and/or contradictory, then the project application shall be evaluated as “Yes, with a condition” and a condition shall be set to submit supplementary information.  The project application shall be evaluated as “Yes” or “Yes, with a condition” and a condition shall be set to make relevant updates only in the case, if the project application meets uniform criterion No.1. |
| **8.** | At least 20% of the eligible costs envisaged in the project are supported by research and development (hereinafter referred to as R&D) works. | **-** | **-** | P | Source of information: project application.  It shall be verified:  1) at least 20% of the eligible costs envisaged in the project are components of the experimental technology produced according to the requirements defined by the project applicant. These costs should correspond to the explanation on development costs in experimental facilities set out in Section 2 of the OECD Frascati Manual (Frascati Manual 2015 Guidelines for Collecting and Reporting Data on Research and Experimental Development) (<http://www.oecd.org/sti/frascati-manual-2015-9789264239012-en.htm>).  Research costs, which do not correspond to the explanations provided in the OACD Frascati Manual about research and development costs in experimental facilities, are not eligible.  2) whether the experimental technology may be used to produce the new product envisaged in the project;  3) investments in the experimental facility shall be eligible, if they correspond to initial investments according to Paragraphs 34 and 38 of the CM Regulations **No.293**;  4) whether the costs of standard equipment or standard components envisaged in the project do not exceed 80% of project costs;  5) the project clearly defines the proportion of costs for standard components and unique components.  It shall be verified whether the project applicant has justified at least 20% of the eligible costs envisaged in the project are components of the experimental technology produced according to the requirements defined by the project applicant:   * Whether the project applicant before the implementation of the project has performed research and development (hereinafter referred to as R&D) works to define the requirement to the experimental technology and those are sufficiently justified: certifying documents on research and development (R&D) works and their content related to the experimental technology envisaged in the project are verified:   - Contracts with scientific institutions or research staff;  - Reports on performed research and development activities;  - Experimental developments, descriptions of prototypes, etc.;  - Tests and their results;  - Research and its results;  - The closed annual report of the project applicant or a linked undertaking, which was approved by a certified auditor (data certifying R&D costs), etc.;   * What is the project applicant’s capacity to ensure the research works envisaged within the framework of the project, for example, has an R&D structural unit been established/for how long it has been in operation; * What experimental technology operation tests are planned, including in the real production environment, incl. tests of standard equipment: * Tests envisaged in the project and descriptions of activities to be performed within the framework of them; * Aims of tests; * Testing methods; * Expected time period and duration of the tests; * Staff involved; * What standard equipment operation tests are planned, in what way they differ from experimental technology operation tests.   If the project generally lets obtain assurance that it meets the criterion, however, the provided information is unclear and/or contradictory, then the project application shall be evaluated as “Yes, with a condition” and a condition shall be set to submit supplementary information.  The project application shall be evaluated as “Yes” or “Yes, with a condition” and a condition shall be set to make relevant updates only in the case, if the project application meets uniform criterion No.1.  During the implementation of the project and three years after the implementation of the project, if the funding beneficiary corresponds to the status of a micro, small or medium-sized enterprise, and five years after the implementation of the project, if it correspond to the status of a large enterprise, relevant research costs shall be included in the undertaking’s report for the closed year and reports on relevant research costs should be submitted to the Central Statistical Bureau in the form and within the deadline set by it. |
| **9.** | It is planned to implement the project in RIS3 sectors or other sectors set out taking into account RIS3 monitoring results. | **-** | **-** | N | Source of information: project application.  It shall be verified whether it is planned to implement the project in RIS3 sectors or other sectors determined taking into account RIS3 monitoring results (<http://www.izm.gov.lv/lv/zinatne>):  1) EUROSTAT/OECD defined sectors with high and medium high added value (NACE Rev.2):  **High technology sectors:**  21 Manufacture of basic pharmaceutical products and pharmaceutical preparations;  26 Manufacture of computer, electronic and optical products;  30.3 Manufacture of air and spacecraft and related machinery;  **Medium-high technology sectors:**  20 Manufacture of chemicals and chemical products;  27 Manufacture of electrical equipment;  28 Manufacture of machinery and equipment n.e.c.;  29 Manufacture of motor vehicles, trailers and semi-trailers;  30 Manufacture of other transport equipment (except 30.1 - Building of ships and boats and 30.3 - Manufacture of air and spacecraft and related machinery);  32.5 Manufacture of medical and dental instruments and supplies;  2) Computer programming (NACE Rev. 2 61-62);  3) Processing sector (NACE Rev.2 Section C “Processing”, except the sectors not to be supported specified in the annex to CM Regulations **No.293**;  4) Human health activities sector (NACE Rev.2. 86-88).  If it is planned to implement the project in RIS3 sectors or other sectors determined taking into account RIS3 monitoring results, or also the provided information is unclear and/or contradictory, the project shall be rejected. |

**4. QUALITY CRITERIA**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **4. QUALITY CRITERIA** | |  | **Evaluation system** | | |
| **Sub-criteria / Score** | **Maximum score to be obtained and scoring procedure** | **Minimum score required** | **Explanation of determination of eligibility** |
| 1. | Contribution of the project to achievement of the RIS3 indicator “Productivity growth” – average monthly labour income of project applicant’s employees before the submission of the project[[4]](#footnote-5) | **1.1.** Average monthly labour income of project applicant’s employees exceeds 150% of the average labour income of employees in the country - **10** | **10** | **1** | The purpose of the criterion is to determine the average monthly labour income of project applicant’s employees compared to the average labour income of employees in the country. The criterion evaluates the ratio of the average income of project applicant’s employees to the average monthly labour income in the country in the project applicant’s main sector of activity on the end date of submission of project applications.  Wage is part of productivity (added value), therefore, this criterion correlates with the achievement of the RIS3 goal “productivity growth”.  