Republic of Latvia

Cabinet

Regulation No. 562

Adopted 16 August 2016

**Regulations Regarding Implementation of Activity 1.1.1.4 “Development of the R&D Infrastructure in Fields of Smart Specialisation and Strengthening of Institutional Capacity of Scientific Institutions” of the Specific Aid Objective 1.1.1 “To increase the research and innovative capacity of scientific institutions of Latvia and the ability to attract external financing, investing in human resources and infrastructure” of the Operational Programme “Growth and Employment”**

*Issued pursuant to*

*Section 20, Clauses 6 and 13 of the Law On Management of the European Union Structural Funds and the Cohesion Fund in the Planning Period 2014-2020*

**I. General Provisions**

1. This Regulation prescribes:

1.1. the procedures by which Activity 1.1.1.4 “Development of the R&D Infrastructure in Fields of Smart Specialisation and Strengthening of Institutional Capacity of Scientific Institutions” of the Specific Aid Objective 1.1.1 “To increase the research and innovative capacity of scientific institutions of Latvia and the ability to attract external financing, investing in human resources and infrastructure” of the Operational Programme “Growth and Employment” (hereinafter – Activity) shall be implemented;

1.2. the objective of the Activity;

1.3. the funding available to the Activity;

1.4. the requirements for the project applicant of the European Regional Development Fund and the cooperation partner;

1.5. the eligibility conditions of aided activities and costs;

1.6. the conditions and procedures for application of simplified costs;

1.7. the conditions for a unilateral notice of termination of a project implementation agreement.

2. The following terms are used in this Regulation:

2.1. sub-project – a part of the project which is implemented by the beneficiary or co-operation partner. A sub-project is an integral part of the co-operation contract;

2.2. development strategy – a medium-term strategy of development and resource consolidation of a scientific institution which has been drawn up according to recommendations of the international assessment of the operation of scientific institutions which was performed in 2013 by the Secretariat of the Nordic Council of Ministers' in Latvia, analysing the situation of science of Latvia in relation to the Joint Research Centre of the European Union and co-operation in research, the objectives of the Smart Specialisation Strategy of Latvia, and that laid down in Annex 1 to this Regulation;

2.3. start of work – commitments conforming to the definition laid down in Article 2(23) of Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (hereinafter – Commission Regulation No 651/2014);

2.4. activity of non-economic nature – activity of a research organisation which does not fall within the scope of activity specified in Article 107(1) of the Treaty on the Functioning of the European Union, including:

2.4.1. education activities in order to achieve increase in the number and qualification of the personnel;

2.4.2. independent research and development in order to obtain more knowledge and better understanding, including joint research and development by involvement of the research organisation in efficient co-operation;

2.4.3. distribution of research results without exclusivity and discrimination, for example, using teaching, free access data bases, open publications, or open source software;

2.4.4. knowledge and technology transfer, if:

2.4.4.1. the activities related to knowledge and technology transfer are performed by a division of the research organisation or a subsidiary undertaking of the research organisation (such commercial company in which the participation share of the parent undertaking exceeds 50 per cent or in which the parent undertaking has majority of votes and which conforms to the definition of the research organisation), the research organisation together with other research organisations or the research organisation with third parties, concluding contracts regarding certain services in an open competition;

2.4.4.2. any profit from such activity is reinvested in principal activities of the research organisation;

2.5. activity limited in scope – a principal economic activity of research organisations or research infrastructure which conforms to the following criteria:

2.5.1. it is closely related to the operation of the research organisation or research infrastructure and use in the field not related to the economic activity;

2.5.2. the same resources (for example, materials, equipment, labour force, and equity capital) are consumed for it as for principal activities not related to the economic activity;

2.5.3. the financial capacity assigned thereto each year does not exceed 20 per cent from the total annual financial capacity of the research organisation;

2.6. new functional unit – a new unit created as a result of reorganisation of scientific institutions, including a scientific institute, scientific group, or another unit which is created by merging, dividing, or transferring the reorganised scientific institutions, the scientific institutes, units, or scientific groups established thereby;

2.7. functional unit to be consolidated – a scientific institution to be reorganised, a scientific institute established by a scientific institution (a derived public person, a public agency, or a unit), a legal person governed by private law which is planned to be added or transferred to the scientific institution specified in Paragraph 11 of this Regulation;

2.8. large enterprise – an enterprise which conforms to the definition laid down in Article 2(24) of Commission Regulation No 651/2014;

2.9. contracting party – a beneficiary, co-operation partner, and user of the research infrastructure created within the scope of the project who have entered into a co-operation contract regarding joint use of the abovementioned research infrastructure;

2.10. tangible assets – assets which conform to the definition laid down in Article 2(29) of Commission Regulation No 651/2014;

2.11. intangible assets – assets which conform to the definition laid down in Article 2(30) of Commission Regulation No 651/2014;

2.12. transparent aid category – type of aid which conforms to provisions of Article 5(2) of Commission Regulation No 651/2014 and which is issued in the form of a grant;

2.13. research infrastructure – facilities, resources, and related services which conform to the definition laid down in Article 2(91) of Commission Regulation No 651/2014;

2.14. research organisation – an institution which conforms to the definition laid down in Article 2(83) of Commission Regulation No 651/2014;

2.15. intensity of public funding – total amount of the funding from the European Regional Development Fund and of the funding from the State budget in per cent from the total eligible costs of the project;

2.16. results control system – a result-oriented control system of an institution which attributes the strategic objectives of the institution to both performance indicators at the level of units and scientific groups and to everyday work tasks of employees at individual level (cascade of objectives), arranging the internal work processes of the institution according to the main performance objectives of the institution and the results to be achieved, and also promoting targeted work of employees for carrying out the main tasks of the institution. The results control system includes at least the following elements:

2.16.1. planning and organisational management system;

2.16.2. personnel motivation system that is based on performance indicators at the level of scientific group or scientific employee;

2.16.3. work fulfilment supervision system;

2.17. economic activity – any activity which includes offering of goods or services on the market, including lease of research infrastructure, services implemented upon assignment of enterprises or contractual research;

2.18. micro, small and medium-sized merchant – a merchant which conforms to the definition laid down in Article 2(2) of Commission Regulation No 651/2014;

2.19. technical feasibility study – activities which conform to the definition laid down in Article 2(87) of Commission Regulation No 651/2014;

2.20. *UseScience* system – an online register of scientific services, facilities, and software (https://scientificservices.eu/);

2.21. knowledge and technology transfer – any process the objective of which is to obtain, aggregate, and distribute clear knowledge not expressed in words, including skills and competence both in economic activities and activities of non-economic nature, for example, research co-operation, consultations, licensing, creation of new undertakings, publications, and mobility of researchers and other employees who are involved in these activities. In addition to scientific and technological findings it includes knowledge of other types, for example, knowledge regarding the use of such standards and rules in which they are included, regarding circumstances of the actual operational environment, regarding organisational innovation methods, and also management of such knowledge that is related to determination, acquisition, protection, defence, and use of intangible assets;

2.22. scientific employee – a scientist, scientific staff, research attending staff, and research technical staff;

2.23. scientific staff – leading researchers, researchers, and scientific assistants elected in accordance with the laws and regulations governing scientific activity and included in the Database of Scientific Staff of the National Scientific Activity Information System, as well as persons working in a commercial company who fulfil the duties of a leading researcher, researcher, and scientific assistant;

2.24. scientific group – a group of scientific employees which has been established for implementation of research in a particular sector or sub-sector of science;

2.25. reorganisation of a scientific institution – reorganisation of a scientific institution registered in the register by merging or transferring it to another scientific institution registered in the register which conforms to the conditions of Paragraph 11 of this Regulation. Reorganisation shall be carried out:

2.25.1. by transferring the institution to be reorganised to a derived public person – the scientific institution continues to exist as an institution of indirect administration or as a new functional unit;

2.25.2. by merging the institution to be reorganised with another scientific institution or several scientific institutions and by establishing a new functional unit on the basis of institutions to be reorganised;

2.25.3. by transferring the unit or several units of the institution to be reorganised to another scientific institution or several scientific institutions and establishing a new functional unit (the institution to be divided continues to exist);

2.26. consolidation of scientific institutions – reorganisation of scientific institutions which promotes the development of the directions referred to in Paragraph 25 of this Regulation and concentration of research resources.

3. The purpose of the Activity is to strengthen the institutional capacity of scientific institutions and to concentrate research resources in competitive scientific institutions, improving the management efficiency of scientific institutions and control of resources and upgrading the research infrastructure within the scope of fields of smart specialisation of Latvia, thus promoting the involvement of scientific institutions in infrastructures of European Union level and the use of the research infrastructure at the disposal of scientific institutions for solving of practical problems of national economy.

4. Within the scope of the Activity, aid shall be provided to projects which promote the implementation of the transformation directions and growth priorities of national economy laid down in the Smart Specialisation Strategy of Latvia and the development of specialisation areas:

4.1. knowledge based bioeconomy;

4.2. biomedicine, medical technology, biopharmacy, and biotechnology;

4.3. smart materials, technologies, and engineering systems;

4.4. smart energy;

4.5. information and communications technologies.

5. The target group of the Activity is:

5.1. the scientific institutions registered in the register of scientific institutions;

5.2. the staff employed in research.

6. The following monitoring indicators should be achieved within the scope of the Activity:

6.1. outcome indicator:

6.1.1. – by 31 December 2023 the number of such researchers who work at improved research infrastructure objects – 2163;

6.1.2. by 31 December 2018 procurement competitions have been announced in the amount of 30 per cent from the total amount of planned works;

6.2. the financial indicator – by 31 December 2018 certified expenses in the amount of 17,499,122 euro;

6.3. the performance indicators to be achieved as a joint result of the Specific Aid Objective 1.1.1 “To increase the research and innovative capacity of scientific institutions of Latvia and the ability to attract external financing, investing in human resources and infrastructure” of the Priority Action “Research, Technology Development and Innovations” of the Operational Programme “Growth and Employment” by 31 December 2023:

6.3.1. the average number of scientific publications per one full time equivalent of scientific personnel – 0.48;

6.3.2. external funding attracted by the State and higher education sector for scientific research work – 160,600,000 euro;

6.4. the specific outcome indicator – the number of scientific institutions which by 31 December 2023 according to that specified in the development strategy of the institution coordinated with the Ministry of Education and Science have introduced improvements to the administration of the scientific institution, including administration of result control, human resources and research resources – 14.

7. The Activity shall be implemented in the form of a limited selection of project applications.

8. The functions of the responsible institution within the scope of the Activity shall be carried out by the Ministry of Education and Science (hereinafter – the responsible institution).

9. The total eligible public funding available to the Activity shall be as follows:

9.1. in the case referred to in Sub-paragraph 16.7 of this Regulation – 115,252,616 euro, including funding from the European Regional Development Fund – 97,964,724 euro and co-funding from the State budget – 17,287,892 euro;

9.2. in the case referred to in Paragraph 18 of this Regulation – 120,252,616 euro, including funding from the European Regional Development Fund – 102,964,724 euro and co-funding from the State budget – 17,287,892 euro.

10. The Activity shall be implemented in one round of selecting project applications for the whole funding planned for the Activity.

**II. Requirements for the Project Applicant and Co-operation Partner**

11. Within the scope of the Activity a project applicant is a scientific institution which conforms to the definition of a research organisation.

