**Regulations of the Cabinet of Ministers No 407**

of 25 June 2024 in Riga (prot. No 26§ 40)

**Implementing rules for measure 1.1.1.3 "** **Industry-driven research" of the specific support objective 1.1.1 "Strengthening research and innovation capacity and implementation of advanced technologies in the overall R&D system" of the European Union Cohesion Policy Programme 2021-2027**

*Issued in accordance with* [*Section 19 Paragraph six and thirteen*](https://m.likumi.lv/doc.php) *of the Law on Management of European Union Funds for the 2021-2027 Programming Period*

**I. General Provisions**

1. This Regulation prescribes:

1.1. the procedures for the implementation of measure 1.1.1.3 "Industry-driven research" of the specific support objective 1.1.1 "Strengthening research and innovation capacity and implementation of advanced technologies in the overall R&D system" of the European Union cohesion policy programme for 2021-2027 (hereinafter - measure);

1.2. the objectives of the measure;

1.3. the financing planned and available for the measure;

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

1.5. the conditions for the eligibility of the activities and costs to be supported;

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

2. The following terms are used in this Regulation:

2.1. project not related to economic activity - a project which conforms to the following criteria:

2.1.1. the project is implemented by a scientific institution which conforms to the  [definition of a research organisation referred to in](https://likumi.lv/ta/id/353061-eiropas-savienibas-kohezijas-politikas-programmas-2021-2027-gadam-1-1-1-specifiska-atbalsta-merka-petniecibas-un-inovaciju#p2.12) Sub-paragraph 2.12 of this Regulation;

2.1.2. the activities to be implemented in the project conform to the  [conditions referred to in](https://likumi.lv/ta/id/353061-eiropas-savienibas-kohezijas-politikas-programmas-2021-2027-gadam-1-1-1-specifiska-atbalsta-merka-petniecibas-un-inovaciju#p2.4) Sub-paragraph 2.4 of this Regulation;

2.2. project related to economic activity - a project which conforms to one or both of the following criteria:

2.2.1. the project is implemented by a scientific institution or a performer of economic activity registered in the Commercial Register of the Republic of Latvia;

2.2.2. implement activities within the scope of the project which are of an economic nature;

2.3. activity of an economic nature - any activity that includes the offering of goods or services on the market, including leasing of research infrastructure, services implemented on behalf of performers of economic activity, or contract research;

2.4. activity of non-economic nature - the main activity of a research organisation that does not fall within the scope of activity laid down in [Article 107(1)](https://likumi.lv/ta/id/353061#p107) of the Treaty on the Functioning of the European Union and the forms of expression of which are as follows:

2.4.1. public education in order to increase and improve the skills of human resources which are ensured within the framework of the State education system and are mainly or fully financed and supervised by the State;

2.4.2. independent research and development is implemented with the aim of acquiring more knowledge and better understanding, including joint research and development is implemented when the research organisation or research infrastructure engages in effective cooperation. The provision of research and development services and R&D carried out on behalf of undertakings are not considered to be independent R&D;

2.4.3. dissemination of research results is performed without exclusivity and discrimination, including by using teaching, open access databases, open publications or open source software;

2.4.4. know-how and technology transfer activities if:

2.4.4.1. the activities of the know-how 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 percent or in which the parent undertaking has a majority of votes and which conforms to  [the definition of the research organisation referred to in Sub-paragraph 2.12](https://m.likumi.lv/doc.php#p2.12) of this Regulation ), the research organisation jointly with other research organisations or the research organisation with third parties; the conclusion of contracts for certain services in an open tendering procedure;

2.4.4.2. all profit from such activity is reinvested in the main activity of the research organisation;

2.5. effective cooperation - cooperation which complies with Commission Regulation (EU) No of 17 June 2014[. 651/2014](https://likumi.lv/ta/id/331743-eiropas-savienibas-fondu-2021-2027-gada-planosanas-perioda-vadibas-likums?locale=LV) declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (hereinafter referred to as Commission Regulation No  [651/2014](http://eur-lex.europa.eu/eli/reg/2014/651/oj/?locale=LV)), the definition set out in Article 2(90);

2.6. experimental development - development which conforms to Commission Regulation NoNo  [651/2014](http://eur-lex.europa.eu/eli/reg/2014/651/oj/?locale=LV) as defined in Article 2(86);