Average monthly labour income of project applicant’s employees (historical indicators are evaluated): The average monthly labour income of project applicant’s employees in the year, when the project application is submitted (actual data, which are available in the database of the State Revenue Service (hereinafter referred to as SRS) from January 1 of the respective year to the project submission month) as a percentage of the average labour income of employees in the country in the project applicant’s main sector of activity on the end date of submission of project applications according to the two-digit level of NACE Rev.2 classification according to aggregate SRS data, which are published on the SRS website <https://www.vid.gov.lv/default.aspx?tabid=11&id=4695&hl=1>.  Source of information: SRS database report “Labour income calculated for the taxpayer’s employees/workers (EUR)” for the specific taxation year, as well as information on income of employees and natural persons, which is published on the SRS website: (<https://www.vid.gov.lv/default.aspx?tabid=11&id=4695&hl=1>).  1. When evaluating the criterion, information about the average monthly income of project applicant’s employees in the project applicant is taken into account. The necessary information may be obtained from the SRS database report “Labour income calculated for the taxpayer’s employees/workers (EUR)” and the information about project applicant’s main sector of activity is obtained from the last closed annual report. Data about average wages of project applicant’s employees are compared to the data of its main sector of activity, which are available as the latest as at the end date of submission of project applications on the SRS website. If several main sectors of activity are specified, then the average age, with which average monthly income of project applicant’s employees is compared, are calculated as the average of the data of several sectors, which are available on the SRS website.  2. When evaluating the criterion, the information available in the SRS database report “Labour income calculated for the taxpayer’s employees/workers (EUR)” on the average monthly income of project applicant’s employees with the information available on the SRS website in the table “Income of employees and natural persons”, which includes the latest information on the average wage in each sector.  3. If the project applicant was registered as a taxpayer in the year of submission of the project application, data available in the SRS database report “Labour income calculated for the taxpayer’s employees/workers (EUR)” shall be taken into account regardless of the number of months about which the data are available.  4. If the project applicant’s main sector of activity is not subject to support within the scope of the measure, then in this case it is not important, what the project implementation sector is, and the evaluation in the criterion shall be awarded comparing the monthly average labour income of project applicant’s employees compared to the average labour income of employees in the country in the respective project applicant’s main sector of activity according to the two-digit level of NACE Rev.2 classification according to aggregate SRS data, which are published on the SRS website.  5. According to the project applicant’s data on average income of employees an evaluation is awarded as a score according to the information specified in the table:   |  |  | | --- | --- | | **Indicator** | **Score** | | The average monthly labour income of project applicant’s employees exceeds 150% of the average labour income of employees in the country. | 10 | | The average monthly labour income of project applicant’s employees is from 100 to 150% (inclusive) of the average labour income of employees in the country | 8 | | The average monthly labour income of project applicant’s employees is from 70 to 100% (not inclusive) of the average labour income of employees in the country | 5 | | The average monthly labour income of project applicant’s employees is from 50 to 70% (not inclusive) of the average labour income of employees in the country | 1 | | The average monthly labour income of project applicant’s employees is less than 50% of the average labour income of employees in the country | 0 |   The minimum evaluation in the criterion for the project application to be approved is 1 point. |
| **1.2.** The average monthly labour income of project applicant’s employees is from 100 to 150% of the average labour income of employees in the country – **8** |
| **1.3.** The average monthly labour income of project applicant’s employees is from 70 to 100% (not inclusive) of the average labour income of employees in the country – **5** |
| **1.4.** The average monthly labour income of project applicant’s employees is from 50 to 70% (not inclusive) of the average labour income of employees in the country – **1** |
| **1. 5.** The average monthly labour income of project applicant’s employees is less than 50% of the average labour income of employees in the country – **0** |
| 2. | Contribution of the project to the achievement of RIS3 indicator “Share of high and medium high technology sectors in exports of Latvian goods” (project implementation sector) | **2.1.** The project is implemented in the high or medium high technology sector or in the information and communication technology sector specified in RIS3:  Manufacture of pharmaceutical products, computer, electronic and optical products, air and related machinery, manufacture of chemicals, electrical equipment, machinery and equipment, motor vehicles, other transport equipment (without ships, boats) and manufacture of medical instruments, telecommunications (only ICT development in RIS3 sectors), computer programming (only ICT development in RIS3 sectors) (NACE Rev.2 20, 21, 26, 27, 28, 29, 30 (without 30.1), 32.5, 61, 62) – **10** | **10** | **3** | The purpose of the criterion is to determine contribution of the project to the achievement of RIS3 indicator “Share of high and medium high technology sectors in exports of Latvian goods”.  Source of information: the project application and documents appended in addition, incl. business plan, the information available on the public website of the Central Statistical Bureau with regard to the statistical classification of economic activities – NACE Rev.2.  According to the information provided and described in the project application and additional documents, incl. the business plan, it shall be verified, in which sector the project is implemented.  It shall be verified whether the project implementation sector is included in any high or medium high technology sectors: manufacture of pharmaceutical products, computer, electronic and optical products, air and related machinery, manufacture of chemicals, electrical equipment, machinery and equipment, motor vehicles, other transport equipment (without ships, boats) and manufacture of medical instruments, telecommunications (only ICT development in RIS3 sectors), computer programming (only ICT development in RIS3 sectors) (NACE Rev.2 20, 21, 26, 27, 28, 29, 30 (without 30.1), 32.5, 61, 62). If the project is implemented in any of the above mentioned high or medium high technology sectors, then according to sub-criterion 2.1 the evaluation of **10** points is awarded in the criterion.  It shall be verified whether the project implementation sector is included in other processing sector (NACE Rev.2 Section C “Processing”, except for the sectors specified in sub-criterion 3.1), or in human health activities sector (NACE Rev.2 86-88). If the project is implemented in other processing sector (NACE Rev.2 Section C “Processing”, except for the sectors specified in sub-criterion 2.1), or in human health activities sector (NACE Rev.2 86-88), then the evaluation of 3 points is awarded in the criterion according to sub-criterion 2.2.  If the project is not implemented in any of the above mentioned sectors (in the sectors specified in sub-criterion 2.1 and 2.2), then the evaluation of 0 points is awarded in the criterion.  The minimum evaluation in the criterion for the project application to be approved is 3 points. |
