CONFIRMED

Director of the

Central Finance and Contracting Agency

Legal Service and Project Selection Department

\_\_\_\_\_\_\_\_\_\_\_\_ G. Šulca

\_\_\_ \_\_\_\_\_\_\_\_, 2017

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**Regulations of the project application selection round No.2**

**of the measure 1.2.1.4. "Support for the introduction of new products into production"**

**1.2.1. specific support objective "To promote investments of private sector in R&D"**

**Operational Program “Growth and Employment”**

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| Cabinet Regulations regulating the implementation of the specific support objective or measure | Cabinet Regulations No. 293 of 10 May 2016 "Regulations on the implementation of the measure 1.2.1.4 "Support for the introduction of new products into production" (hereinafter referred to as the "Cabinet Regulations") 1.2.1. Specific support objective "To increase investment of the private in R & D" Operational Program "Growth and Employment". | |
| Financial conditions | The total eligible funding available for the 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 - the SSA measure) is 70,588,235 *euro*, incl.:   * public funding - the funding of the European Regional Development Fund (hereinafter - ERDF) is **60,000,000 *euro***; * private funding at least 10 588 235 *euro*.   The ERDF funding of the project application selection round No.2 amounts for **34 196 411 *euro***.  The minimum amount of the project's eligible costs is 500 000 *euro*.  The maximum amount of the project's eligible costs is 16,000,000 *euro*.  Within the framework of the measure, the total ERDF funding per project application does not exceed 4,000,000 *euro*.  The public co-financing rate from the total eligible costs indicated in the project application[[1]](#footnote-3) is:   * for micro and small merchants - 55%; * for medium merchants - 45%; * for large merchants - 35 %.   Form of funding - a grant.  The support provided under the measure can be combined with support for the same eligible costs provided in another national support program or individual support project (including de minimis support)[[2]](#footnote-4), up to the maximum amount of regional support funding intensity:   * for micro and small merchants - 55% * for medium merchants - 45% * for large merchants - 35%   The co-financing by the beneficiary of its own resources or external financing, which is not related to any commercial support, is at least 25% of the total eligible costs of the project[[3]](#footnote-5).  Costs are eligible if they arise to the liaison body not earlier than after submission of the project[[4]](#footnote-6).  The project is implemented not more than four years from the date when the project applicant has entered into an agreement with the liaison body, but not longer than until December 30, 2022. | |
| Type of project application selection round implementation | Open project application selection | |
| Date for submitting the project application | From 21 November 2017 | to 21 February 2018 |

1. **Requirements for the project applicant**
2. The project applicant is a merchant registered in the Commercial Register of the Register of Enterprises or an appropriate agricultural or forestry cooperative company registered in the Register of Enterprises.
3. The project applicant shall prepare and submit a project application and business plan in accordance with the requirements of this Regulation and Article 30 of the Cabinet Regulations.
4. The project applicant cannot qualify for funding if it:
   1. complies with the European Union Structural Funds and Cohesion Fund planning period 2014-2020 regulations for the exclusion of project applicants specified in Section 23 of the Management Law (hereinafter - the Law);
   2. complies with the status of a merchant in difficulty[[5]](#footnote-7);
   3. has not submitted a declaration signed by the project applicant that suggests that he has not performed and will not perform the activities[[6]](#footnote-8)indicated in Article 14 (16) of the Commission Regulations No. 651/2014 and that he is not subject to the conditions referred to in Article 14 (17) of the Commission Regulations No. 651/2014.
5. The support is not provided for in the unsupported sectors specified in Article 1 (3) or Article 13 (a, b, c) of the Commission Regulation No. 651/2014, which are included in the Annex to these Regulations. If one of the sectors covered by the project applicant is not eligible and the project applicant applies for the project in the supported field, the project applicant clearly separates the financial flows of the supported business project from the financial flows of other sectors of activity during the project implementation, three years after the project implementation if the financing of the beneficiary meets the status of small (micro) and medium sized merchant, and five years after the project implementation if it meets the status of a large merchant.
6. The applicant for the project is not subject to the recovery order referred to in Article 1 (4a) of the Commission Regulation No.[651/2014.](http://eur-lex.europa.eu/eli/reg/2014/651/oj/?locale=LV)
7. **Supported activities and costs**
8. Within the framework of the SSA measure, there are supported activities, set out in Article 26 of the Cabinet Regulations.
9. Project application costs are planned according to Paragraphs 38, 39, 40 and 41 of the Cabinet Regulations.
10. If, during the implementation of the project, additional costs or incremental costs are incurred, the beneficiary shall bear them at his own expense.
11. During cost planning the "Guidance for determining eligible and ineligible costs for the planning period 2014-2020" should be taken into account; available on the website of the Ministry of Finance - [http://www.esfondi.lv/upload/00-vadlinijas/2-1--avtiecinamibas-vadlinijas\_2014-2020.pdf](http://www.esfondi.lv/upload/00-vadlinijas/2-1--attiecinamibas-vadlinijas_2014-2020.pdf).
12. **Project application development and submission procedure**
13. The project application consists of a project application form (Annex 1 to the selection regulations) and its annexes:
    1. Annex 1 "Project implementation schedule";
    2. Annex 2 "Financing plan";
    3. Annex 3 "Summary of the project budget",