2.7. fundamental research - research which conforms to Commission Regulation No [651/2014](http://eur-lex.europa.eu/eli/reg/2014/651/oj/?locale=LV) for the definition set out in Article 2(84);

2.8. intellectual property - the right to individual results of the activities of the human mind, which have the value of goodwill. Such a right shall take the form of a prohibition on the use of someone's intellectual property without his prior authorisation;

2.9. intellectual property rights - rights which conform to the provisions of Commission Regulation No 21 of 21 March 2014.  [316/2014](http://eur-lex.europa.eu/eli/reg/2014/316/oj/?locale=LV) 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](http://eur-lex.europa.eu/eli/reg/2014/316/oj/?locale=LV)) for the definition set out in Article 1(h);

2.10. beneficiary - an entity (beneficiary of financing, cooperation partner or commissioning party of contract research) who obtains intellectual property rights and economic advantages arising from the part of the project of the subject or the activity performed within the framework of the contract research;

2.11. contract research - research carried out in the interests of a performer of economic activity (commissioning party of contract research) which is implemented by a scientific institution on behalf of the commissioning party of the contract research which has been determined in accordance with the laws and regulations regarding the procurement procedure and the procedures for the application thereof to the projects financed by the contracting authority and the operation of which has been registered in Latvia or abroad. Contract research is characterized by the following criteria:

2.11.1. the customer of the contract research owns the results of the project and the customer of the contract research is subject to the risk of failure;

2.11.2. the technology rights arising from the activity performed within the scope of the project of the scientific institution shall be fully granted to the commissioning party of the contract research, who obtains all economic advantages from such rights, keeping them fully at disposal;

2.11.3. the commissioning party of the contract research shall determine the terms and conditions of such service, which are applicable to the publicity and commercialisation of the project results;

2.11.4. within the framework of one project, the commissioning party of the contract research may combine several contract research for different scientific institutions, if it is necessary for the achievement of the project results;

2.12. research organisation - an entity which conforms to Commission Regulation No  [651/2014](http://eur-lex.europa.eu/eli/reg/2014/651/oj/?locale=LV) as defined in Article 2(83);

2.13. part of the project - a sub-project implemented within the scope of the project of the beneficiary or cooperation partner to which the conditions of  [the project referred to in](https://m.likumi.lv/ta/id/353061#p22.2) Sub-paragraph 22.2 [or](https://m.likumi.lv/ta/id/353061#p23.3) 23.3 of this Regulation are applied;

2.14. industrial research - studies which conform to Commission Regulation No [651/2014](https://m.likumi.lv/ta/id/353061?locale=LV) as defined in Article 2(85);

2.15. technology rights - rights which conform to Commission Regulation No [316/2014](https://m.likumi.lv/ta/id/353061?locale=LV) as defined in Article 1(b);

2.16. scientific worker - scientific staff, science service personnel and scientific technical staff employed on-site or remotely in the project;

2.17. scientific staff - leading researchers, researchers and scientific assistants elected in accordance with the laws and regulations governing scientific activity, as well as persons working in the institution of the performer of economic activity who perform the duties of a leading researcher, researcher, and scientific assistant;

2.18. scientific institutions - a scientific institute (a public agency, derived public person, a structural unit of a State higher education institution, a legal person governed by private law or a structural unit thereof) or a higher education institution registered in the Register of Scientific Institutions of the Republic of Latvia.

3. Public funding for the implementation of projects related to an economic activity shall be granted in accordance with Commission Regulation No  [Article 25 of 651/2014](https://m.likumi.lv/ta/id/353061?locale=LV), which applies to beneficiaries who correspond to small (micro), small, medium or large economic operators and in accordance with Commission Regulation No [Article 28 of 651/2014](http://eur-lex.europa.eu/eli/reg/2014/651/oj/?locale=LV), which applies to beneficiaries who are small (micro), small or medium-sized economic operators.

4. The objective of the event is to support the implementation of industry-driven researchand cooperation research, including interdisciplinary research, which direct the development of the specialisation areas of the Smart Specialisation of Latvia (hereinafter - RIS3) strategy, providing for the increase of the capacity and export capacity of the innovation system of the Latvian economy in accordance with the RIS3 strategy.