| **2.2.** The project is implemented in other processing sector (NACE Rev.2 Section C “Processing”, except for the sectors specified in sub-criterion 2.1 and except for the sectors not subject to support specified in CM Regulations **No.293**), or in human health activities sector (NACE Rev.2 86-88) – **3** |
| 2.3. The project is implemented in the sector, which is not mentioned in sub-criterion 2.1 or 2.2 – **0** |
| 3. | Contribution of the project to the achievement of RIS3 indicator “Investments in R&D”: | | | | |
| 3.1. | Planned investments in research and development | **3.1.1.** The project application certifies that after the implementation of the project annual R&D works will grow by at least 0.72 percentage points from the undertaking’s annual turnover, which is directly related to the implementation of the project (resulted from the equipment created as a result of the project) on average during the entire project monitoring period – **15**  **3.1.2.** The project application certifies that after the implementation of the project annual R&D works will grow by at least 0.36 – 0.719 percentage points from the undertaking’s annual turnover, which is directly related to the implementation of the project (resulted from the equipment created as a result of the project) on average during the entire project monitoring period – **5**  **3.1.3.** The project does not meet any of provisions of p.3.1.1, 3.1.2 – **0** | **15** | **5** | The purpose of the criterion is to determine planned investments in research and development.  Source of information: the project application and documents appended in addition, incl. the business plan.  It shall be verified whether the project application or the business plan certifies and justifies that after the implementation of the project annual research and development (R&D) works will grow by at least 0.72 percentage points from the undertaking’s annual turnover, which is directly related to the implementation of the project (resulted from the equipment created as a result of the project) – planned average indicator during the entire project monitoring period – **15** points.  For example, the project is implemented by an existing company with a 20 million euro turnover, of which 0.13% or 26,000 euro per year are already invested in R&D works. After the implementation of the project, additional turnover of 2 million euro turnover occurred from the equipment created as a result of the project, of which 0.72% or 14,400 euro per year will be invested in R&D works. Therefore, before the project R&D works were 26,000 euro per year, as a result of the project they increased by 14,400 euro per year to 40,400 euro per year.  It shall be verified whether the project application or the business plan certifies and justifies that after the implementation of the project annual research and development (R&D) works will grow by at least 0.36 – 0.719 percentage points from the undertaking’s annual turnover, which is directly related to the implementation of the project (resulted from the equipment created as a result of the project) on average during the entire project monitoring period – 5 points.  If sub-criteria 3.1.1 - 3.1.2 are not fulfilled, then the evaluation of 0 points is awarded in the criterion.  The minimum evaluation in the criterion for the project application to be approved is 5 points. |
| 3.2. | Experience in carrying out R&D works | **3.2.1.** The project applicant has certified that it or its linked undertaking in any of the last three years before the project submission year carried out R&D works in the amount more than 0.54% from the respective undertaking’s annual turnover and this information is confirmed by a certified auditor – **5**  **3.2.2.** The project applicant has certified that it or its linked undertaking in any of the last three years before the project submission year carried out R&D works in the amount of 0.13 – 0.54% from the respective undertaking’s annual turnover and this information is confirmed by a certified auditor - **3**  **3.2.3.** The project applicant has certified that it or its linked undertaking in any of the last three years before the project submission year carried out R&D works in the amount less than 0.13% from the respective undertaking’s annual turnover and this information is confirmed by a certified auditor – **1**  **3.2.4.** The project does not meet any of provisions of p.3.2.1, 3.2.2, 3.2.3 - **0** | **5** | **1** | The purpose of the criterion is to determine the degree of credibility of the increase in R&D works.  Source of information: the project application and documents appended in addition.  Linked persons meet the definition of linked companies in Annex 1 to Commission Regulation No 651/2014. The status of a group of linked persons of the project applicant is fixed according to the situation, which exists on the day of adoption of the evaluation commission’s decision on forwarding for approval, approval with a condition or rejection of the project application.  The compliance of the project applicant and its linked companies with the definition of linked companies set out in Section 1(3) of the Latvian Law On Enterprise Income Tax shall also be evaluated.  Linked undertakings of the project applicant are identified using the information available in databases.  If the project applicant creates a consolidated annual report, namely, includes data of linked persons, then the data included in the last approved consolidated annual report should be taken into account.  If the project applicant does not create a consolidated annual report, then data of linked persons shall be taken into account in full scope also if, according to Section 1(3)(2) of the Latvian Law On Enterprise Income Tax, ownership interest of one commercial company or cooperative company in the other commercial company or cooperative company is 20 to 50 percent, and this company has no majority of votes.  If no data on linked companies are available in databases (they have not closed a financial year and/or submitted an annual report to the State Revenue Service) or linked companies are registered in the countries, whose annual reports are not available in databases or annual reports of linked companies are not appended to the project application, then only net turnover data of the project applicant shall be taken into account when evaluating the criterion.  It shall be verified whether the project applicant has certified that it or its linked undertaking in any of the last three years before the project submission year carried out R&D works in the amount more than 0.54% from the respective undertaking’s annual turnover and this information is confirmed by data of the closed annual report of the project applicant or its linked undertaking, which is approved by a certified auditor, or other certification of a certified auditor – 5 points.  It shall be verified whether the project applicant has certified that it or its linked undertaking in any of the last three years before the project submission year carried out R&D works in the amount 0.13 – 0.54% from the respective undertaking’s annual turnover and this information is confirmed by data of the closed annual report of the project applicant or its linked undertaking, which is approved by a certified auditor, or other certification of a certified auditor – 3 points.  It shall be verified whether the project applicant has certified that it or its linked undertaking in any of the last three years before the project submission year carried out R&D works in the amount less than 0.13% from the respective undertaking’s annual turnover and this information is confirmed by data of the closed annual report of the project applicant or its linked undertaking, which is approved by a certified auditor, or other certification of a certified auditor – 1 point.  If sub-criteria 3.2.1 – 3.2.3 are not fulfilled, then the evaluation of 0 points is awarded in the criterion.  The minimum evaluation in the criterion for the project application to be approved is 1 point. |