12. Within the scope of the Activity the following scientific institutions may submit a project, if they justify the conformity with the definition of a research organisation:

12.1. Daugavpils University;

12.2. Institute of Electronics and Computer Science;

12.3. Latvian Biomedical Research and Study Centre;

12.4. Latvia University of Agriculture;

12.5. Latvian Institute of Organic Synthesis;

12.6. University of Latvia;

12.7. Institute of Solid State Physics, University of Latvia;

12.8. Latvian State Institute of Wood Chemistry;

12.9. Latvian State Forest Research Institute “Silava”;

12.10. Institute of Food Safety, Animal Health and Environment “BIOR”;

12.11. Riga Stradiņš University;

12.12. Riga Technical University;

12.13. Ventspils University College;

12.14. Vidzeme University of Applied Sciences.

13. A project applicant shall submit a project application and implement a project individually or in co-operation with another scientific institution, including a scientific institute (a derived public person) established by the project applicant or a scientific institution with which it is planned to implement the consolidation of scientific institutions referred to in Sub-paragraph 22.3 of this Regulation in accordance with Sub-paragraphs 16.1, 16.4, and 16.14 of this Regulation.

14. If a co-operation project is implemented:

14.1. the project application shall be submitted by a project applicant which complies with the conditions of Paragraphs 11 and 12 of this Regulation. The project applicant shall be responsible for implementation of the project;

14.2. prior to submitting the project at a co-operation institution the project applicant shall enter into a co-operation contract with the co-operation partner regarding joint carrying out of the co-operation project, regarding division of obligations and responsibility for ensuring the achievement of results and the rights to use the results (hereinafter – co-operation contract). In addition to the information laid down in the laws and regulations regarding the procedures by which the institutions involved in the management of European Union Structural Funds and the Cohesion Fund shall ensure preparation of planning documents and introduction of such funds in the planning period 2014-2020, the following information shall be included in the contract:

14.2.1. the co-operation objectives and principles;

14.2.2. the joint funding of the co-operation project, the funding of the sub-project of the beneficiary and co-operation partner, the amount of co-funding from the beneficiary and co-operation partner, the intensity of the public funding which is determined according to the methodology for calculation of the average weighted intensity of public funding referred to in Annex 2 to this Regulation;

14.2.3. the procedures for ensuring the financial flow of the project;

14.2.4. the principles for distributing the intellectual property rights arising from the activity carried out within the scope of the project;

14.2.5. the sanctions, if the commitments referred to in the co-operation contract are not fulfilled.

15. Within the scope of the project, the project applicant which becomes a beneficiary after approval of the project application:

15.1. shall prepare one project application according to the amount of funding referred to in Paragraph 16 or 18 of this Regulation and, in accordance with the requirements of the by-laws for selecting project applications in the Information System for the Management of the Cohesion Policy Funds 2014-2020, shall submit it to the co-operation authority;

15.2. the following shall be appended to the project application:

15.2.1. a cost-benefit analysis of the project which has been drawn up in accordance with the conditions of Paragraph 26 of this Regulation;

15.2.2. the justification for calculation of the average weighted intensity of public funding and the calculation of the average weighted intensity of public funding (Annex 2) which is carried out according to the methodology for calculation of the average weighted intensity of the public funding referred to in Annex 3 to this Regulation, if it is planned to implement a combined aid project;

15.2.3. the co-operation contract referred to in Sub-paragraph 14.2 of this Regulation, if it is planned to implement a co-operation project;

15.2.4. a development plan of the research infrastructure referred to in Paragraph 32 of this Regulation and co-ordinated with the relevant sectoral associations, if it is planned to carry out the activities referred to in Sub-paragraph 30.1.1 of this Regulation within the scope of the project.

16. The public funding available to the project, which has been calculated according to the methodology for dividing public funding referred to in Annex 4 to this Regulation (except the case referred to in Sub-paragraph 16.7 of this Regulation) and which consists of the funding from the European Regional Development Fund and the funding from the State budget, shall be as follows:

16.1. for the Daugavpils University – 2,916,200 euro (including funding from the European Regional Development Fund – 2,478,770 euro and co-funding from the State budget – 437,430 euro), if the consolidation of scientific institutions referred to in Sub-paragraph 22.3 of this Regulation with the Latvian Institute of Aquatic Ecology is implemented and the fulfilment of the conditions referred to in Sub-paragraph 20.8 of this Regulation is ensured;

16.2. for the Institute of Electronics and Computer Science – 892,936 euro (including funding from the European Regional Development Fund – 758,995 euro and co-funding from the State budget – 133,941 euro);

16.3. for the Latvian Biomedical Research and Study Centre – 2,800,037 euro (including funding from the European Regional Development Fund – 2,380,031 euro and co-funding from the State budget – 420,006 euro);

16.4. for the Latvia University of Agriculture – 15,885,095 euro (including funding from the European Regional Development Fund – 13,502,331 euro and co-funding from the State budget – 2,382,764 euro), if the consolidation of scientific institutions referred to in Sub-paragraph 22.3 of this Regulation with the limited liability company“Latvian Plant Protection Research Centre” is implemented and the fulfilment of the conditions referred to in Sub-paragraph 20.8 of this Regulation is ensured;

16.5. for the Latvian Institute of Organic Synthesis – 9,585,297 euro (including funding from the European Regional Development Fund – 8,147,502 euro and co-funding from the State budget – 1,437,795 euro);

16.6. for the University of Latvia – 28,254,823 euro (including funding from the European Regional Development Fund – 24,016,599 euro and co-funding from the State budget – 4,238,224 euro);

16.7. for the Institute of Solid State Physics, the University of Latvia – 8,320,196 euro (including funding from the European Regional Development Fund – 7,072,166 euro and co-funding from the State budget – 1,248,030 euro), if the Research Executive Agency of the European Commission does not approve the project “The Excellence Centre of Advanced Material Research and Technology Transfer” of the Sub-programme “WIDESPREAD 1-2014: Teaming”of the Research and Innovation Framework Programme “Horizon 2020” of the European Union (hereinafter – CAMART2 project);

16.8. for the Latvian State Institute of Wood Chemistry – 3,519,493 euro (including funding from the European Regional Development Fund – 2,991,569 euro and co-funding from the State budget – 527,924 euro);

16.9. for the Latvian State Forest Research Institute “Silava” – 6,068,271 euro (including funding from the European Regional Development Fund – 5,158,030 euro and co-funding from the State budget – 910,241 euro);

16.10. for the Institute of Food Safety, Animal Health and Environment “BIOR” – 6,128,121 euro (including funding from the European Regional Development Fund – 5,208,902 euro and co-funding from the State budget – 919,219 euro);

16.11. for the Riga Stradiņš University – 3,545,200 euro (including funding from the European Regional Development Fund – 3,013,420 euro and co-funding from the State budget – 531,780 euro);

16.12. for the Riga Technical University – 25,230,447 euro (including funding from the European Regional Development Fund – 21,445,879 euro and co-funding from the State budget – 3,784,568 euro);

16.13. for the Ventspils University College – 1,567,694 euro (including funding from the European Regional Development Fund – 1,332,539 euro and co-funding from the State budget – 235,155 euro);

16.14. for the Vidzeme University of Applied Sciences – 538,806 euro (including funding from the European Regional Development Fund – 457,984 euro and co-funding from the State budget – 80,822 euro), if the consolidation of scientific institutions referred to in Sub-paragraph 22.3 of this Regulation with the agency of the Vidzeme University of Applied Sciences “Sociotechnical Engineering Institute” is implemented and the fulfilment of the conditions referred to in Sub-paragraph 20.8 of this Regulation is ensured.

17. If the scientific institutions referred to in Sub-paragraph 16.1, 16.4, or 16.14 of this Regulation do not ensure the fulfilment of the conditions referred to in Sub-paragraph 20.8 of this Regulation:

17.1. the responsible institution shall re-calculate the amount of the public funding referred to in Paragraph 16 of this Regulation and perform re-division of the public funding granted without justification (if applicable) (hereinafter – re-calculation) according to the methodology for calculation of the public funding division referred to in Annex 3 to this Regulation, and shall, within five working days, inform the scientific institutions referred to in Paragraph 12 of this Regulation and the co-operation authority regarding changes in the division of the public funding referred to in Sub-paragraph 9.1 and Paragraph 16 of this Regulation;

17.2. according to the requirements of the by-laws for selection of project applications the co-operation authority shall not invite the scientific institution referred to in Sub-paragraph 16.14 of this Regulation to submit the project application referred to in Sub-paragraph 15.1 of this Regulation.

18. If the Research Executive Agency of the European Commission approves the CAMART2 project and grants funding for its implementation, the total eligible costs of the project of the project applicant referred to in Sub-paragraph 12.7 of this Regulation shall be 15,320,196 euro which consists of the public funding in the amount of 13,320,196 euro (including funding from the European Regional Development Fund – 12,072,166 euro and co-funding from the State budget – 1,248,030 euro) and the national private co-funding in the amount of 2,000,000 euro.

19. The beneficiaries referred to in Sub-paragraphs 16.6 and 16.12 of this Regulation shall ensure the fulfilment of the conditions referred to in Sub-paragraph 55.3 of this Regulation.

20. The following requirements shall be laid down for the project applicant and co-operation partner (if applicable):

20.1. if a combined aid project is intended:

20.1.1. it is not a merchant in difficulty according to the definition laid down in Article 2(18) of Commission Regulation No 651/2014;

20.1.2. the outstanding recovery order referred to in Article 1(4)(a) of Commission Regulation No 651/2014 does not apply to them;

20.2. the amount of its tax debts, State mandatory social insurance contributions, and debts of other State-defined mandatory payments does not exceed 150 euro;

20.3. it has not provided false information in relation to implementation of projects co-funded from the European Union Structural Funds to the co-operation authority, responsible institution or another competent authority;

20.4. it has not received and is not planning to receive funding from the State or European Union funds, or other financial resources for the same eligible costs or research results;

20.5. the project applicant has submitted, in accordance with the laws and regulations governing scientific activity, public reports to the responsible institution on scientific activity for the last three reporting years completed, reports on turnover, and a description of the financial management and accounting policy which justifies the conformity of the scientific institution with the definition of a research organisation;

20.6. if any of sectors in which the project applicant and co-operation partner are operating, is not eligible for aid and the project applicant and co-operation partner have applied for implementation of the project in the sector to be aided, the project applicant and co-operation partner shall clearly separate the activities in the sectors to be aided within the scope of the project and the financial flows related to implementation thereof from activities and financial flows of other sectors during implementation of the project and for five years after making of the final payment;

20.7. if the project applicant and co-operation partner carries out both economic activities and activities of non-economic nature, it shall separate the types of activities and their costs, financing and revenue in order to efficiently prevent cross-subsidisation of economic activity;

20.8. in order to receive an invitation from the co-operation authority to submit the project application referred to in Sub-paragraph 15.1 of this Regulation, the project applicant shall, within 20 working days after coming into force of this Regulation, submit to the responsible institution and co-operation authority:

20.8.1. a description of the financial management and accounting policy of the project applicant and reports on turnover (Annex 5) regarding the last three completed reporting years which justify the conformity of the project applicant with the definition of a research organisation;

20.8.2. a reorganisation plan of scientific institutions and decisions of decision-making bodies of the institutions to be reorganised (senate of an institution of higher education or scientific council of a scientific institute, in conformity with the legal status of the project applicant and co-operation partner) on reorganisation of scientific institutions which include information regarding the functional units to be consolidated and new functional units that are planned to be created after reorganisation of scientific institutions, if the project applicant and co-operation partner apply for the aid referred to in Sub-paragraph 22.3 of this Regulation;

20.8.3. a statement of the Latvian Council of Science regarding reorganisation of the State scientific institute, if the project applicant and co-operation partner apply for the aid referred to in Sub-paragraph 22.3 of this Regulation;

20.9. the project applicant and co-operation partner which conform to the definition of a research organisation shall separate:

20.9.1. principal activities not related to economic activity (and financial flows related thereto) from principal economic activities;

20.9.2. principal activities and financial flows related thereto from other activities of the scientific institution and the financial flows related thereto;

20.10. the project applicant and co-operation partner shall provide data regarding the research infrastructure at its disposal and created or acquired within the scope of the project in the *UseScience* system.