as well as additional documents:

* 1. Annex 4 - form "Certificate of compliance with the requirements and confirmation of absence of dual funding";
  2. Annex 5 - form "Confirmation of the Manufacturer or Installer of Experimental Technology Components or Equipment" (applicable, if a particular manufacturer or installer is known; if not, then the certificate is submitted as soon as the procurement has been completed and a specific manufacturer or installer is known), the form confirms, that the parameters set out in Sub-clauses 30.3 and 30.6 of the Cabinet Regulations, as well as at least one parameter set out in the Sub-clauses 30.1, 30.2, 30.4, 30.5 or 30.7 have not been tested in the real environment of production, in the course of economic activity, under continuous, intense operating conditions;
  3. Annex 6 - Business plan;
  4. power of attorney, internal regulatory enactment or other document by 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 the responsible, authoritative official of the project applicant);
  5. a declaration on the compliance of the project applicant with the category of a small (micro) or medium-sized merchant, prepared in accordance with the regulatory enactments that determine the procedure for declaring commercial companies according to the small (micro) or medium-sized commercial companies (if applicable);
  6. a document certifying the R&D activity of the project applicant or related party (made within the last year before submission of a project to define the requirements for experimental technology and its components or equipment), which includes information on the R&D work assignment, the desired result to be achieved, involved human resources, financial resources, deadlines:
     1. contracts with scientific institutions or research staff;
     2. reports on R & D activities performed,
     3. experimental developments,
     4. descriptions of prototypes, etc.;
     5. tests and their results;
     6. researches and their results;
     7. the closed annual report of the project applicant or its linked companies approved by the sworn auditor (data confirming R&D expenses, etc.).
  7. documents certifying intellectual property rights of components or equipment for experimental technology at the amount of at least 20% of the total cost of experimental technology (if applicable);
  8. detailed requirements for experimental technology (technical specifications of equipment, software, auxiliary equipment, drawings, technological schemes, etc.);
  9. supporting documents for the procurement of standard equipment or standard components, including a technical specification defining requirements for the application of the green procurement principles (if developed and approved) (if applicable);
  10. research documentation or prospective suppliers of standard devices or standard components (correspondence, screenshots from prospective suppliers and/or service providers' websites, etc.) containing at least the following information:
      1. title of the supplier/service provider;
      2. address;
      3. model, title and identification code of the standard devices or standard components;
      4. purchase/delivery price/costs of standard devices or standard components.
  11. aggregated information - a statement or printouts from the applicant's accounting system regarding asset depreciation over the last three fiscal years (attributable if the project applicant is a major merchant and modernization is planned within the project) or for the last fiscal year (applicable if the project applicant is a large merchant and diversification is planned within the project), which includes the following minimum information for each asset:
      1. serial number of the record in the accounting system;
      2. the date of entry in the accounting system;
      3. the title, number and date of the asset purchase document;
      4. title of the asset (fixed asset (intangible investment));
      5. the asset category determined in accordance with Section 13 of the Law "On Corporate Income Tax";
      6. number of the asset's (fixed assets) analytical accounting and depreciation card (intangible investment accounting and depreciation card), under which the particular fixed asset (intangible investment) is registered;
      7. Initial value;
      8. Exclusion date;
      9. Exclusion value;
      10. Other necessary information.
  12. a document certifying the availability of funding necessary for the implementation of the project (one of the documents mentioned below or the documents referred to in paragraphs 10.15.2 and 10.15.3 for the total amount of eligible costs of the project, not exceeding the amount of equity indicated in each issuer's last closed annual report):
      1. a contract concluded with a credit institution registered in the European Union or the European Economic Area on granting a loan necessary for the implementation of the project in the amount of at least 50% of the total cost of the project;
      2. a contract concluded with a linked person regarding the provision of financing necessary for the implementation of the project, provided that the equity capital of the related party in the last concluded annual report represents at least 100% of the total cost of the project;
      3. a decision of the project applicant's Board regarding the provision of financing necessary for the implementation of the project from own funds, if the equity capital indicated in the last concluded annual report of the project applicant amounts to at least 100% of the total costs of the project.
  13. a letter of guarantee issued by a credit institution registered in the European Union or in the European Economic Area for a sum not less than four percent of the requested public funding, which guarantees the payment of the guarantee amount in the cases specified in Clause 67 of the Cabinet Regulations;
  14. an operational financial report approved by a sworn auditor for a period of 12 months up to the last closed month, which may not be older than two months at the date of submitting the project application (applicable if the project applicant is a newly established merchant);
  15. a consolidated annual report (applicable if the parent company or related companies are legal entities established abroad);
  16. information on the costs of R&D works of the project applicant and/or related parties in euro per year, which the project applicant and/or its related parties have performed each year during the last three years prior to the submission of the project. The information has been approved by a sworn auditor (applies if there is no R&D excerpt in the reports of the last three years);
  17. Proof of ownership or long-term leasehold rights (land, buildings) (if applicable);
  18. translation (if applicable);
  19. additional documents explaining the validity of the planned actions as well as results, efficiency and effectiveness of the project application (for example, construction documents, permits, sales documents, etc.).