| 3.3. | R&D jobs created in the undertaking | **3.3.1.** The project application certifies that more than 5 new full time R&D jobs with the average wage in the sector at the time of submission of the project will be created in the undertaking and will be kept during the entire project monitoring period – **5**  **3.3.2.** The project application certifies that 2-5 new full time R&D jobs will be created in the undertaking and will be kept during the entire project monitoring period – **3**  **3.3.3.** The project application certifies that 1 new full time R&D job will be created in the undertaking and will be kept during the entire project monitoring period – **1**  **3.3.4.** The project application does not anticipate to create any new R&D job – **0** | **5** | **1** | The purpose of the criterion is to determine R&D jobs created in the undertaking.  Source of information: the project application (point 1.5) and documents appended in addition, incl. the business plan.  It shall be verified whether the project application and the business plan justify that more than 5 new full time R&D jobs with the average wage in the sector will be created in the undertaking and will be kept during the entire project monitoring period – 5 points.  It shall be verified whether the project application and the business plan justify that 2-5 new full time R&D jobs will be created in the undertaking and will be kept during the entire project monitoring period – 3 points.  It shall be verified whether the project application and the business plan justify that 1 new full time R&D job will be created in the undertaking and will be kept during the entire project monitoring period – 1 point.  If sub-criteria 3.3.1 – 3.3.3 are not fulfilled, then the evaluation of 0 points is awarded in the criterion.  The minimum evaluation in the criterion for the project application to be approved is 1 point.  The justification of R&D jobs states:   * the need for the creation of new jobs; * job duties, specific tasks and results to be achieved for newly created R&D jobs; * an explanation, why the R&D works envisaged in the project need additional resources, if the company already has R&D jobs. Why existing R&D jobs cannot secure the R&D works to be performed within the framework of the project. |
| 3.4. | Experience in development of new products | **3.4.1.** The project applicant or its linked undertaking in 2004-2006 or 2007-2013 period developed at least one new product with support of European Union or other foreign financial aid instruments, which it plans to introduce in production within the framework of this project – 5  **3.4.2.** The project applicant has certified that it or its linked undertaking in 2004-2006 or 2007-2013 period developed at least one new product, which it plans to introduce in production within the framework of this project – **1**  **3.4.3.** The project does not meet provisions of p.3.4.1, 3.4.2 - **0** | **5** | The criterion is not exclusive. | The purpose of the criterion is to determine the degree of credibility of the capacity of performance of R&D works.  Source of information: the project application and documents appended in addition, incl. the business plan.  Experience of project applicant’s employee (as a natural person) in the development of a new product, including experience in the development of a new product with support of European Union or other foreign financial aid instruments also qualifies as project applicant’s experience. Experience of the project applicant (also an employee) should be described in the project application (paragraph 2.1, 2.5) or in documents appended in addition (business plan).  Linked undertakings of the project applicant are undertakings, which correspond to the definition of linked companies set out in Section 1(3) of the Latvian Law On Enterprise Income Tax.  It shall be verified whether the project applicant or its linked undertaking in 2004-2006 or 2007-2013 period developed at least one new product with support of European Union (in the European Union Structural Funds and the Cohesion Fund management information system) or other foreign financial aid instruments (in the project application), which it plans to introduce in production within the framework of this project. If sub-criterion 3.4.1 is not fulfilled, then the evaluation of 5 points is awarded.  It shall be verified whether the project applicant has justified that its linked undertaking in 2004-2006 or 2007-2013 period developed at least one new product, which it plans to introduce in production within the framework of this project. If sub-criterion 3.4.2 is not fulfilled, then the evaluation of 1 point is awarded.  If neither sub-criterion 3.4.1 nor sub-criterion 3.4.2 is fulfilled, then the evaluation of 0 points is awarded in the criterion.  The criterion is not exclusive. |
| 4. | Degree of project readiness | **4.1.** The project has high readiness to be started (all the below mentioned provisions should be fulfilled):  - a loan agreement on the attraction of funding necessary for the implementation of the project has been concluded with a credit institution registered in the European Union or the European Economic Area and all the conditions set by the credit institution have been fulfilled to receive a loan (except for the condition on approval of the project in CFCA) or the project applicant has sufficient own resources and does not need a loan for the implementation of the project;  - the project application has rights to intellectual property, which are necessary for the implementation of the project;  - if the project applicant produces or equips the experimental technology itself, a technical design (drawings) of the experimental technology has been prepared. - **5** | **5** | **3** | The purpose of the criterion is to determine the stage of readiness of the project.  Source of information: the project application and documents appended in addition, information available on the public website of the Financial and Capital Market Commission.  **The sub-criterion is applied and 5 points are awarded, if the project has high degree of readiness:**  The maximum score, i.e. 5 points, are awarded, if before the project submission deadline:   1. A loan agreement on the attraction of funding necessary for the implementation of the project has been concluded with a credit institution registered in the European Union or the European Economic Area and all the conditions set by the credit institution have been fulfilled to receive a loan. The credit agreement shall be verified according to the below mentioned procedure:  * make sure that the parties to the loan agreement comply with the provisions of the project, incl. about the compliance of the credit institution specified in the loan agreement with the status of a credit institution registered in the European Union or the European Economic Area, verifying on the website of the Financial and Capital Market Commission or an equivalent foreign institution. * verify conditions of entry into force of the concluded agreement and its validity provisions. It is permissible that entry into force conditions include a reference that the contract enters into force after the conclusion of a contract on the implementation of the project with the CFCA.   