5. Research projects, including interdisciplinary projects, which contribute to the implementation of the economic transformation directions and growth priorities determined by the Smart Specialisation Strategy of Latvia and the development of the following areas of specialisation shall be supported within the framework of the event:

5.1. knowledge-intensive bioeconomy;

5.2. biomedicine, medical technology, biopharmaceutical and biotechnology;

5.3. smart materials, technologies and engineering systems;

5.4. smart energy;

5.5. information and communication technologies.

6. The target group of the measure shall be:

6.1. scientific institutions;

6.2. performers of economic activity registered in the Commercial Register of the Republic of Latvia;

6.3. scientific staff.

7. The following indicators shall be achieved within the scope of the measure by using the  [financing referred to](https://likumi.lv/ta/id/353061-eiropas-savienibas-kohezijas-politikas-programmas-2021-2027-gadam-1-1-1-specifiska-atbalsta-merka-petniecibas-un-inovaciju#p13) in Paragraph 13 of this Regulation:

7.1. output indicator until 31 December 2024:

7.1.1. research organisations participating in joint research projects - 5;

7.1.2. undertakings which cooperate with research organisations - 13;

7.2. output indicator until 31 December 2029:

7.2.1. research organisations participating in joint research projects - 10;

7.2.2. undertakings which cooperate with research organisations - 26;

7.3. result indicator until 31 December 2029 - private investments complementing public support - EUR 16 119 840;

7.4. national indicator:

7.4.1. original scientific papers published in journals  *or conference proceedings included in* the Web of Science*,* SCOPUS *or* ERIH+ databases;

7.4.2. technology rights - patents;

7.4.3. technology rights - other intangible assets;

7.4.4. intellectual property licences or transfer agreements;

7.4.5. a prototype of a new product or new technology, including methods;

7.4.6. new non-commercial medical treatment and diagnostic methods.

8. Within the framework of the measure, the beneficiary shall accumulate the following RIS3 indicators in each of the RIS3 areas in breakdown by types of beneficiaries in the Cohesion Policy Funds Management and Information System (hereinafter - the management system):

8.1. amount of research and development (hereinafter - R&D) expenditure - public funding (*in euros*);

8.2. amount of R&D expenditure - private investment (*in euros*);

8.3. fundamental research (amount of R&D expenditure) (*in euros*);

8.4. industrial (applied) research (amount of R&D expenditure) (*euro*);

8.5. experimental developments (amount of R&D expenditure) (*in euros*);

8.6. labour costs (amount of R&D expenditure) (*in euros*);

8.7. capital expenditure - buildings, equipment, intellectual property rights, computer software (amount of R&D expenses) (*in euros*);

8.8. external expenditure for research work ordered in other institutions, enterprises, organisations (amount of R&D expenditure) (*in euros*);

8.9. newly created technologies (number);

8.10. newly created products (goods and services other than technologies) (number);

8.11. the scientific staff involved (including young scientists, master's students, doctoral students and applicants for a doctoral degree) (number);

8.12. the scientific staff involved (including young scientists, master's students, doctoral students and applicants for a doctoral degree) (full-time equivalent);

8.13. the involved scientific technical staff (including young scientists, master's students, doctoral students and applicants for a doctoral degree) (number);

8.14. the involved scientific technical staff (including young scientists, master's students, doctoral students and applicants for a doctoral degree) (full-time equivalent);

8.15. publications *Web of Science* and *SCOPUS* (together) (including in cooperation with industry).

9. The beneficiary of financing shall submit the information referred to [in Paragraph 8](https://likumi.lv/ta/id/353061-eiropas-savienibas-kohezijas-politikas-programmas-2021-2027-gadam-1-1-1-specifiska-atbalsta-merka-petniecibas-un-inovaciju#p8) of this Regulation together with the payment request or within 10 working days after the request of the responsible authority.

10. The measure shall be implemented in the form of an open selection of project applications.

11. Support in the form of grants is provided for the measure.

12. Within the framework of the measure, the functions of the responsible institution shall be performed by the Ministry of Education and Science (hereinafter - the responsible institution).

13. The total financing planned within the framework of the measure is EUR 56 760 000 (of which the flexibility envelope is EUR 6 586 609), of which the European Regional Development Fund funding is EUR 48 246 000 (of which the flexibility envelope is EUR 5 598 618) and the state budget co-financing is EUR 8 514 000 (of which the flexibility envelope is EUR 987 991)). The maximum eligible amount of financing from the European Regional Development Fund shall not exceed 85 percent of the total eligible financing planned for the project.