1. To ensure a high-quality completion of the project application form, the methodology for completing the project application form (Annex 2 of the Selection Regulations) is used.
2. The project applicant shall prepare and submit the project application to the Cohesion Policy Funds Management Information System for 2014-2020 (hereinafter - CP MIS) [https://ep.esfondi.lv](https://ep.esfondi.lv/).

**Project application development procedure**

1. The project application must be submitted in Latvian. CFCA provides the translation of the documents from Latvian into English. The project application, except the documents referred to in Articles 10.7. and 10.8 may also be submitted in English. If one of the annexes to the application is in a different language (other than Latvian or English), the submitter of the project must attach a translation, that complies with the Cabinet Regulation No. 291 August 22, 2000 "Procedure for certified translations of documents in the national language "or a notarized translation into the national language, in accordance with the State Language Law, as well as a translation into English.
2. The annexes of the project application are numbered sequentially, continuing the numbering of the mandatory attachments of the project application form. In addition to the aforementioned annexes, the project applicant may add other documents deemed necessary for a qualitative assessment of the project application.
3. Project application is signed by the responsible person of the project applicant or his authorized person. The signature of the person signing the application must be secured in accordance with the regulatory enactments. If the project application is signed by a person authorized by the project applicant, an appropriate document regarding the authorization issued to the person concerned must be attached.
4. In the application, the amounts are indicated in *euro* with an accuracy of up to 2 decimal places.
5. When submitting a project application to the CP MIS, the applicant completes the specified data fields and adds the necessary attachments.