The contract with a credit institution registered in the European Union or the European Economic Area should confirm raising of financial resources for the project in the amount of at least 50% of total project costs.  1.1 If no loan for the implementation of the project is necessary, then the following conditions should be met at the same time:  1.1 1. one of these documents should be submitted together with the project application:   * a contract concluded with a linked person on provision of funding necessary for the implementation of the project, if the equity of this linked person in the last closed accounting year constitutes at least 100% of total project costs; * a board decision of the project applicant on provision of funding necessary for the implementation of the project, if the equity of the project applicant in the last closed accounting year constitutes at least 100% of total project costs;   1.1 2. the project applicant’s financial capacity is sufficient for the implementation of the project:  - net turnover of the previous closed financial statement year of the project applicant is at least three times higher than the approved eligible costs of the project;  - equity of the project applicant or project applicant’s group of linked persons amounts to at least 100 % of the eligible costs of the project.   1. The project application has rights to intellectual property, which are necessary for the implementation of the project (please see explanation in spec. elig. crit. No.8). 2. If the project applicant produces or equips the experimental technology itself, a technical design (drawings) of the experimental technology has been prepared.   Maximum score in the criterion shall not be awarded and a lower evaluation shall be awarded (3 or 0 points), if at least one of the below mentioned criteria is true:   1. when applicable, no loan agreement on raising of funding necessary for the implementation of the project has been concluded with a credit institution registered in the European Union or the European Economic Area; 2. when applicable, the lender of the loan is not a credit institution or the credit institution is not registered in the European Union or the European Economic Area; 3. when applicable, the amount of the loan agreement is less than 50% of the total project costs; 4. when applicable, all the conditions set by the credit institution have been fulfilled to receive a loan (except for the condition on approval of the project in CFCA); 5. when applicable, the conditions referred to in Paragraph 1.1 have not been fulfilled; 6. the project applicant is not provided intellectual property rights to at least those unique elements of the experimental technology, which are produced for the needs of the specific project; 7. when applicable, no technical design (drawings) of the experimental technology has been prepared and appended to the project application. |
| **4.2.** The project has medium high readiness to be started  (all the below mentioned provisions should be fulfilled):  - a decision of the board, the credit committee or other competent institution or official of a credit institution registered in the European Union or the European Economic Area about granting of a loan for the implementation of the project has been received;  - the project application has specified intellectual property, which is necessary for the implementation of the project, but has not obtained the right to it yet;  - if the project applicant produces or equips the experimental technology itself, a technical design (drawings) of the experimental technology has been partially prepared. - **3** | **The sub-criterion is applied and 3 points are awarded, if the project has medium high degree of readiness:**  3 points are awarded, if before the project submission deadline:   * + - 1. A decision of the board, the credit committee or other competent institution or official of a credit institution registered in the European Union or the European Economic Area about granting of a loan for the implementation of the project has been received, which states the crediting conditions set by the credit institution, and there is a decision of a project applicant’s competent official or institution on fulfilment of the conditions set by the bank. Ascertains that the issuer of the decision corresponds to the type of decision issuers set out in the criterion;   1.1 If no loan for the implementation of the project is necessary, then the following conditions should be met at the same time:  1.1 1. one of these documents should be submitted together with the project application:  - a contract concluded with a linked person on provision of funding necessary for the implementation of the project, if the equity of this linked person in the last closed accounting year constitutes at least 100% of total project costs;  - a board decision of the project applicant on provision of funding necessary for the implementation of the project, if the equity of the project applicant in the last closed accounting year constitutes at least 100% of total project costs;  1.1 2. the project applicant’s financial capacity is sufficient for the implementation of the project:  - net turnover of the previous closed financial statement year of the project applicant is at least three times higher than the approved eligible costs of the project;  - equity of the project applicant or project applicant’s group of linked persons amounts to at least 100 % of the eligible costs of the project.  2. The project application has specified intellectual property, which is necessary for the implementation of the project, but has not obtained the right to it yet;  3. If the project applicant produces or equips the experimental technology itself, a technical design (drawings) of the experimental technology has been partially prepared for at least 70% of equipment or components of the experimental technology.  3 points shall not be awarded and a lower evaluation shall be awarded (0 points), if at least one of the below mentioned criteria is true:   1. when applicable, a decision of the board, the credit committee or other competent institution or official of a credit institution registered in the European Union or the European Economic Area about granting of a loan for the implementation of the project has not been received; 2. when applicable, the decision of the board, the credit committee or other competent institution or official of a credit institution registered in the European Union or the European Economic Area about granting of a loan for the implementation of the project does not specify the crediting conditions set out by the bank; 3. when applicable, no decision of a project applicant’s competent official or institution about the fulfilment of the conditions set by a credit institution registered in the European Union or the European Economic Area has been received; 4. when applicable, the issuer of the decision on granting of a loan is not a credit institution or the credit institution is not registered in the European Union or the European Economic Area; 5. when applicable, a decision of the credit committee or other competent institution or official on granting of a loan for the implementation of the project, and a decision of the project applicant’s competent official or institution on the fulfilment the conditions set by the bank evidences that the amount of the loan agreement will be less than 50% of total project costs; 6. when applicable, significant conditions set out by the bank, which should be fulfilled by the project applicant to receive the funding, are envisaged, and it cannot be concluded from the project application and the information attached thereto that the conditions will be fulfilled; 7. when applicable, the conditions referred to in Paragraph 1.1 have not been fulfilled; 8. the project applicant has not specified necessary intellectual property rights to at least those unique elements of the experimental technology, which are produced for the needs of the specific project; 9. when applicable, a technical design (drawings) of the experimental technology for at least 70% of equipment or components of the experimental technology has not been prepared and has not been appended to the project application.   The minimum evaluation in the criterion for the project application to be approved is 3 points. |