21. The following projects may be implemented within the scope of the Activity:

21.1. a project not related to economic activity, if the beneficiary and co-operation partner conform to the definition of a research organisation and it is intended to use the investments planned within the scope of the project in principal activity of non-economic nature of the beneficiary and co-operation partner or in activity limited in scope;

21.2. a combined aid project, if it is intended to use the investments planned within the scope of the project in the principal activity of the beneficiary or co-operation partner which is of non-economic nature (non-economic part of the project) and in principal economic activity (part of the project related to economic activity).

**III. Activities to be Aided and General Financing Conditions**

22. The following activities shall be aided within the scope of the Activity:

22.1. technical feasibility study of the project;

22.2. development of the research infrastructure;

22.3. consolidation of scientific institutions (activities are of non-economic nature);

22.4. information and publicity measures of the project implementation;

22.5. management and implementation of the project.

23. The scientific institution referred to in Sub-paragraphs 12.2, 12.3, 12.5, 12.6, 12.7, 12.8, 12.9, 12.10, 12.11, 12.12, and 12.13 of this Regulation may implement the activities referred to in Sub-paragraphs 22.1, 22.2, 22.4, and 22.5 of this Regulation.

24. The scientific institutions referred to in Sub-paragraphs 16.1, 16.4, and 16.14 of this Regulation may implement the activities referred to in Paragraph 22 of this Regulation.

25. As a result of the project implementation development of the following directions laid down in the development strategy of the beneficiary is anticipated:

25.1. development of human resources which is characterised by increase in the number of the scientific staff;

25.2. development of scientific capacity and competitiveness which is characterised by one or several of the following performance-based indicators:

25.2.1. increase in the number of scientific articles in *Web of Science* data bases and *Scopus* magazines;

25.2.2. increase in the number of such scientific articles the quoting index of which reaches at least 50 per cent of the average quoting index of the sector;

25.2.3. increase in the proportion of the foreign funding provided for research;

25.2.4. increase in the advancement indicator (per cent) in order to participate in competitions announced within the scope of the research and innovation programmes and technology initiatives of the European Union;

25.3. conformity of research for needs of national economy and commercialisation of research results:

25.3.1. technology rights (the know-how and other rights or their combination, including applications of the abovementioned rights or registration applications conforming to the definition laid down in Article 1(b) of Commission Regulation (EU) No 316/2014 of 21 March 2014 on the application of Article 101(3) of the Treaty on the Functioning of the European Union to categories of technology transfer agreements (hereinafter – Commission Regulation No 316/2014));

25.3.2. increase in the number of intellectual property (technology rights) licence contracts entered into.

26. Aid shall be provided within the scope of the Activity, if the cost-benefit analysis appended to the project application justifies financial sustainability and socio-economic return of the project. The cost-benefit analysis shall be carried out in conformity with the following conditions:

26.1. the life cycle of the project is 20 years;

26.2. the financial and economic discount rate is determined according to the current macro-economical forecasts;

26.3. calculations of the financial flow (investments, revenue, socio-economic benefits (in monetary terms) and expenses) are justified by assumptions corresponding to the current market situation;

26.4. forecasts of the financial flow are justified by statistical data prepared by independent third parties;

26.5. the following is included in calculations of the financial flow:

26.5.1. forecasts of the project revenue and socio-economic benefits with analysis of the price level, analysis of competitors, and forecasts of sectoral development;

26.5.2. forecasts of project investments and expenses, including detailed identification of costs which is justified by an analysis of the level of costs and a forecast of subsequent dynamics;

26.5.3. detailed and justified plan of investments with technical proposal or analysis of technical plans and market price of facilities (equipment);

26.5.4. detailed financing plan, including plan for receipt and repayment of a credit with calculation of interest payments, if it is planned to attract funding from short-term or long-term credits;

26.6. investments, revenue, socio-economic benefits (in monetary terms) and expenses of the project of Activity 1.1.1.4 and the related Specific Aid Objective 8.1.1 “To increase the number of upgraded STEM study programmes, including medicine and creative industries” (if applicable), calculating the socio-economic return of both related projects and justifying the financial sustainability of projects.

27. The following types of costs shall be planned within the scope of the project:

27.1. direct eligible costs;

27.2. indirect eligible costs;

27.3. unforeseen costs for implementation of projects not related to economic activity.

28. The following activities shall be aided within the scope of the feasibility study of the project referred to in Sub-paragraph 22.1 of this Regulation:

28.1. development of a cost-benefit analysis of the project which includes financial analysis, socio-economic analysis, and sensitivity analysis;

28.2. development of technical documentation of construction works and co-ordination in accordance with the procedures provided for in the laws and regulations governing construction;

28.3. development of a strategy for users of the research infrastructure in which information is provided regarding issues which are related to distribution of intellectual property rights, procedures for mutual settlement of accounts, conditions for access to the research infrastructure, and division of load, as well as the conditions for using the acquired knowledge and data;

28.4. development or improvement of a strategy for the development of a scientific institution according to the recommendations of the external evaluation of science, the smart specialisation strategy, and the conditions of Annex 1 to this Regulation, if the beneficiary and co-operation partner has not received aid within the scope of Sub-activity 2.1.1.3.3 “Development of Institutional Capacity of Scientific Institutions” of the EU Structural Funds plan for 2007-2013;

28.5. development of procurement documentation for improvement or upgrading of the research infrastructure.

29. Within the scope of the feasibility study of the project the following items of costs may form direct eligible costs:

29.1. costs for development of a cost-benefit analysis of the project;

29.2. costs for development of technical documentation of construction works, including:

29.2.1. development of a building design;

29.2.2. costs of the building design in minimum stage which are necessary for receipt of a construction permit, development costs of a technical design, and costs for an expert-examination of the technical design;

29.2.3. costs of engineering research (geodetic and topographical research, geotechnical research, hydrometeorological research);

29.3. costs for development of the strategy for users (contracting parties) of the research infrastructure;

29.4. costs for development or improvement of the strategy for development of a scientific institution (including new functional unit), in conformity with the conditions of Sub-paragraph 28.4 of this Regulation;

29.5. costs for development of procurement documentation for improvement or upgrading of the research infrastructure.

30. The following activities shall be aided within the scope of development of the research infrastructure referred to in Sub-paragraph 22.2 of this Regulation:

30.1. construction, including:

30.1.1. construction of a new structure;

30.1.2. renewal of a structure, restoration of a structure, reconstruction or renewal of buildings or premises;

30.1.3. adaptation of buildings and premises for installation of research equipment and hardware;

30.1.4. building supervision and author's supervision;

30.2. acquisition or creation, supply, installation, testing of scientific hardware, equipment, tool kits, information and communications technologies and other tangible assets, and instructing of the attending staff;

30.3. dismantling, movement, installation, or adaptation of the tangible assets accepted into the balance sheet of scientific institutions, if it is planned to implement the activity referred to in Sub-paragraph 31.1 of this Regulation;

30.4. acquisition or creation of intangible assets;

30.5. creation or improvement of the system for control of resources and results.

31. The direct eligible costs laid down within the scope of development of the research infrastructure may form the following items of costs:

31.1. construction costs, including:

31.1.1. construction of a new structure;

31.1.2. renewal of a structure (changing of the load-bearing elements or constructions of the structure or functional or technical improvements without changing the extent or load-bearing capacity of the structure);

31.1.3. restoration of a structure (scientifically justified renewal of the structure or its parts, using materials, methods or technologies conforming to the original);

31.1.4. rebuilding (change in the extent of the structure or its parts, or reinforcing of the load-bearing elements or construction, with or without changes in the type of use) or renewal of buildings or premises;

31.1.5. adaptation of buildings and premises for installation of research equipment and hardware;

31.1.6. landscaping of the territory of the building object which ensures acceptance into operation of the upgraded research infrastructure (activities are of non-economic nature);

31.2. costs for acquisition or creation of scientific hardware, equipment, tool kits, infrastructure of information and communications technologies, and other tangible assets;

31.3. costs for acquisition or creation of intangible assets, if the transaction is performed under circumstances of competition and there have not been any hidden arrangements;

31.4. costs for equipment of working places (furniture and hardware, computer software and licences) for the scientific staff in the amount of not more than 3000 euro per one working place. If the scientific personnel is employed part-time, the acquisition costs of equipment of the working place shall be eligible in proportion to the distribution of the load in percentage;

31.5. costs of services related to the creation or acquisition of the research infrastructure:

31.5.1. costs of building supervision and author's supervision;

31.5.2. costs for supply, installation, testing, calibration, standardisation, validation, and approbation of tangible assets and for instructing of the attending staff which are not maintenance costs and which are related to the preparation of long-term investments (tangible assets) for use for the intended purposes until the time when they are accepted into operation;

31.5.3. costs of services related to dismantling, movement of tangible assets and ensuring of repeatability of research results in the case referred to in Sub-paragraph 31.1 of this Regulation.

32. The beneficiary shall justify the necessity for constructing the new building referred to in Sub-paragraph 30.1.1 of this Regulation on the basis of the plans for the development of the research infrastructure included in the development strategy of the scientific institution which have been co-ordinated with the association of the relevant sector.

33. The costs referred to in Sub-paragraphs 29.2 and 31.5.1 of this Regulation shall not exceed 10 per cent of the contractual amount of construction works.

34. Within the scope of the consolidation of scientific institutions referred to in Sub-paragraph 22.3 of this Regulation, funding shall be assigned to the following activities to be aided:

34.1. external audit of functions and tasks of the scientific institution and development of the institutional management model;

34.2. improvement of the management system of resources and results of the scientific institution, including:

34.2.1. introduction of a result-oriented motivation (including remuneration) system;

34.2.2. final (*ex-post*) audit of the financial management and accounting policy improved within the scope of the project;

34.2.3. acquisition, creation of the financial management and accounting software, expanding or matching of functionality, and instructions for use;

34.3. drawing up of the legal documents necessary for reorganisation of scientific institutions, including stocktaking of immovable properties, re-registration of movable and immovable property, archiving of documentation of the scientific institution.

35. Within the scope of consolidation measures of scientific institutions, the following items of costs may form direct eligible costs:

35.1. costs of external services:

35.1.1. remuneration of consultants and experts and costs related thereto;

35.1.2. services of a sworn auditor;

35.1.3. audit services;

35.1.4. financial management and accounting services;

35.1.5. legal services;

35.1.6. translation services;

35.1.7. services related to dismantling, movement, installation, testing, calibration of tangible assets and other services related to ensuring the repeatability of research results;

35.1.8. preparation of the technical documentation of the development project provided for in the development strategy of the beneficiary and co-operation partner;

35.1.9. archiving services;

35.2. costs for improvement of the management system of resources and results of the scientific institution, including:

35.2.1. costs for introduction of a result-oriented motivation (including remuneration) system;

35.2.2. acquisition, creation of the financial management and accounting software, expanding or matching of functionality, and instructions for its use.

36. The indirect eligible costs referred to in Sub-paragraph 27.2 of this Regulation for a project of non-economic nature and a part of non-economic nature of a combined aid project shall be planned as one item of costs, applying the single rate of indirect costs in the amount of 15 per cent from the direct eligible costs of the staff referred to in Sub-paragraphs 38.1 and 38.2 of this Regulation.