**Project application submission procedure**

1. The Central Finance and Contracting Agency as a liaison body (hereinafter - the liaison body) publishes a notice on the selection of project applications in the official gazette "Latvijas Vēstnesis" and on the website of the liaison body.
2. Project application is submitted using CP MIS [https://ep.esfondi.lv](https://ep.esfondi.lv/).
3. The project application is submitted until the deadline for project application submission.
4. If the project application is submitted after the deadline for submission of project applications, it is not evaluated and notice from the liaison body regarding refusal to evaluate the project application is sent to the project applicant.
5. Guaranteed technical support for completing a project application in the CPMIS E-environment is provided during the CFCA's official opening hours by completing the system application cid:image001.png@01D357CA.D04EECC0 and writing to [vis@cfla.gov.lv](mailto:vis@cfla.gov.lv) or by calling +371 20003306; +371 66939696.
6. **Project application evaluation procedure**
7. For the evaluation of project applications, the Director of the liaison body develops a project application evaluation committee (hereinafter - the Evaluation Committee).
8. The evaluation committee shall include a representative from the liaison body, a representative of the responsible authority responsible for the specific support objective and a representative of the relevant ministry as well as a representative of the managing authority as an observer.
9. The Evaluation Commission shall operate in accordance with the Regulations of the European Union Fund Project Application Evaluation Committee, approved by the Head of the liaison body.
10. The members of the Evaluation Commission are responsible for a timely, objective and thorough evaluation of project applications in accordance with the laws and regulations of the Republic of Latvia and the European Union, the Regulations on the evaluation of project applications, the criteria for the evaluation of project applications included in Annex 4 of the Selection Regulations, and are responsible for ensuring compliance with confidentiality.
11. The Evaluation Commission evaluates the compliance of the project application with the project application evaluation criteria (Annex 4 of the Selection Regulations), using the methodology for applying project application evaluation criteria (Annex 5 of the Selection Regulations) and completing the project application evaluation form.
12. Compliance with project application evaluation criteria (Annex 4 of the Selection Regulations) is evaluated in the following order:
    1. starting evaluation, first, the compliance of the project application with the uniform criteria No.1 and No.2 (non-specified criteria) is evaluated. If the project application does not meet the uniform criteria No.1 and/or No.2, the evaluation is interrupted. If the project application meets the uniform criteria No.1 and No.2, then the compliance of the project application with other single criteria is evaluated;
    2. if the project application meets the criteria referred to in Paragraph 28.1, the compliance of the project application with the uniform selection criterion No.1 (non-specified criterion) is evaluated. If the project application does not meet the uniform selection criterion No.1, the evaluation is interrupted. If the project application complies with the uniform selection criterion No.1, then the compliance of the project application with the uniform selection criterion No.2 is evaluated;
    3. If the project application complies or does no comply with the uniform selection criteria, the compliance of the project application to the specific compliance criteria No.2, 3, 5 and 9 (inexplicable criteria) is evaluated. If the project application does not comply with at least one of the aforementioned specific compliance criteria, its evaluation is interrupted. If the project application meets the specific compliance criteria No.2, 3, 5 and 9 then the compliance of the project application with other specific compliance criteria is evaluated;
    4. if the project application meets the specific eligibility criteria or complies with them with a condition, the compliance of the project application with the quality criteria No.1, 2, 3, 4 and 5(exclusionary quality criteria with a minimum score) is evaluated. If the project application does not receive the minimum set points for each of the quality criteria No.1, 2, 3, 4 and 5, the evaluation is interrupted. If the project application receives the minimum specified number of points for each of the quality criteria No.1, 2, 3, 4 and 5, then the compliance of the project application with other non-exclusive quality criteria is evaluated.
13. In order to verify the compliance of project applications with the conditions referred to in Paragraphs 15, 17, 28 of the Cabinet Regulations, the liaison body ensures the appropriate involvement of experts included in the Database of Experts of the European Commission (hereinafter - database of experts).
14. Experts meeting the following criteria are attracted to the evaluation of project applications:
    1. The expert has registered in the database of experts (<https://ec.europa.eu/programmes/horizon2020/en/experts>),
    2. The expert has a doctoral degree (*Professional Doctorate* or *PhD*)
    3. The qualification of the expert corresponds to the sub-sector of the project application submitted for evaluation, which is identified on the basis of the key words defined in Article 1.1 ("Project Summary") of the Project Submission Form;
    4. The expert has appropriate professional experience and competence:
       1. At least 10 years of experience in the industry and sub-sector;
       2. The expert has participated in at least three researches or in the implementation of technology in companies over the last 10 years;
       3. Experience in studies, projects or technology deployment at technology readiness levels (hereinafter - TRL) from TRL 4 to TRL 8;
       4. Participated in at least three studies or projects with the total costs of more than 500,000 *euro*.
15. Each project application is evaluated by two experts, each completing the evaluation form (Annex 7 of the Selection Regulations). One of the two experts involved in the evaluation of the project application is the chief expert who is responsible for formulating and approving the consolidated opinion of both experts. The other expert must approve the consolidated evaluation. One expert can evaluate several project applications in accordance with its qualification and experience.
16. The project application is evaluated in two stages:
    1. the initial individual assessment of each expert, according to the evaluation criteria,
    2. the formulation, harmonization and approval of the consolidated opinion of both experts.
17. The experts' consolidated evaluation is approved by both experts and is taken into account when deciding on the approval of the project application. The expert's consolidated evaluation contains a numerical grade or mark and a substantiated reasoning for each of the evaluation criteria.