| **4.3.** The project has no relevant readiness to be started according to the requirements of sub-criterion 4.1 or 4.2 – **0** | The project does not meet provisions of sub-criterion p.4.1 or 4.2. |
| 5. | Project applicant’s experience | **5.1.** The average turnover of the project applicant or project applicant’s group of linked persons in the last 3 years is at least 3 times higher than eligible costs of the project – **5** | **5** | **1** | The purpose of the criterion is to evaluate the project applicant’s experience.  Source of information: the project application and documents appended in addition, databases.  The project applicant’s experience shall be evaluated taking into account the average turnover of the project applicant or project applicant’s group of linked persons in the last three closed years, which is obtained from the respective data of the approved annual report – “Net turnover” item, which are available in databases, with regard to total eligible costs of the project. If the project applicant or its linked undertakings (when applicable) have not closed 3 years, then the respective criterion shall be evaluated compared to the average net turnover in the actually closed years.  Linked persons meet the definition of linked companies in Annex 1 to Commission Regulation No 651/2014. The status of a group of linked persons of the project applicant is fixed according to the situation, which exists on the day of adoption of the evaluation commission’s decision on forwarding for approval, approval with a condition or rejection of the project application.  The compliance of the project applicant and its linked companies with the definition of linked companies set out in Section 1(3) of the Latvian Law On Enterprise Income Tax shall also be evaluated.  Linked companies of the project applicant are identified using the information available in databases.  If the project applicant creates a consolidated report, namely, includes data of linked persons, then the net turnover indicator specified in the last approved consolidated annual report should be taken into account.  If the project applicant does not create a consolidated annual report, the net turnover of all the group of linked persons should be summed up. Turnover of linked persons shall be taken into account in full scope also if, according to Section 1(3)(2) of the Latvian Law On Enterprise Income Tax, ownership interest of one commercial company or cooperative company in the other commercial company or cooperative company is 20 to 50 percent, and this company has no majority of votes.  If no data on linked companies are available in databases (they have not closed a financial year and/or submitted an annual report to the State Revenue Service) or linked companies are registered in the countries, whose annual reports are not available in databases or annual reports of linked companies are not appended to the project application, then only net turnover data of the project applicant shall be taken into account when evaluating the criterion.  For newly created undertakings, whose reports have not been approved yet, data of the operational report should be taken as a basis when evaluating the criterion. The first reporting year of a newly created undertaking may cover a shorter or longer period of time, but no more than 18 months (Section 3(3) of the Law On Annual Reports).  For the undertakings, which do not correspond to the status of a newly created undertaking, the evaluation of the criterion is determined, using only the data of the last financial annual statement. Net turnover data will be taken into account as those are available in databases on the day of adoption of the evaluation commission’s decision on forwarding for approval, approval with a condition or rejection of the project application.  Assessment points are awarded according to the table:   |  |  | | --- | --- | | The **average turnover** of the project applicant or project applicant’s group of linked persons **in the last 3 years** is | **Score** | | at least 3 times higher than eligible costs of the project | 5 | | 2.1-3 times higher than eligible costs of the project | 3 | | at least as high, but no more than 2 times higher than eligible costs of the project | 1 | | lower than eligible costs of the project | 0 |   The minimum evaluation in the criterion for the project application to be approved is 1 point. |
| **5.2.** The average turnover of the project applicant or project applicant’s group of linked persons in the last 3 years is 2.1-3 times higher than eligible costs of the project – **3** |
| **5.3.** The average turnover of the project applicant or project applicant’s group of linked persons in the last 3 years is at least as high, but no more than 2 times higher than eligible costs of the project – **1** |
| **5.4.** The average turnover of the project applicant or project applicant’s group of linked persons in the last 3 years is lower than eligible costs of the project – **0** |
| 6. | Requested funding intensity | - | **10** | The criterion is not exclusive. | The purpose of the criterion is to ensure higher evaluation for the projects, which in percentage require smaller support, therefore, the funding of the EU funds is used more efficiently.  Source of information: Annex 2 to the project application “Financing plan”.  The funding intensity requested by the project applicant in percent shall be verified in the project verifying also the correctness of the mathematical calculation.  If the project applicant has reduced the requested funding intensity (specified a lower intensity than may be maximally received according to CM Regulations **No.293**), one point is awarded for each reduced percentage point.  Reducing intensity by:  - 1.00 – 1.99 percentage points, the evaluation of 1 point is received;  - 2.00 – 2.99 percentage points, the evaluation of 2 points is received;  - 3.00 – 3.99 percentage points, the evaluation of 3 points is received;  - 4.00 – 4.99 percentage points, the evaluation of 4 points is received;  - 5.00 – 5.99 percentage points, the evaluation of 5 points is received;  - 6.00 – 6.99 percentage points, the evaluation of 6 points is received;  - 7.00 – 7.99 percentage points, the evaluation of 7 points is received;  - 8.00 – 8.99 percentage points, the evaluation of 8 points is received;  - 9.00 – 9.99 percentage points, the evaluation of 9 points is received;  If the requested funding intensity is reduced by at least 10.00 percentage points, the maximum evaluation shall be received in the criterion.  When calculating the reduction in the requested funding intensity, the maximum funding intensity should be taken into account, taking into account the maximum funding intensity for one and the same eligible costs in case of cumulation of aid, which is available to the specific project.  If the funding intensity specified in the project has been calculated incorrectly, then the evaluation in the criterion should be awarded using an updated calculation. |