37. Within the scope of the Activity the costs of information and publicity measures of the project in accordance with the laws and regulations regarding the procedures by which the requirements for communication and visual identity shall be ensured in introduction of the European Union Structural Funds and the Cohesion Fund in the planning period 2014-2020 for implementation of the activity referred to in Sub-paragraph 22.4 and to be aided, shall be deemed eligible:

37.1. in full amount, if a project of non-economic nature is implemented;

37.2. partly, if a combined aid project is implemented. In such case the amount of eligible costs of information and publicity measures shall be determined in accordance with Annex 3 to this Regulation.

38. The direct eligible costs for ensuring the activities referred to in Sub-paragraph 22.5 of this Regulation and to be aided may include the following items of costs:

38.1. costs for remuneration of the project management staff, except overtime;

38.2. costs for remuneration of the project implementation staff (except overtime). If involvement of the implementation staff in the project has been ensured according to the principle of part-time eligibility, load in the amount of not less than 30 per cent shall be eligible in a specific period of time (at least one month);

38.3. costs for acquisition of the equipment (office furniture and devices, computer software and licences) necessary for the creation of new working places or renewal of existing working places. Costs for acquisition of equipment for a working place, including costs for maintaining and repair of equipment, shall be eligible in the amount of not more than 3000 euro for one working place throughout the implementation of the project. If the project management and implementation staff is employed at normal working hours, the acquisition costs of equipment of the working place shall be eligible in the amount of 100 per cent. If the personnel is employed part-time, the purchase costs of equipment of the working place shall be eligible in proportion to the distribution of the load in percentage.

39. In planning the costs for remuneration of the project management staff referred to in Sub-paragraph 38.1 of this Regulation, the following conditions shall be conformed to:

39.1. the beneficiary ensures that the project management staff is employed in the project on the basis of an employment contract at normal working hours or part-time in the amount of not less than 30 per cent from the normal working hours, performing accordingly the accounting of the working hours of the project management staff for the functions carried out and hours worked. If involvement of the staff in the project has been ensured according to the principle of the part-time eligibility, load in the amount of not less than 30 per cent shall be eligible;

39.2. in relation the amount of the costs of the project management staff the following restrictions are taken into account:

39.2.1. for projects with direct eligible costs in the amount of 5,000,000 euro and more – up to 56,580 euro per year;

39.2.2. for projects with direct eligible costs up to 5,000,000 euro the restriction is calculated at the minimum base of costs of 24,426 euro per year, adding 0.64 per cent from the direct eligible costs of the project, however, excluding the costs of the project management staff;

39.2.3. the fixed amount for an incomplete calendar year is calculated in proportion to the number of the project months.

40. Upon entering into a service (work performance) contract, the costs of State mandatory social insurance contributions of the employer shall be eligible, if:

40.1. the service provider is a natural person who has not registered with the State Revenue Service as a self-employed person;

40.2. the service provider has been registered with the State Revenue Service as the employee of the beneficiary.

41. The following costs are ineligible within the scope of the Activity:

41.1. the costs which have arisen after expiry of the time period for implementation of the project or for which payments were made later than 20 working days after the end of the time period for the implementation of the project;

41.2. the costs which are not directly related to the activities carried out within the scope of a project of the beneficiary and are not justified by documents corroborating costs or have arisen as a result of non-conformity with the requirements of laws and regulations;

41.3. the costs which do not conform to the principles of justified financial management, particularly monetary value and cost-effectiveness;

41.4. payment for examination, preparation, reserving, and servicing of a loan, payment for financial transactions, late payment interest, contractual fines and expenses of legal proceedings;

41.5. the costs of opening and maintaining the account necessary for implementation of the project and research application of the beneficiary;

41.6. the costs which have arisen in the time period that does not conform to the conditions of Paragraphs 56 and 59 of this Regulation;

41.7. the costs which exceed the restrictions referred to in Paragraphs 33, 36, 38, and 39 of this Regulation.

42. Value added tax is eligible costs, if it cannot be recovered in accordance with the laws and regulations of the Republic of Latvia in the field of tax policy.

43. The beneficiary shall ensure that:

43.1. the development of a building design is performed according to the amount of costs available for construction, including analysing the technological and functional solutions for materials, buildings, or premises;

43.2. the building design is developed in several rounds, determining priority sequence for the performance of works, concurrently ensuring achievement of the project objectives planned in the development strategy and research programme of the scientific institution;

43.3. the procurement documentation of construction works provides for the procedures for actions if the contractual price offered exceeds the planned contractual price, concurrently ensuring achievement of the project objectives planned in the development strategy and research programme of the scientific institution;

43.4. the contract for construction works includes preventive measures for preventing the risk of increase in costs;

43.5. a mechanism has been developed for surveying the specific research requirements and ensuring thereof in the development of procurement documentation and implementation of construction works.

44. Upon implementing projects of the Activity the beneficiary and co-operation partner may use integration of environmental requirements into procurements of goods, services, and construction works (green public procurement).

**IV. Conditions for Implementation of a Project of Non-economic Nature**

45. The maximum eligible amount of the public funding for a project of non-economic nature shall be 95 per cent, including the amount of the funding from the European Regional Development Fund – 85 per cent, and the funding from the State budget referred to in Paragraph 16 of this Regulation – 10 per cent from the total eligible funding of the project.

46. Within the scope of a project of non-economic nature:

46.1. the beneficiary and co-operation partner shall ensure the necessary co-funding in the amount of 5 per cent from the private funding at the disposal of the beneficiary and co-operation partner obtained as a result of economic activity, from credit funds, other financial resources, or funding which is assigned in accordance with the laws and regulations regarding the procedures by which funds from the State budget shall be provided for implementation of principal activity of a State scientific institution;

46.2. the activities referred to in Paragraph 22 of this Regulation may be implemented;

46.3. the costs referred to in Paragraphs 29, 31, 35, 37, and 38 of this Regulation shall be eligible.

47. Upon implementing a project of non-economic nature, the beneficiary shall ensure that during implementation of the project and five years after making of the closing payment at the institution of the beneficiary and the new functional unit the financial capacity assigned for principal activity does not exceed 20 per cent from the total annual financial capacity of the relevant structure.

48. The unjustifiably granted public funding shall be deducted from the total eligible costs of the project and shall be refunded to the State budget. The public funding granted to a project of non-economic nature is deemed as unjustifiable funding, if the co-operation authority detects during implementation of the project or within five years after making of the closing payment that the project does not conform to the conditions referred to in Sub-paragraph 21.1 of this Regulation.

**V. Conditions for Implementation of a Combined Aid Project**

49. Public funding for a non-economic part of a combined aid project shall be granted in accordance with Article 26 of Commission Regulation No 651/2014.

50. The maximum eligible amount of public funding for a non-economic part of a combined aid project shall be 50 per cent in accordance with Article 26(6) of Commission Regulation No 651/2014.

51. The beneficiary and co-operation partner shall ensure the co-funding in the amount of 50 per cent necessary for implementation of a non-economic part of a combined aid project from the private funding at the disposal of the beneficiary and co-operation partner obtained as a result of economic activity, from credit funds, or from other private financial resources for which no public funding has been received, including State or local government guarantee or State or local government credit on preferential conditions has not been received (hereinafter – private co-funding).

52. Upon implementing a combined aid project, the project applicant shall include the following in accordance with Annexes 2 and 3 to this Regulation:

52.1. the calculation of the average weighted aid intensity of public funding and amount of public funding;

52.2. a detailed justification of the calculation of the average weighted aid intensity of public funding in which:

52.2.1. information regarding division of the investments planned within the scope of the project between the project applicant and one or several co-operation partners is indicated;

52.2.2. the percentage amount in which the beneficiary and co-operation partner are planning to use tangible and intangible assets for principal economic activities and for principal activities of non-economic nature;

52.2.3. calculation of the average weighted non-economic part of the project (in per cent) and of the economic part of the project (in per cent) of the costs referred to in Sub-paragraphs 27.2 and 31.5, Paragraphs 29, 37, and 38 of this Regulation is performed, taking into account the average weighted percentage amount in which the project applicant and co-operation partner (if applicable) are planning to use the tangible and intangible assets purchased or created within the scope of the project for principal activities of non-economic nature;

52.2.4. the amount of the private co-funding necessary for the project implementation is calculated in accordance with the methodology referred to in Annex 3 to this Regulation.

53. The amount of the public funding and the intensity of the public funding shall be determined for a combined aid project, taking into account the following conditions:

53.1. the conditions for implementation of a project of non-economic nature shall be applied to the non-economic part of the project the investments planned within the scope of which are provided for use in the principal activity of non-economic nature or activity limited in scope of the beneficiary or co-operation partner. The costs referred to in Paragraph 35 of this Regulation shall be included in the non-economic part of the project in full amount;

53.2. investment aid for a research infrastructure which is granted in accordance with Article 26 of Commission Regulation No 651/2014, shall be applied to the economic part of the project the investments planned within the scope of which are provided for use in economic activity of the beneficiary or co-operation partner;

53.3. within the scope of a non-economic part of a project:

53.3.1. the activities referred to in Paragraph 22 of this Regulation are to be aided;

53.3.2. the costs referred to in Paragraphs 29, 31, 35, 37, and 38 of this Regulation are eligible;

53.4. within the scope of a economic part of a project:

53.4.1. the activities referred to in Sub-paragraphs 22.3, 22.4, 28.1, 28.3, 28.4, 28.5 and Paragraph 34 of this Regulation are not to be aided;

53.4.2. the costs referred to in Sub-paragraphs 29.1, 29.3, 29.4, 29.5, 31.1.6, 38.3 and Paragraphs 35 and 37 of this Regulation are not eligible;

53.5. the costs referred to in Sub-paragraphs 29.2, 31.5.1, 38.1, and 38.2 of this Regulation are eligible, if:

53.5.1. the costs form the value of the assets referred to in Sub-paragraphs 31.1, 31.2, 31.3, 31.4, and 31.5.3 of this Regulation and created or acquired within the scope of the economic part of the project;

53.5.2. the beneficiary complies with the conditions of stimulating influence referred to in Sub-paragraph 54.1.3 of this Regulation and activities have been initiated after submitting the project application referred to in Sub-paragraph 15.1 of this Regulation to the co-operation authority;

53.5.3. the eligible part of the costs is determined, taking into account the calculation referred to in Sub-paragraph 52.2.3 of this Regulation;

53.6.the eligible part of the costs referred to in Sub-paragraphs 29.1, 29.3, 29.4, 29.5, 38.3 and Paragraph 37 of this Regulation which is related to implementation of the part of the project referred to in Sub-paragraph 53.1 of this Regulation, shall be determined, taking into account the calculation referred to in Sub-paragraph 52.2.3 of this Regulation.

54. The financing conditions within the scope of an economic part of a combined aid project:

54.1. the funding is provided:

54.1.1. to transparent aid categories in the form of a grant in accordance with Article 5(2)(a) of Commission Regulation No 651/2014;

54.1.2. to the activities referred to in Sub-paragraphs 22.1, 22.2, and 22.5 of this Regulation in conformity with the conditions of Paragraphs 52, 53 and Annex 3 of this Regulation;

54.1.3. if the project applicant justifies the stimulating influence of the public funding planned within the scope of the project in accordance with the conditions of Article 6(2) and (3) of Commission Regulation No 651/2014;

54.2. activities and sectors which conform to Article 1(2) and Article 1(3)(c) and (d) of Commission Regulation No 651/2014 are not to be aided;

54.3. the beneficiary and co-operation partner ensure the fulfilment of the conditions laid down in Article 26(2) and (3) of Commission Regulation No 651/2014.