18. If, after the individual assessment of both experts, the main expert, when formulating the consolidated opinion, finds that it is not possible to formulate a consolidated opinion due to the significant differences of opinion, the chief expert in the opinion indicates that the consolidated opinion is not approved. A third expert is then invited to become acquainted with the two initial individual assessments prepared by experts, the consolidated version drafted by the lead evaluator, as well as the projects and the objections of the other expert. The third expert evaluates the project application and prepares a consolidated evaluation, agreed with one of the first experts, whose score in terms of points is closer to the third expert's evaluation. The consolidated evaluation is approved by two experts.
19. Prior to the commencement of the evaluation, each of the experts signs a statement of non-existence of a conflict of interest, objectivity and confidentiality.
20. The Evaluation Commission examines and discusses the evaluation of the project application at a meeting and decides on the approval of the evaluation results, an approval with conditions or on the rejection of the results.
21. The decision of the Evaluation Commission is reflected in the opinion of the Evaluation Commission.
22. If the project application is approved with a condition(s), the Evaluation Commission's opinion shall indicate the activities and deadlines specified for the fulfilment of the conditions. The project applicant carries out only the activities, which are specified in the decision on approving the project application with a condition, without changing the project application in substance.
23. Upon receipt of the specified project application in the liaison body, the Evaluation Commission evaluates the clarifications made in the project application in accordance with the criteria for which additional conditions have been set and completes the project application evaluation form.
24. **Making a decision on the approval, conditional approval or rejection of a project application and notification procedure**
25. Based on the opinion of the Evaluation Committee, the liaison body issues an administrative act (hereinafter - the decision) on:
    1. the approval of the project;
    2. the approval of the project with a condition;
    3. the rejection of the project.
26. The decision on approval, approval with a condition or rejection of the project application shall be taken by the liaison body within 3 months after the closing date for the submission of project applications.
27. After evaluation, the projects are ranked in a priority order according to the points received.
28. The decision on the approval of a project application is taken by the liaison body if all of the following conditions are met:
    1. none of the exclusion provisions referred to in Section 23 of the Law apply to the project applicant;
    2. the project application meets the project application evaluation criteria;
    3. within the framework of the SSA project selection, funding for the implementation of the project is available.
29. The decision to approve the project application with a condition is taken by the liaison body if the project application does not meet one of the criteria to be specified for evaluating project applications and the project applicant must take the actions specified by the liaison institution in order to fully comply with the project application evaluation criteria.
30. If the project application is approved with a condition, then after submission of the specified project application, the Evaluation Commission evaluates it and gives an opinion on the fulfilment or non-fulfilment of the conditions. Based on the opinion of the Evaluation Commission, the liaison body issues:
    1. an opinion on the fulfilment of the conditions specified in the decision, provided that all the conditions specified in the decision are fulfilled in the project application in detail;
    2. an opinion on the non-fulfilment of the conditions specified in the decision and the rejection of the project application if the applicant fails to comply with the conditions contained in the decision or does not fulfil them within the specified time period.
31. The liaison body takes a decision on the rejection of a project application if at least one of the following conditions occurs:
    1. at least one of the exclusion provisions referred to in Section 23 of the Law applies to the project applicant;
    2. the project application does not meet the criteria for evaluating project applications, and the elimination of the shortcomings would affect the project application substantially;
    3. within the framework of the SSA project selection, funding for the implementation of the project is not available.
32. The decision on the project application approval, approval with a condition or rejection, as well as the opinion on the fulfilment or non-fulfilment of conditions is prepared by the liaison body as an electronic document or a paper document and notifies the applicant about it according to the procedure set out in the regulatory enactments. The decision on the approval of a project application or the opinion on the fulfilment of conditions includes information on the contract conclusion procedure.
33. Information about approved project applications is published on the website of the liaison body at [www.cfla.gov.lv](http://www.cfla.gov.lv/).
34. **Additional information**
35. According to the provision of Paragraph 59 of the Cabinet Regulations, the project applicant after the approval of the project application and the conclusion of the agreement on the implementation of the project will have the opportunity to receive an advance payment not exceeding 35% of the ERDF financing allocated for the project implementation.
36. For any questions regarding the preparation and submission of a project application, please send an email to [atlase@cfla.gov.lv](mailto:atlase@cfla.gov.lv) or contact the Client Service Centre (Meistaru iela 10, Riga, phone: +371 66939777). Answers to the questions will be sent electronically to the questioner. The project applicant submits questions regarding the selection of specific project applications not later than 5 working days before the deadline for submitting project applications. Answers to the questions asked are available on the website of the liaison body.
37. The current information on the selection of project applications is available on the website of the liaison body [http://cfla.gov.lv/en/es-fondi-2014-2020/display-atlases](http://cfla.gov.lv/lv/es-fondi-2014-2020/izsludinatas-atlases).
38. The project text of the agreement on project implementation can be specified in accordance with the specifics of the project during the conclusion of the agreement.
39. In accordance with Section 27 of the Law, the liaison body is entitled to adopt a decision imposing a prohibition on a natural or legal person or a person who is a member of the board or council of the relevant legal person or a procurist or a person authorized to represent the applicant in the affiliate's activities, to participate in the selection of project applications for a period not exceeding three years from the date of the decision entering into force, if that person:
    1. has knowingly provided false information that is relevant to the evaluation of the project application;
    2. during the implementation of the project in the meaning of the Law, has deliberately provided false information to the liaison body or otherwise acted abusively regarding the implementation of the project which has led to the deduction or recovery of ineligible expenditure and the liaison body has used the rights to unilaterally withdraw from the contract on the implementation of the project provided for in Section 20 (13) of the Law.