| 7. | **Project applicant’s own resources for the implementation of the project** | **7.1. Equity of the project applicant, project applicant’s group of linked persons is not less than 35 % of the eligible costs of the project – 25**  **7.2. Equity of the project applicant, project applicant’s group of linked persons is from 30% to 34.99 % of the eligible costs of the project – 20**  **7.3. Equity of the project applicant, project applicant’s group of linked persons is from 25 % to 29.99 % of the eligible costs of the project – 15**  **7.4. Equity of the project applicant, project applicant’s group of linked persons is 24.99% of the eligible costs of the project or less – 0** | **25** | **The criterion is not exclusive** | **Source of information: the project application and/or documents appended in addition, databases.**  **25 points are awarded, if equity of the project applicant, project applicant’s group of linked persons amounts is not less than 35 % of the eligible costs of the project.**  **20 points are awarded, if equity of the project applicant, project applicant’s group of linked persons amounts is from 30% to 34.99 % of the eligible costs of the project.**  **15 points are awarded, if equity of the project applicant, project applicant’s group of linked persons amounts is from 25 % to 29.99 % of the eligible costs of the project.**  **0 points are awarded, if equity of the project applicant, project applicant’s group of linked persons amounts to 24.99 % of the eligible costs of the project or less.**  **The criterion shall be evaluated taking into account data of the last approved annual report of the project applicant or project applicant’s group of linked persons – “Equity” item, which are available in databases, with regard to total eligible costs of the project.**  **Linked persons meet the definition of linked companies in Annex 1 to Commission Regulation No 651/2014. The status of a group of linked persons of the project applicant is fixed according to the situation, which exists on the day of adoption of the evaluation commission’s decision on forwarding for approval, approval with a condition or rejection of the project application.**  **The compliance of the project applicant and its linked companies with the definition of linked companies set out in Section 1(3) of the Latvian Law On Enterprise Income Tax shall also be evaluated.**  **Linked companies of the project applicant are identified using the information available in databases.**  **Equity includes the following items according to Section 10 of the Law On Annual Reports:**  **1. Stock or share capital;**  **2. Share premium account;**  **3. Long-term investments revaluation reserve;**  **4. Financial instruments revaluation reserve;**  **5. Reserves:**  **a) legal reserves;**  **b) reserves for treasury stock and shares;**  **c) statutory reserves;**  **d) other reserves.**  **6. Retained earnings:**  **a) previous years’ retained earnings;**  **b) reporting year’s retained earnings.**  **If the project applicant creates a consolidated annual report, namely, includes data of linked persons, then the equity indicator specified in the last approved consolidated annual report should be taken into account.**  **If the project applicant does not create a consolidated annual report, the equity of all the group of linked persons should be summed up. Equity of linked persons shall be taken into account in full scope also if, according to Section 1(3)(2) of the Latvian Law On Enterprise Income Tax interest of one commercial company or cooperative company in the other commercial company or cooperative company is 20 to 50 percent, and this company has no majority of votes.**  **If no data on linked companies are available in databases (they have not closed a financial year and/or submitted an annual report to the State Revenue Service) or linked companies are registered in the countries, whose annual reports are not available in databases or annual reports of linked companies are not appended to the project application, then only equity data of the project applicant shall be taken into account when evaluating the criterion.**  **For newly created undertakings, whose reports have not been approved yet, the information on the paid-in share capital available in databases should be taken as a basis when evaluating the criterion. The first reporting year of a newly created undertaking may cover a shorter or longer period of time, but no more than 18 months (Section 3(3) of the Law On Annual Reports).**  **For the undertakings, which do not correspond to the status of a newly created undertaking, the evaluation of the criterion is determined, using only the data of the last financial annual statement. Equity, incl. paid-in share capital data, will be taken into account as those are available in databases on the day of adoption of the evaluation commission’s decision on forwarding for approval, approval with a condition or rejection of the project application.**  **If one group of linked persons submits several project applications within a single selection round, all the project applications of one group of persons shall be evaluated as a whole within the framework of quality criterion No.7. Namely, the cooperation authority shall sum up eligible costs of all the project applications submitted by the respective group of persons.** |
| 8. | Complementarity | **8.1.** The project applicant has envisaged complementarity of the project with other state aid measures – **4**  **8.2.** The project applicant has not envisaged complementarity of the project with other state aid measures – **0** | **4** | The criterion is not exclusive. | The purpose of the criterion is to ensure higher evaluation for the projects, which create complementarity with other state aid measures.  Source of information: the project application and documents appended in addition, incl. the business plan.  Sub-criterion 8.1 is applied and 4 points are awarded, if paragraph 2.5 of the project application described complementarity with other state aid measures, for example, specific objective 3.3.1 “To increase the volume of private investments in regions, making investments for business development according to the economic specialisation of the territories specified in municipality development programmes and based on the needs of local businessmen” and specific objective 5.6.2 “Revitalisation of territories, regenerating degraded territories according to integrated development programmes of municipalities” of the Ministry of Environmental Protection and Regional Development. For example, 4 points are awarded, if within the framework of activity 1.2.1.4 “Support in introduction of new products into production” a project is implemented, the equipment of which will be installed in the premises, which received support from specific objective 3.3.1 or specific objective 5.6.2.  At the same time, complementarity of the project may be justified in the project application by other state aid measures.  Sub-criterion 8.2 is applied and 0 points are awarded, if the project does not describe complementarity with other state aid measures. |
| **9.** | **Project implementation location** | **9.1. The project is implemented outside the Riga Region – 15** | **15** | **The criterion is not exclusive.** | **The purpose of the criterion is to ensure higher evaluation for the projects, which are implemented outside Riga, thus promoting business outside Riga. The evaluation is determined taking into account the location of the production process.**  **Source of information: the project application and documents appended in addition, incl. the business plan.**  **The sub-criterion is applied and 15 points are awarded, if the project is implemented outside the Riga Region: the project implementation location specified in Paragraph 1.7 of the project application is verified and it is verified whether this location is not Riga and Riga Region.** |