55. Within the scope of an economic part of a combined aid project:

55.1. the public funding granted shall not be merged with aid to another aid programme or individual aid project;

55.2. access to the newly created research infrastructure shall be ensured to several users, and it shall be ensured in a transparent and non-discriminating way. Merchants which have funded at least 10 per cent of the investment costs of the research infrastructure, may be granted a privileged access with more advantageous conditions in accordance with Article 26(4) of Commission Regulation No 651/2014. In order to prevent overcompensating, it shall be ensured that such access is commensurate with the part of the undertaking in investment costs and the relevant conditions have been made public;

55.3. public aid to one research infrastructure shall not exceed the limit value for notification laid down in Article 4(1)(j) of Commission Regulation No 651/2014.

**VI. General Conditions for Project Implementation**

56. The project shall be implemented within 48 months from the date of commencing the project, however, not later than until 30 November 2023.

57. The territory of the Republic of Latvia is the place of project implementation.

58. Within the scope of the Activity investments in the research infrastructure (buildings, premises) may be made:

58.1. in the property of the project applicant or co-operation partner;

58.2. in a property which has been transferred into possession or use of the project applicant or co-operation partner or if the project applicant or co-operation partner has long-term lease rights to the infrastructure for at least five years after making of the closing payment and they have been corroborated in the Land Register.

59. The costs of the project shall be eligible:

59.1. starting from the day this Regulation comes into force, if the following is implemented:

59.1.1. a project of non-economic nature;

59.1.2. a non-economic part of a combined aid project;

59.1.3. the activities referred to in Paragraph 28 of this Regulation;

59.2. after an agreement has been entered into with the co-operation authority regarding project implementation, if a non-economic part of a combined aid project is implemented, except the activities referred to in Paragraph 28 of this Regulation.

60. Aid shall be provided within the scope of the Activity, if the beneficiary and co-operation partner ensure the fulfilment of the following conditions:

60.1. the beneficiary and co-operation partner ensure clear separation of the financial flow of the project implementation from other financial flows of activity of the beneficiary and co-operation partner during project implementation and three years after making of the closing payment, if the beneficiary and co-operation partner comply with the definition of a micro-, small-, or medium-sized merchant, or five years after making of the closing payment, if the beneficiary and co-operation partner complies with the definition of a larger merchant or the definition of a research organisation;

60.2. upon implementing the project, a separate accounting of revenue and expenditure of economic activities related to the project implementation, as well as of activities and financial flows related to the implementation thereof is ensured in accordance with the laws and regulations regarding the procedures by which financial aid (financial assistance) of the State, local governments, foreign states, the European Union, other international organisations and institutions, donations and gifts in cash or in kind.

61. Only such eligible costs shall be funded within the scope of the project which are directly related to the activities performed within the scope of the project, are commensurate, and conform to 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.

62. After a contract has been entered into regarding project implementation, the co-operation authority, on the basis of a written request of the beneficiary for an advance payment, in accordance with the law or regulation regarding planning of the funds from the State budget for implementation of projects of European Union Structural Funds and the Cohesion Fund in the planning period 2014-2020, shall ensure advance payments to the beneficiary the sum total of which does not exceed 30 per cent from the sum total of the co-funding granted to the project from the European Regional Development Fund and the State budget. The advance payment may be disbursed in several payments.

63. Upon implementing the project, the beneficiary shall ensure information and publicity measures as defined in Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund, and in the laws and regulations regarding the procedures by which the requirements for communication and visual identity shall be ensured in introduction of the European Union Structural Funds and the Cohesion Fund in the planning period 2014-2020.

64. If a combined aid project is implemented:

64.1. the co-operation authority shall ensure publishing of information in accordance with Article 9(1) and (4) of Commission Regulation No 651/2014;

64.2. the co-operation authority, the responsible institution, and the beneficiary shall ensure access to information for 10 years, counting from the last decision to grant aid, in accordance with Article 12 of Commission Regulation No 651/2014;

64.3. in accordance with Article 26(7) of Commission Regulation No 651/2014 a supervision and recovery mechanism shall be developed in order to ensure that if the proportion of economic activity is larger than foreseen at the time of granting aid, the applicable aid intensity is not exceeded.

65. The beneficiary shall post current information regarding project implementation on its website not less than once in three months.

66. The beneficiary shall conduct record-keeping of the following data related to the project implementation:

66.1. the impact of the project on indicators “Public Procurement Policy of the Project” and “Impact of the Project on Sustainable Development” (if applicable) of the horizontal principle “Sustainable Development”;

66.2. the supervision indicators referred to in Paragraph 6 of this Regulation and the result indicators of the development directions referred to in Paragraph 25.

67. The co-operation authority has the right to unilaterally withdraw from the project implementation agreement in any of the following cases:

67.1. the beneficiary and co-operation partner do not fulfil the project implementation agreement, including implementation of the project does not take place according to the deadlines specified in the project, fulfilment of the conditions referred to in Paragraph 60 or 63 of this Regulation is not ensured, or other circumstances have set in which affect or may affect achievement of the objective of the Activity referred to in Paragraph 3 of this Regulation, achievement of the supervision indicators referred to in Paragraph 6 of this Regulation and development of the directions referred to in Paragraph 25 of this Regulation;

67.2. in other cases determined in the project implementation agreement.

68. The co-operation authority shall take a decision to grant public funding for parts of a combined aid project related to economic activity by 30 June 2021.

Prime Minister Māris Kučinskis

Minister for Education and Science Kārlis Šadurskis

**Annex 1**

Cabinet

Regulation No. 562

16 August 2016

**Conditions for Drawing up of the Development Strategy of the Scientific Institution**

1. The development strategy of the scientific institution shall be drawn up according to the Smart Specialisation Strategy of Latvia. It shall include at least the following sections:

1.1. research programme of the scientific institution;

1.2. institutional development plan for improving the performance and management efficiency of the scientific institution;

1.3. the human resources development plan of the scientific institution – plan for attraction and development of scientific employees which has been drawn up according to the research programme.

2. The research programme of the scientific institution shall have the following sections:

2.1. a description of the research specialisation of the scientific institution, analysis of demand and competitors, and SWOT analysis (method using which its strengths and weaknesses, as well as opportunities and potential threats are evaluated);

2.2. a description of the development opportunities of the related science and national economy sectors;

2.3. a twinning improvement plan with research organisations (institutions of higher education, scientific institutes), merchants, and makers of social order in division by types of partnership:

2.3.1. knowledge partnership:

2.3.1.1. participation of leading researchers of the scientific institute (third party) in chairing the doctoral theses and in operation of the doctoral councils of an institution of higher education, and also participation in the operation of study programmes or councils of study directions of an institution of higher education, including in defining the results to be achieved;

2.3.1.2. involvement of the leading researchers or professors in the work of the scientific council of the scientific institute;

2.3.2. partnership for implementation of a joint objective;

2.3.3. resource partnership:

2.3.3.1. ensuring of access to the research infrastructure;

2.3.3.2. human resources partnership, including attraction of guest researchers and other activities in order to ensure achievement of the objectives defined in the research programme;

2.3.4. combine partnership which includes several types of partnership;

2.4. a description of medium-term priority research directions which are justified by the development needs of national economy, feasibility study of the sectoral development opportunities, and a twinning improvement plan;

2.5. tools for achievement of research objectives and results:

2.5.1. a plan for participation in competitions of the European Union Framework Programme for Research and Innovation “Horizon 2020” and in other research and innovation aid programmes and technology initiatives;

2.5.2. an action plan in order to increase the number of international publications (for publications in magazines the quoting index of which reaches at least 50 per cent of the average quoting index of the sector);

2.5.3. a plan for improvement of knowledge transfer, promoting the transfer of research results to national economy and commercialisation;

2.6. a plan for development of the research infrastructure necessary for implementation of a research programme;

2.7. research results, result indicators and their numeric values in short-term, medium-term, and long-term:

2.7.1. specific objectives and result indicators of the sector of science;

2.7.2. indicators of the innovations monitoring framework of the European Union.

3. The institutional development plan of the institution for improving the performance and management efficiency of the scientific institution shall have the following sections:

3.1. an infrastructure development plan;

3.2. a plan for improvement of the resource control system:

3.2.1. a plan for improvement of the financial and accounting control system;

3.2.2. a plan for improvement of the intellectual property management;

3.2.3. a plan for concentrating resources;

3.3. a plan for improvement of the result management and supervision system of the principal activity.

4. The human resources development plan of the scientific institution – plan for attraction and development of scientific employees which has been drawn up according to the research programme, shall have at least the following sections:

4.1. a plan for increasing the number of students and persons who have obtained a qualification;

4.2. a plan for attracting leading scientists of foreign scientific institutions;

4.3. a plan for improvement of the motivation system of scientific and academic employees;

4.4. a plan for capacity development of the scientific and academic staff, including a career development plan;

4.5. an international mobility plan of the staff;

4.6. a plan for ensuring academic integrity and ethical research.

5. The procedures for drawing up a research programme of the scientific institution:

5.1. an International Advisory Board created in the institution of the project applicant (if applicable) is involved in the drawing up and introduction of the research programme in which representatives of foreign scientific institutions, undertakings, or employers are included;

5.2. the research programme is drawn up according to the framework initiatives laid down in the strategy of the European Commission “Europe 2020: A Strategy for Smart, Sustainable and Inclusive Growth”, the Guidelines for the Development of Science, Technology and Innovation for 2014-2020, the objectives laid down in the Smart Specialisation Strategy of Latvia, growth priorities and fields of specialisation;

5.3. short-term, medium-term, and long-term research results, performance-based indicators, number values of results indicators at the level of the institution and one representative of the scientific staff in division according to the directions (sectors) of science are determined in the research programme;

5.4. tools for achieving the objectives and results of research are indicated in the research programme.

6. The development strategy of the scientific institution shall be co-ordinated with the Ministry of Education and Science and the sectoral ministry (if applicable).

Minister for Education and Science Kārlis Šadurskis

**Annex 2**

Cabinet

Regulation No. 562

16 August 2016

**Calculation of the Average Weighted Intensity of Public Funding of a Combined Aid Project of the Activity 1.1.1.4 “Development of the R&D Infrastructure in Fields of Smart Specialisation and Strengthening of Institutional Capacity of Scientific Institutions” of the Operational Programme “Growth and Employment”**

**1. Justification for calculation of the average weighted intensity of public funding within the scope of a combined aid project** *(Information regarding all items of expenses of the sub-project shall be provided in the justification. The justification shall be appended to the project application and the request for the final payment. The justification shall be prepared and submitted in the format of a Microsoft EXCEL file, ensuring transparency of the calculations performed.)*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Beneficiary | Object | Number | **COSTS** | **INVESTMENTS** |
| excluding VAT, EUR | including VAT, EUR | **NPP1** | **EPP2** | Eligible in total, EUR | Ineligible costs, EUR | In total, EUR | PF in total, EUR | Private co-funding, EUR |
| % | EUReligible | including PF3, EUR | % | EUReligible | including PF, EUR |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
|   |   |   |   |   |   | [7] = [5] x [6] | [8] = [7] x [0.95] | [9] = 100 - [6] | [10] = [4] x [9] | [11] = [10] x [0.5] | [12] = [7] + [10] | [13] = [10] x VAT | [14] = [13] + [12] | [15] = [8] + [11] | [16] = [14] – [15] |
| Beneficiary [name] | ***Project summary*** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| [asset 1] |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| [asset 2] |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| …. |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| [asset n] |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| Consolidation costs | n/a |  |  | **100** |   |   |   |   |   |   |   |   |   |   |
| Costs of territory landscaping of the construction object which ensure acceptance for operation of the upgraded research infrastructure |  |  |  | **100** |   |   |   |   |   |   |   |   |   |   |
| Technical feasibility study |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| Drawing up of the cost-benefit analysis |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| … |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| Publicity measures of the project |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| Management and implementation of the project |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| Costs for remuneration of the project control staff |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| … |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| Construction supervision, author's supervision |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| Services which are related to the preparation of long-term investments for operation |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| … |   |   |   |   |   |   |   |   |   |   |   |   |   |   |

Notes.