**Annexes:**

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| Annex 1 | Project application form and its Annexes | on 31 (thirty-one) pages. |
| Annex 2 | Project application form completion methodology | on 31 (thirty-one) pages. |
| Annex 3 | Business plan completion methodology | on 20 (twenty) pages. |
| Annex 4 | Project application evaluation criteria | on 8 (eight) pages. |
| Annex 5 | Methodology for applying project application evaluation criteria | on 74 (seventy-four) pages. |
| Annex 6 | Project of the agreement on project implementation | on 17 (seventeen) pages. |
| Annex 7 | Guidelines and form for completing the expert opinion | on 8 (eight) pages. |

1. In accordance with the provisions of Commission Regulation (EU) No 651/2014 declaring certain categories of aid compatible with the internal market, by applying Articles 107 and 108 of the Treaty (hereinafter referred to as Commission Regulation No 651/2014), Article 14 (12) [↑](#footnote-ref-3)
2. According to Article 8 (3) of the Commission Regulation No.651/2014 [↑](#footnote-ref-4)
3. According to Article 14 of the Commission Regulation No.651/2014. [↑](#footnote-ref-5)
4. According to Article 14 (2) of the Commission Regulation No.651/2014. [↑](#footnote-ref-6)
5. According to definition set out in Article 2 (18) of the Commission Regulation No.651/2014. [↑](#footnote-ref-7)
6. The activities are set out in Article 2 (61a) of the Commission Regulation No.651/2014. [↑](#footnote-ref-8)