|  |  | **9.2.** The project is implemented **in the Riga Region, outside Riga** – **5** | **The sub-criterion is applied and 5 points are awarded, if the project is implemented in the Riga Region, outside Riga:** the project implementation location specified in Paragraph 1.7 of the project application is verified and it is verified whether this location **is Riga Region**, but is not Riga. |
| **9.3.** The project is implemented in Riga – **0** | **The sub-criterion is applied and 0 points are awarded, if the project is implemented in Riga:** the project implementation location specified in the project is verified and this location is Riga. |
| **QUALITY CRITERIA FOR HORIZONTAL PRIORITIES** | | | | | |
| 10. | Sustainable development | | | | |
| 10.1. | When implementing the project, reduction of environmental pollution or preservation of the existing condition will be fostered, activities are set for the prevention or reduction of negative impact on the environment | **10.1.1.** As a result of project activities, reduction of environmental pollution or preservation of the existing condition will be fostered, activities are set for the prevention or reduction of negative impact on the environment – **2** | **2** | The criterion is not exclusive. | The purpose of the criterion is to ensure higher evaluation for the projects, which will foster reduction of environmental pollution or preservation of the existing condition unlike other projects.  Source of information: the project application and documents appended in addition, incl. the business plan.  **The sub-criterion is applied and 2 points are awarded, if** Paragraph 3.3 of the project application and the documents appended in addition specify that as a result of project activities, reduction of environmental pollution or preservation of the existing condition will be fostered, and proper activities are set for the prevention or reduction of negative impact on the environment, as well as specific proper indicators to be achieved should be specified in Paragraph 3.4 of the project application.  The criterion is evaluated using the Methodology for monitoring of the implementation of the “Sustainable development” horizontal principle for those involved in the implementation of the European Regional Development Fund, European Social Fund and the Cohesion Fund of 2014 – 2020” of the Ministry of Environmental Protection and Regional Development, which can be found on the website: <http://www.varam.gov.lv/lat/fondi/kohez/2014_2020/?doc=18633>. |
| **10.1.2.** when implementing the project, reduction of environmental pollution or preservation of the existing condition will not be fostered, activities are not set for the prevention or reduction of a negative impact on the environment - **0** | **The sub-criterion is applied and 0 points are awarded, if** when implementing the project, reduction of environmental pollution or preservation of the existing condition will not be fostered, activities are not set for the prevention or reduction of a negative impact on the environment. |
| 10.2. | Eco-innovations | **10.2.1.** the project is implemented in the field of eco-innovations – **2**  **10.2.2.** the project is not implemented in the field of eco-innovations – **0** | **2** | The criterion is not exclusive. | The purpose of the criterion is to ensure higher evaluation for the projects, which are implemented in the field of eco-innovations.  Source of information: the project application and documents appended in addition, incl. the business plan.  Sub-criterion 10.2.1 is applied and 2 points are awarded, if the project is implemented in the field of eco-innovations – if a technology or a product is introduced in production, which ensures efficiency and effective use of natural resources, cleaner production process, reducing the consumption of raw materials and energy, volume of emissions and waste. Eco-innovations are taken into account both in the production process itself (for example, less waste in the production process) and in the life cycle of the produced product (for example, the produced product reduces the amount of waste, because its production requires smaller energy consumption than production of other, alternative products. Or, for example, the produced product is lighter than other, alternative products, therefore, its transportation generates less CO2 emissions and also, when it reaches the landfill, it generates less waste than other, alternative products).  Sub-criterion 10.3.2 is applied and 0 points are awarded, if the project is not implemented in the field of eco-innovations.  The criterion is evaluated using the Methodology for monitoring of the implementation of the “Sustainable development” horizontal principle for those involved in the implementation of the European Regional Development Fund, European Social Fund and the Cohesion Fund of 2014 – 2020” of the Ministry of Environmental Protection and Regional Development, which can be found on the website: <http://www.varam.gov.lv/lat/fondi/kohez/2014_2020/?doc=18633>. |
| 10.3. | Organisation of procurements, observing green procurement principles | **10.3.1.** There will be no less than one procurement, observing green procurement principles, for the amount no less than 50% of total eligible costs of the project – **2**  **10.3.2.** The project does not meet provisions of p.9.3.1 – **0** | **2** | The criterion is not exclusive. | The purpose of the criterion is to ensure higher evaluation for the projects, which will have procurements, observing green procurement principles.  Source of information: the project application and documents appended in addition, incl. the business plan.  Sub-criterion 10.3.1 is applied and 2 points are awarded, if there is or there will be no less than one procurement, observing green procurement principles, for the amount no less than 50% of total eligible costs of the project. Technical specifications (if developed and approved) for the procurements, where green procurement principles are applied, shall be appended.  Sub-criterion 10.3.2 is applied and 0 points are awarded, if the project does not meet provisions of p.10.3.1.  The criterion is evaluated using the Methodology for monitoring of the implementation of the “Sustainable development” horizontal principle for those involved in the implementation of the European Regional Development Fund, European Social Fund and the Cohesion Fund of 2014 – 2020” of the Ministry of Environmental Protection and Regional Development, which can be found on the website: <http://www.varam.gov.lv/lat/fondi/kohez/2014_2020/?doc=18633>. |

Notes:

N – criterion not to be updated.

P – Criterion to be updated, if the criterion is not met, the cooperation authority takes a decision on the approval of the project application provided that if the project applicant ensures complete compliance with the criterion during the time and according to the procedure defined in the decision.

V – One proper criterion is applied.

1. The methodology of application of criteria for evaluation of project applications is an informative and explanatory material [↑](#footnote-ref-2)
2. Within the framework of the criterion, it is verified whether the project applicant complies with the requirements set for the beneficiary of the funding [↑](#footnote-ref-3)
3. In the second from last paragraph of Paragraph 3.1 of the international standard ISO 16290:2013, the following explanations are provided: “When the element is an integrated system or subsystem, it can consist of sub-elements, each involving some specific technology. In that case, the TRL of the element cannot be greater than that of the individual sub-element.” [↑](#footnote-ref-4)
4. Wage is part of productivity (added value), therefore, this criterion correlates with the achievement of the RIS3 goal “productivity growth” [↑](#footnote-ref-5)