1 Principal activity of non-economic nature.

2 Principal activity of economic nature.

3 Public funding (funding from the State budget and funding from the European Regional Development Fund)

**2. Calculation of the Average Weighted Intensity of Public Funding of a Combined Aid Project**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| No. | Beneficiary | Type of use of investments | Total eligible costs (euro) | PF aid intensity (%) |
| [a] | [b] |
| 1. | Beneficiary No. 1 *[name]* | A1. Non-economic part of a project (NPP) |   | 95 |
| 2. | EPP | B1. Investment aid to the research infrastructure |   | 50 |
| 3. | Sub-project No. 1 |   |  |
| 4. | Beneficiary No. 2 *[name]* | A2. A2. |   | 95 |
| 5. | EPP | B2. Investment aid to the research infrastructure |   | 50 |
| 6. | Sub-project No. 2 |   |  |
| 7. | Characteristic of the project: |   |  |

Minister for Education and Science Kārlis Šadurskis

**In the wording submitted by the Ministry of Education and Science**

**Annex 3**

Cabinet

Regulation No. 562

16 August 2016

**Methodology for Calculation of the Average Weighted Intensity of Public Funding of a Project of Combined Aid Type, Sub-project of a Beneficiary and Co-operation Partner**

Calculation of the average weighted intensity of public funding (hereinafter – intensity of public funding) of a project of combined aid type (hereinafter – project), a sub-project of a beneficiary and co-operation partner (if applicable) (hereinafter – beneficiary) (hereinafter – sub-project) within the scope of the Activity 1.1.1.4 “Development of the R&D Infrastructure in Fields of Smart Specialisation and Strengthening of Institutional Capacity of Scientific Institutions” of the Specific Aid Objective 1.1.1 “To increase the research and innovative capacity of scientific institutions of Latvia and the ability to attract external financing, investing in human resources and infrastructure” of the Priority Direction “Research Technology Development and Innovations” of the Operational Programme “Growth and Employment”.

**I. General Provisions**

1. The intensity of public funding shall be calculated, taking into account the conditions of Article 26 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, 26.06.2014, L 187) (hereinafter – Commission Regulation No 651/2014) and of Cabinet regulations regarding implementation of the activity (hereinafter – the Regulation).

2. Calculations of the average weighted intensity of public funding of a sub-project of the project and beneficiary shall include the following components:

2.1. a justification for determination of the average weighted intensity of public funding of a sub-project of the project and each beneficiary (hereinafter – Paragraph 1 of Annex 2 to the Regulation);

2.2. calculation of the average weighted intensity of public funding of a sub-project of the project and beneficiary (hereinafter – calculation of the intensity of public funding). The calculation of the intensity of public funding shall be included in Paragraph 2 “Calculation of the Average Weighted Aid Intensity” of Annex 2 to the Regulation (hereinafter – Paragraph 2 of Annex 2 to the Regulation).

3. The average weighted intensity of public funding of the project (*IP)* shall be calculated, using the following formula:

*IP= ROUND(SUMPRODUCT(a;b)/SUM(a);4)*, where:

*IP*– the average weighted intensity of public funding of the project (%) (accuracy – four digits after the comma);

*a* – all corresponding components “total eligible costs of the sub-project of the beneficiary” in Column [a] of Paragraph 2 to Annex 3;

*b* – all corresponding components“average weighted aid intensity of the sub-project of the beneficiary” (accuracy – at least four digits after the comma) in Column [b] of Paragraph 2 to Annex 3;

*ROUND(…;4)* – *Microsoft Excel* function which expresses the numerical values of calculations as four digits after the comma;

*SUMPRODUCT* – *Microsoft Excel* function which multiplies all corresponding components in Columns [a] and [b] and afterwards adds up the results;

*SUM* – *Microsoft Excel* function*,* which adds up all corresponding components in Column [a].

4. The average weighted intensity of public funding of a sub-project of the beneficiary (*ILGP*) shall be calculated, using the following formula (see Table 1 of this Methodology):

*ILGP= ROUND(SUMPRODUCT(a1:an;b1:bn)/SUM(a1:an);4)*, where:

*ILGP* – the average weighted intensity of public funding of a project of the beneficiary (%) (accuracy – four digits after the comma);

*a* – all corresponding components in Column [a] of Paragraph 2 of Annex 2 to the Regulation;

*b* – all corresponding components in Column [b] of Paragraph 2 of Annex 2 to the Regulation;

*ROUND(…;4)* – *Microsoft Excel* function which expresses the numerical values of calculations as four digits after the comma;

*SUMPRODUCT* – *Microsoft Excel* function which multiplies all corresponding components in Columns [a] and [b] and afterwards adds up the results;

*SUM* – *Microsoft Excel* function*,* which adds up all corresponding components in Column [a].

5. The procedures for completing the calculation of intensity of public funding (Paragraph 2 of Annex 2 to the Regulation):

5.1. in Column [a] the following eligible costs shall be indicated the amount of which is justified by the calculations performed in Paragraph 1 of Annex 3 to the Regulation:

5.1.1. the total eligible costs of the project;

5.1.2. the total eligible costs of a sub-project of the beneficiary;

5.1.3. the eligible costs of the non-economic part of a sub-project of each project of the beneficiary (hereinafter – non-economic part of the project, NPP) and of the economic part of the project (hereinafter – EPP) in accordance with Article 26 of Regulation No 651/2014;

5.2. the intensity of public funding shall be indicated in Column [b] of Paragraph 2 of Annex 2 which has been determined according to the type of use of investments:

5.2.1. principal activity of non-economic nature – 95 per cent;

5.2.2. principal activity of economic nature (investment aid for the research infrastructure) – 50 per cent.

Table 1.

**Calculation of the Average Weighted Intensity of Public Funding**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **No.** | **Beneficiary** | **Type of use of investments** | **Total eligible costs****(euro)** | **Intensity of public funding****(%)** |
| **[a]** | **[b]** |
| 1. | Beneficiary No. 1 *[name]* | A1. Non-economic part of a project (NPP) |  | 95 |
| 2. | EPP | B1. Investment aid to the research infrastructure (EPP) |  | 50 |
| 4. | Sub-project No. 1 |  |  |
| 5. | Beneficiary No. 2 *[name]* | A2. Non-economic part of a project (NPP) |  | 95 |
| 6. | EPP | B2. Investment aid to the research infrastructure (EPP) |  | 50 |
| 8. | Sub-project No. 2 |  |  |
| 9. | Project: |  |  |

**II. Justification for the Calculation of the Average Weighted Intensity of Public Funding**

6. The procedures for completing the justification for the calculation of intensity of public funding (see Table 2 of this Methodology):

6.1. in Column [Object] of Table 2 all items of expenses of the project (hereinafter – budget items) shall be indicated in division according to beneficiaries, ensuring conformity with the conditions of the Regulation. Budget items may include:

6.1.1. objects of the research infrastructure (hereinafter – assets):

6.1.1.1. tangible assets – scientific installations, equipment, including equipment of a working place, buildings, structures, premises, elements of the system for control of resources and results, including financial and accounting software;

6.1.1.2. intangible assets (assets which are not specified in physical or financial form, for example, patents, licences, know-how, or another intellectual property);

6.1.2. budget items related to consolidation of scientific institutions (hereinafter – consolidations);

6.1.3. other budget items (OBI), including:

6.1.3.1. feasibility study of the project;

6.1.3.2. information and publicity measures of the project;

6.1.3.3. indirect costs;

6.1.3.4. the services referred to in Sub-paragraph 31.5 of the Regulation related to the creation or purchase of the research infrastructure (including construction supervision and author supervision, supply, installation, instructing, testing of tangible assets, validation, approbation, and calibration services, dismantling, movement, and other services);

6.1.3.5. management and implementation of the project;

6.2. in Column [IZMAKSAS/bez PVN, *euro*] total costs of each budget item shall be indicated (excluding VAT), euro;

6.3. in Column [IZMAKSAS/ar PVN, *euro*] total costs of each budget item shall be indicated (including VAT), euro;

6.4. non-economic part of the project (NPP):

6.4.1. in Column [IZMAKSAS/NPD/%] the corresponding amount in percentage of non-economic part shall be indicated for each budget item, taking into account the following conditions:

6.4.1.1. assets – it shall be indicated what part in percentage of the time of operation or use of the particular asset is intended to be used for implementation of principal activities of non-economic nature or activities limited in scope (hereinafter – [IZMAKSAS/NPD/%\_ MA]);

6.4.1.2. consolidation – non-economic part of the project NPD-K=100%;

6.4.1.3. other budget items (OBI) – the average weighted amount in percentage of non-economic part [IZMAKSAS/NPD/%\_CIP] shall be calculated, using the following formula:

*[IZMAKSAS/NPD/%\_CIP] =*

*= SUMPRODUCT([IZMAKSAS/ar PVN, euro\_MA\_K];[IZMAKSAS/NPD/%\_MA\_K])/SUM(([IZMAKSAS/ar PVN, euro\_MA\_K])*, where:

*[IZMAKSAS/NPD/%\_CIP*] – non-economic part of costs of other budget items (%);

*[IZMAKSAS/ar PVN, euro\_MA\_K*] – costs of the corresponding assets, of the landscaping referred to in Sub-paragraph 31.1.6 of the Regulation and consolidation costs (including VAT);

*[IZMAKSAS/NPD/%\_MA\_K]* – amount in percentage of non-economic part of the corresponding assets, of the landscaping and consolidation;

6.4.1.4. the average weighted amount in percentage of non-economic part of a sub-project of the beneficiary [IZMAKSAS/NPD/%\_LGP] shall be calculated, taking into account the costs of all assets corresponding to the sub-project, costs of other budget items (OBI) (euro) (Column [IZMAKSAS/ar PVN, *euro*]) and the amount in percentage of non-economic parts corresponding to the abovementioned budget items, applying Microsoft Excel functions "SUMPRODUCT" / "SUM";

6.5. in Column [IZMAKSAS/NPD/*euro attiecināmās*] eligible costs of the non-economic part of the budget item shall be indicated which are calculated, using the following formula:

*[IZMAKSAS/NPD/euro attiecināmās] = [IZMAKSAS/ar PVN, euro] x [IZMAKSAS/NPD/%]*, where:

*[IZMAKSAS/ar PVN, euro]* – total costs of the budget item (including VAT), euro;

*[IZMAKSAS/NPD/%]* – amount in percentage of the non-economic part of the budget item;

6.6. in Column [IZMAKSAS/NPD/t.sk. PF, *euro*] the public funding of the non-economic part of the budget item shall be indicated which is calculated in conformity with the conditions of the Regulation and using the following formula:

*[IZMAKSAS/NPD/t.sk. PF, euro] = [IZMAKSAS/NPD/euro attiecināmās] x 0.95*, where:

*[IZMAKSAS/NPD/t.sk. PF, euro]* – public funding of the non-economic part of the budget item, euro;

*[IZMAKSAS/NPD/euro attiecināmās]* – eligible costs of the non-economic part of the budget item, euro;

*0.95* – intensity of public funding of the non-economic part;

**6.7. economic part of the project (EPP) – part of the State aid:**

6.7.1. in Column [IZMAKSAS/SPD/%] the amount in percentage of the economic part corresponding to the budget item (it shall be indicated for assets what part (%) of the time of operation or use of assets is planned to be used for implementation of principal economic activities), which is calculated, using the following formula:

*[IZMAKSAS/SPD/%] = 100% – [IZMAKSAS/NPD/%],* where:

*[IZMAKSAS/SPD/%]* – economic part corresponding to the budget item (%);

*[IZMAKSAS/NPD/%] –* non-economic part corresponding to the budget item (%);

6.7.2. in Column [IZMAKSAS/SPD/*euro attiecināmās*] eligible costs of the economic part of assets shall be indicated which are calculated, using the following formula:

*[IZMAKSAS/SPD/euro attiecināmās] = [IZMAKSAS/bez PVN, euro] x [IZMAKSAS/SPD/%]*, where:

*[IZMAKSAS/SPD/euro attiecināmās]* – eligible costs of the economic part of the budget item, euro;

*[IZMAKSAS/bez PVN, euro]* – costs of the budget item (excluding VAT), euro;

*[IZMAKSAS/SPD/%]* – economic part of the budget item (%);

6.7.3. in Column [IZMAKSAS/SPD/t.sk. PF, *euro*] the public funding of the economic part of the project shall be indicated which is calculated in conformity with the conditions of the Regulation and using the following formula:

*[IZMAKSAS/SPD/t.sk. PF, euro] = [IZMAKSAS/SPD/euro attiecināmās] x 0,5* , where:

*[IZMAKSAS/SPD/t.sk. PF, euro]* – public funding of the economic part of the budget item, euro;

*[IZMAKSAS/SPD/euro attiecināmās] –* eligible costs of the economic part of the budget item, euro;

0.5 – intensity of public funding of the economic part of assets;

6.8. in Column [IZMAKSAS/Kopējās attiecināmās, *euro*] the total eligible costs of the budget item shall be indicated which are calculated, using the following formula:

*[IZMAKSAS/Kopējās attiecināmās, euro] =*

*=[IZMAKSAS/NPD/euro attiecināmās]+[IZMAKSAS/SPD/euro attiecināmās],* where:

*[IZMAKSAS/Kopējās attiecināmās, euro] –* total eligible costs of the budget item, euro;

*[IZMAKSAS/NPD/euro attiecināmās]* – eligible costs of the non-economic part of the budget item, euro;

*[IZMAKSAS/SPD/euro attiecināmās] –* eligible costs of the economic part of the budget item, euro;

6.9. in Column [IZMAKSAS/Neattiecināmās, *euro*] the following ineligible costs of the budget item shall be indicated:

6.9.1. the recoverable value added tax (VAT) of the economic part of the State aid of the budget item which is calculated, using the following formula:

*[IZMAKSAS/Neattiecināmās, euro\_PVN] =*

*= [IZMAKSAS/SPD/euro] x ([IZMAKSAS/arPVN,euro]/[IZMAKSAS/bezPVN,euro]-1)*, where:

*[IZMAKSAS/Neattiecināmās, euro\_PVN] –* ineligible costs of the budget item which are formed by the recoverable VAT of the economic part of the item;

*[IZMAKSAS/SPD/euro] –* costs of the economic part of the budget item (including VAT), euro;

*[IZMAKSAS/arPVN,EURO]* – total costs of the budget item (including VAT), euro;

*[IZMAKSAS/bezPVN,euro]-1)* – costs of the budget item (excluding VAT), euro;

6.9.2. ineligible costs of the economic part of other budget items *[IZMAKSAS/Neattiecināmā2, euro\_NIP]*, including

6.9.2.1. costs for development of a cost-benefit economic analysis of the project;

6.9.2.2. costs for development of the strategy for users (contracting parties) of the research infrastructure;

6.9.2.3. costs for development or improvement of the strategy of a scientific institution (including new functional unit), in conformity with the conditions of Sub-paragraph 28.4 of this Regulation;

6.9.2.4. costs for development of procurement documentation for improvement or upgrading of the research infrastructure;

6.9.2.5. items of expenses for information and publicity measures of the project implementation;

6.9.2.6. items of expenses related to the creation of new working places related to the management and implementation of the project;

6.9.2.7. items of indirect costs;

6.10. in Column [IZMAKSAS/Kopā, *euro*] the total costs of the budget item shall be indicated which are calculated, using the following formula:

*[IZMAKSAS/Kopā, euro] =*

*= [IZMAKSAS/Kopējās attiecināmās, euro]+[IZMAKSAS/Neattiecināmās, euro]*. where:

*[IZMAKSAS/Kopā, euro] –* total costs of the budget item, euro;

*[IZMAKSAS/Kopējās attiecināmās, euro] –* total eligible costs of the budget item, euro;

*[IZMAKSAS/Neattiecināmās, euro] –* total ineligible costs of the budget item, euro;

6.11. in Column [IEGULDĪJUMI/PF kopā, *euro*] the total PF funding shall be indicated which is calculated, using the following formula:

*[IEGULDĪJUMI/PF kopā, euro] =*

*= [IZMAKSAS/NPD/t.sk. PF, euro] +[IZMAKSAS/SPD/t.sk. PF, euro],* where:

*[IEGULDĪJUMI/PF kopā, euro] –* total public funding of the budget item, euro;

*[IZMAKSAS/NPD/t.sk. PF, euro]* – public funding of the non-economic part of the budget item, euro;

*[IZMAKSAS/SPD/t.sk. PF, euro]* – public funding of the economic part of the budget item, euro;

6.12. in Column [IEGULDĪJUMI/privātais finansējums/kopā, *euro*] the total private co-funding shall be indicated which is calculated, using the following formula:

[IEGULDĪJUMI/privātais finansējums/kopā, *euro*] *=*

*=*[IZMAKSAS/Kopā, *euro*] *– [IEGULDĪJUMI/PF kopā, euro],* where:

*[IEGULDĪJUMI/labuma guvēja līdzfinansējums/kopā, euro] –* beneficiary co-funding, euro;

[IZMAKSAS/Kopā, *euro*] *–* total costs of the budget item, euro;

*[IEGULDĪJUMI/PF kopā, euro] –* total co-funding of the budget item, euro.

**III. Conditions for the Calculation of the Average Weighted Aid Intensity**

7. When calculating the intensity of public funding, fulfilment of the following conditions shall be ensured:

7.1. conformity of the amount of the public funding with Paragraph 16 or Sub-paragraph 18.1 of this Regulation is ensured;

7.2. conformity of the costs of budget items with the costs indicated in the summary of the Project budget is ensured;

7.3. the numerical values of calculations corresponding to each budget item are expressed with accuracy of two digits after comma, applying Microsoft Excel function "=ROUND(A;2)";

7.4. mutual conformity of the items [IZMAKSAS/ar PVN, *euro*] and [IZMAKSAS, Kopā, *euro*] is ensured;

7.5. the numerical values of costs corresponding to the summary of the project and sub-project of each beneficiary are expressed with accuracy of two digits after comma, applying Microsoft Excel function "=ROUND(A;2)".

Table 2.

**Justification for the Calculation of the Average Weighted Intensity of Public Funding within the Scope of a Project of Combined Aid Type**

*(The justification shall be prepared and submitted in the format of a Microsoft EXCEL file, ensuring transparency of the calculations performed.)*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Beneficiary | Object | Number | **COSTS** | **INVESTMENTS** |
| excluding VAT, EUR | including VAT, EUR | **NPP1** | **EPP2** | Eligible in total, EUR | Ineligible costs, EUR | In total, EUR | PF in total, EUR | Private co-funding, EUR |
| %, | EUR – eligible | including PF3, EUR | % | EUR\_eligible | including PF, EUR |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
|   |   |   |   |   |   | [7] = [5] x [6] | [8] = [7] x [0.95] | [9] = 100 - [6] | [10] = [4] x [9] | [11] = [10] x [0.5] | [12] = [7] + [10] | [13] = [10] x VAT | [14] = [13] + [12] | [15] = [8] + [11] | [16]=[14]-[15] |
| Beneficiary [name] | ***Project summary*** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| [asset 1] |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| [asset 2] |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| …. |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| [asset n] |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| Consolidation costs | n/a |  |  | **100** |   |   |   |   |   |   |   |   |   |   |
| Costs of territory landscaping of the construction object which ensure acceptance for operation of the upgraded research infrastructure |  |  |  | **100** |   |   |   |   |   |   |   |   |   |   |
| Technical feasibility study |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| Drawing up of the cost-benefit analysis |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| … |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| Publicity measures of the project |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| Management and implementation of the project |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| Costs for remuneration of the project control staff |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| … |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| Construction supervision, author's supervision |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| Services which are related to the preparation of long-term investments for operation |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| … |   |   |   |   |   |   |   |   |   |   |   |   |   |   |

1 – Part of a project of non-economic nature (NPP).

2 – Part of a project of economic nature (EPP).

3 – Public funding (PF).

Minister for Education and Science Kārlis Šadurskis

**Annex 4**

Cabinet

Regulation No. 562

16 August 2016

**Methodology for the Calculation of the Division of the Public Funding According to Scientific Institutions Accessible to Activity 1.1.1.4 “Development of the R&D Infrastructure in Fields of Smart Specialisation and Strengthening of Institutional Capacity of Scientific Institutions” of the Specific Aid Objective 1.1.1 “To increase the research and innovative capacity of scientific institutions of Latvia and the ability to attract external financing, investing in human resources and infrastructure” of the Operational Programme “Growth and Employment”**

1. Division of the public funding *Fi* according to scientific institutions accessible to Activity 1.1.1.4 “Development of the R&D Infrastructure in Fields of Smart Specialisation and Strengthening of Institutional Capacity of Scientific Institutions” of the Specific Aid Objective 1.1.1 “To increase the research and innovative capacity of scientific institutions of Latvia and the ability to attract external financing, investing in human resources and infrastructure” (hereinafter – Activity) shall be calculated, using the following formula:

|  |  |
| --- | --- |
| *http://www.likumi.lv/wwwraksti/2016/180/BILDES/KN562/IMAGE001.PNG* | , where |

*Fi* – the funding accessible to the project applicant "*i*" (euro);

i – variation of the project applicant *i* = 1, 2, .., *n*; *n* – number of project applicants);

*FSi –* initial funding of the project applicant in the amount of 500,000 euro;

*FPi* – additional funding for the development of the institutional capacity (hereinafter – funding for the development of the institutional capacity) which includes funding for the development of the institutional capacity in fields of smart specialisation and funding for consolidation of research resources, if the functional unit to be consolidated is transferred or added to the project applicant "*i*" (scientific institute – State-founded public derived persons, public agency founded by an institution of higher education, or a unit of an institution of higher education founded by another state).

2. The funding for the development of the institutional capacity *FPi* shall be calculated, using the following formula:

|  |  |
| --- | --- |
| *http://www.likumi.lv/wwwraksti/2016/180/BILDES/KN562/IMAGE002.PNG* | , where |

*FPi* – funding for the development of the institutional capacity (euro);

*F1114* – public funding available within the scope of the Activity (euro) which is calculated, deducting the public funding available to the Institute of Solid State Physics of the University of Latvia in the amount of 13,320,196 euro which has been determined according to Paragraph 26 of the Protocol-decision No. 25 of the Cabinet of 24 May 2016, from the total public funding available within the scope of the Activity;

– the total initial funding of project applicants (euro);

*Ri* – coefficient of characteristics of the project applicant *(i)*;

– sum of coefficients of characteristics of project applicants.

3. The coefficient of characteristics of the project applicant *Ri* shall be calculated, using the following formula:

|  |  |
| --- | --- |
| *http://www.likumi.lv/wwwraksti/2016/180/BILDES/KN562/IMAGE005.PNG* | , where |

*Ri* – coefficient of characteristics of the project applicant;

 – performance coefficient of the project beneficiaries which is calculated by adding up the performance coefficients of each beneficiary (functional unit involved in consolidation of research resources, hereinafter – beneficiary);

*g* – variation of the beneficiary (*g* = 1, 2, .., *t*; *t* – number of beneficiaries);

– impact of the project on introduction of smart specialisation fields of Latvia which is calculated by adding up the impact of each beneficiary on introduction of smart specialisation fields of Latvia;

*KK*– coefficient which characterises the impact of the project on consolidation of research resources provided that *KK =* 1,2 if one functional unit to be consolidated is transferred or added to the project applicant, *KK =* 1,5 if two or more functional units to be consolidated are transferred or added to the project applicant;

*KH* – coefficient which characterises the potential horizontal impact of the project and the investment in transformation of national economy, taking into account:

3.1. the following growth priorities:

3.1.1. improvement of energy performance which includes creation of new materials, optimisation of manufacturing processes, introduction of technological solutions, use of alternative energy resources, and other solutions. The coefficient is applied, if the beneficiary is a creator of a research centre of national significance of acquisition and sustainable use of energy and environmental resources (including also the development of the Transport and Mechanical Engineering Centre) and the proportion of the funding attracted for its research (the socio-economic objective of which – industrial manufacturing and technology) exceeds 50 per cent;

3.1.2. development of modern ICT systems corresponding to the current requirements. The coefficient is applied, if the beneficiary is a creator of a research centre of national significance of information, communications and signal processing technologies (including also cosmic data processing centre);

3.1.3. developed knowledge basis and human capital in the field of knowledge: biomedicine, medical technologies, biopharmacy, and biotechnologies. The coefficient shall be applied, if the beneficiary is a creator of a research centre of national significance of pharmacy and biomedicine (including also creation of a pharmaceutical technologies study and research centre and of a biopharmacy centre) or a research centre of national significance of public health and clinical medicine and the proportion of the funding attracted for its research (the socio-economic objective of which – health) exceeds 50 per cent;

3.2. the condition that *KH =* 1,2, if the project contributes to the development of one direction of transformation referred to in Sub-paragraph 3.1, 3.2, or 3.3 of this Annex, *KH =* 1,4, if the project contributes to the development of two or more directions of transformation referred to in Sub-paragraph 3.1, 3.2, or 3.3 of this Annex.

4. The performance coefficient *KPg* of the beneficiary shall be calculated, using the following formula:

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| *http://www.likumi.lv/wwwraksti/2016/180/BILDES/KN562/IMAGE008.PNG* | , where |

*IKg* – average revenue of the beneficiary during the time period of implementation of research projects from 2012 to 2014 (hereinafter – total performance indicator of the beneficiary) which is indicated, in accordance with Cabinet Regulation No. 1032 of 27 December 2005, Regulations Regarding Classification of the Budget Revenue, in reports on budgetary implementation (Form 2) and in turnover reports on cash flows in the following classification codes of budget revenue:

4.1. 18.3.1.3. Transfers received by derived public persons partially funded from the State budget and institutions not funded from the budget from the budget of the ministry or central State institution to which it is institutionally subordinated, for projects (activities) co-funded by the European Union policy instruments and other foreign financial assistance;

4.2. 18.3.1.4. Transfers received by derived public persons partially funded from the State budget and institutions not funded from the budget from another ministry or central State institution, for projects (activities) co-funded by the European Union policy instruments and other foreign financial assistance;

4.3. 21.1.9.1. Revenue from implementation of other projects and activities co-funded by European Union policy instruments and foreign financial assistance received other than European Union Structural Funds. Resources for implementation of assistance programmes funded by the European Union shall be attributed to Code 21.1.9.1 which have been received by a derived public person partially funded from the State budget from the aid of the European Union for transport, telecommunications, and energy infrastructure networks (for example, TEN-T, TEN-E, eTEN), the Competitiveness and Innovation Framework Programme, the Framework Programme for Research, Life+, the financial programme of the Schengen Convention, funding of Objective 3 “European Territorial Co-operation”, and other policy instruments of the European Union, as well as foreign financial assistance;

4.4. 21.1.9.2. Revenue from implementation of other State financial aid programmes. Resources for implementation of other foreign financial aid programmes shall be attributed to Code 21.1.9.2 (for example, revenue received by a derived public person from NATO, EEA and Norwegian financial instrument, Swiss Co-operation Programme);

4.5. 21.3.9.6. Revenue from implementation of science projects. Revenue which have resulted from implementation of commissioned scientific studies or projects shall be attribute to Code 21.3.9.6;

4.6. 21.4.2.2. Revenue from the projects of policy instrument of the European Union implemented by the partner group of the leading partner;

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| http://www.likumi.lv/wwwraksti/2016/180/BILDES/KN562/IMAGE009.PNG | – total performance indicator of beneficiaries. |   |

5. Impact of the beneficiary on introduction of smart specialisation fields of Latvia shall be calculated, using the following formula:

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| http://www.likumi.lv/wwwraksti/2016/180/BILDES/KN562/IMAGE011.PNG | , where |

– proportion of the performance indicator of the beneficiary in the particular field of smart specialisation of Latvia;

– average export proportion of the smart specialisation field of Latvia;

*RIS3joma* – smart specialisation field of Latvia which includes knowledge based bioeconomy, biomedicine, and medical technologies, biopharmacy, and biotechnology, smart materials, technologies, and engineering systems, information and communications technologies, smart energy;

– total impact of the beneficiary on introduction of smart specialisation fields of Latvia;

– total impact of all beneficiaries on introduction of smart specialisation fields of Latvia.

6. The proportion of the performance indicator of the beneficiary in a particular field of smart specialisation of Latvia shall be determined:

6.1. by taking into account the following aspects:

6.1.1. involvement of the beneficiary in the creation of a particular research centre of national significance;

6.1.2. the joint performance indicator of the beneficiary which is determined on the basis of the information provided in the reports on budget implementation (Form 2) and in the turnover reports on cash flows;

6.1.3. the information indicated in the statistical reports submitted to the Central Statistical Bureau on carrying out of scientific work (hereinafter – the CSB) regarding division of the amount of scientific work carried out (in per cent) according to the fields of science (hereinafter – amount of research in the field of science; *Zn*);

6.1.4. conformity of the research infrastructure created by the beneficiary in the planning period 2007-2013 and accepted into the balance sheet (hereinafter – research infrastructure of the beneficiary) with the research direction of the research centre of national significance and particular field of smart specialisation of Latvia;

6.2. in conformity with the following conditions:

6.2.1. the research infrastructure of the beneficiary has been created within the scope of one research centre of national significance:

6.2.1.1. the performance indicator of the beneficiary is attributable to one field of smart specialisation in the amount of 100%, if the beneficiary, according to the information provided in the CSB report, carries out research on a field of science which completely conforms to the direction of science of the related centre and to a particular field of smart specialisation;

6.2.1.2. the performance indicator of the beneficiary is attributable to several fields of smart specialisation in direct proportion to the amount of research carried out in a particular field of smart specialisation, if the beneficiary, according to the information provided in the CSB report, carries out research in fields of science which conform to the direction of science of the related centre and several fields of smart specialisation, provided that the proportion of scientific work corresponding to the particular field of smart specialisation exceeds 10% of the total amount of scientific work of the beneficiary;

6.2.2. the research infrastructure of the beneficiary has been created within the scope of several research centres of national significance, and the beneficiary, according to the information provided in the CSB report, carries out research in fields of science which conform to several fields of smart specialisation:

6.2.2.1. the proportion of the performance indicator of the beneficiary in a particular field of smart specialisation should be calculated in direct proportion to the research amount carried out in the fields of science corresponding to the particular field of smart specialisation;

6.2.2.2. if research carried out in one field of science is attributable to several fields of smart specialisation, the proportion of the performance indicator of the beneficiary in the particular field of smart specialisation should be calculated, using the following formula:

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| --- | --- |
| http://www.likumi.lv/wwwraksti/2016/180/BILDES/KN562/IMAGE016.PNG | , where |

*SRIS3* – performance indicator in a particular field of smart specialisation of Latvia (euro);

*IK* – total performance indicator of the beneficiary (euro);

Zn – research amount in a particular field of science (per cent);

*RIS3skaits* – number of such fields of smart specialisation of Latvia to which the amount of scientific work carried out in a particular field of science is attributable;

6.2.3. if the research infrastructure of the beneficiary has been created within the scope of several research centres of national significance, but the beneficiary, according to the information provided in the CSB report, carries out research in a field of science which conforms to several fields of smart specialisation, the performance indicator of the beneficiary shall be attributable to the corresponding field of smart specialisation;

6.2.4. if the beneficiary carries out research in a field of science which does not conform to the direction of science of the related research centre of national significance or is not attributable to the fields of smart specialisation referred to in Paragraph 3 of this Annex (hereinafter – direction not to be aided), such part of the total performance indicator of the beneficiary shall not be included in the sum  of performance indicators attributable to smart specialisation which is attributable to the direction not to be aided.

Minister for Education and Science Kārlis Šadurskis

**Annex 5**

Cabinet

Regulation No. 562

16 August 2016

**Report on Turnover of the Scientific Institution <name> in 20\_\_\_**

**I. Expenses in division according to economic classification codes (ECC) and dimensions:**

**nature of activity and type of activity**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| ECC | N |  | S | **IN TOTAL** |
| Activity of non-economic nature | Indirect activity in total | Economic activity |
| principal activity | other activity | indirect activity | IN TOTAL | principal activity | other activity | indirect activity | IN TOTAL |
| education | research | technology transfer | education | research | technology transfer |
| F | R | E | F | R | E |
| fundamental research | industrial research | experimental development | fundamental research | industrial research | experimental development |
|   |   |   |   |   |   |   |   | 0 |  |  |  |  |  |  |  |  | 0 | 0 |
|   |   |   |   |   |   |   |   | 0 |  |  |  |  |  |  |  |  | 0 | 0 |
|   |   |   |   |   |   |   |   | 0 |  |  |  |  |  |  |  |  | 0 | 0 |

**II. Revenue in division according to economic classification codes (ECC) and dimensions:**

**nature of activity and type of activity**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| ECC | N |  | S | **IN TOTAL** |
| Activity of non-economic nature | Indirect activity in total | Economic activity |
| principal activity | other activity | indirect activity | IN TOTAL | principal activity | other activity | indirect activity | IN TOTAL |
| education | research | technology transfer | education | research | technology transfer |
| F | R | E | F | R | E |
| fundamental research | industrial research | experimental development | fundamental research | industrial research | experimental development |
|   |   |   |   |   |   |   |   | 0 |  |  |  |  |  |  |  |  | 0 | 0 |
|   |   |   |   |   |   |   |   | 0 |  |  |  |  |  |  |  |  | 0 | 0 |
|   |   |   |   |   |   |   |   | 0 |  |  |  |  |  |  |  |  | 0 | 0 |

Minister for Education and Science Kārlis Šadurskis