14. The total financing available for the implementation of the measure shall be planned in the amount of not more than EUR 50 173 391 , including the financing from the European Regional Development Fund - in the amount of EUR 42 647 382 and the co-financing from the State budget - in the amount of EUR 7 526 009 .

15. After the decision of the European Commission on the mid-term review, the Responsible Authority may propose to increase the total financing available for the measure from 1 January 2026 to  [the planned total amount of financing referred](https://m.likumi.lv/doc.php?id=353061#p13) to in Paragraphs 13 [and](http://eur-lex.europa.eu/eli/reg/2021/1060/oj/?id=353061#p17) 17 of this Regulation.

16. The total eligible public funding planned and available in the first round of selection of project applications shall be not more than EUR 35 000 000, which shall consist of the financing from the European Regional Development Fund - not more than EUR 30 770 000 and the co-financing from the State budget - not more than EUR 4 230 000, including:

16.1. for projects not related to economic activity:

16.1.1. the amount of the total eligible public financing available within the framework of measures is not more than EUR 28 200 000, which is formed by the financing from the European Regional Development Fund - not more than EUR 23 970 000 and the State budget financing - not more than EUR 4 230 000;

16.1.2. the maximum intensity of public financing is 91.4 percent, which consists of:

16.1.2.1. State budget aid intensity - 13.7 percent;

16.1.2.2. aid intensity of the European Regional Development Fund - 77.7 percent;

16.2. the amount of the total eligible public financing available for projects related to economic activity shall be not less than EUR 6 800 000, which is formed by the financing from the European Regional Development Fund.

17. The total eligible public funding planned for the second round of selection of project applications shall be not more than EUR 21 760 000 (of which flexibility funding - EUR 6 586 609), which consists of the financing from the European Regional Development Fund - not more than EUR 17 476 000 (of which flexibility financing - EUR 5 598 618) and the State budget co-financing - not more than EUR 4 284 000  (of which flexibility funding – 987,991 *euro*), including:

17.1. for projects not related to economic activity:

17.1.1. the amount of the total eligible public financing available within the scope of the measure is not more than EUR 14 361 600, which is formed by the financing from the European Regional Development Fund - not more than EUR 10 077 600 and the State budget financing - not more than EUR 4 284 000;

17.1.2. the maximum intensity of public financing is 91.4 percent, which consists of:

17.1.2.1. State budget aid intensity - 27.3 percent;

17.1.2.2. aid intensity of the European Regional Development Fund - 64.1 percent;

17.2. the amount of the total eligible public financing available for projects related to economic activity shall be not less than EUR 7 398 400, which is formed by the financing from the European Regional Development Fund.

18. The total financing available for the implementation of the second round of selection of project applications shall be planned in the amount of not more than EUR 15 173 391 , including the financing from the European Regional Development Fund - in the amount of EUR 11 877 382  *, the co-financing from the State budget - in the amount of* EUR *3 296 009*, including:

18.1. for projects not related to economic activity:

18.1.1. the amount of the total eligible public financing available within the scope of the measure is not more than EUR 11 034 990, which is formed by the financing from the European Regional Development Fund - not more than EUR 7 738 981 and the State budget financing - not more than EUR 3 296 009;

18.1.2. the maximum intensity of public financing is 91.4 percent, which consists of:

18.1.2.1. State budget aid intensity - 27.3 percent;

18.1.2.2. aid intensity of the European Regional Development Fund - 64.1 percent;

18.2. the amount of the total eligible public financing available for projects related to economic activity shall be not less than EUR 4 138 401, which is formed by the financing from the European Regional Development Fund.

19. In the first and second rounds of selection of project applications, the maximum amount of public financing for one project shall be EUR 600 000, the minimum amount of financing shall be EUR 30 000.

**II. Requirements for a Project Applicant and Cooperation Partner**

20. A project applicant may be:

20.1. the scientific institution which may submit:

20.1.1. the project referred to [in Sub-paragraph 2.1](https://m.likumi.lv/doc.php?id=353061#p2.1) of this Regulation not related to economic activity, if the scientific institution conforms to the definition of the research organisation;

20.1.2. the  [project related to economic activity referred to in](https://m.likumi.lv/doc.php?id=353061#p2.2) Sub-paragraph 2.2 of this Regulation;

20.2. a performer of economic activity who may submit the  [project related to economic activity referred to in](https://m.likumi.lv/doc.php?id=353061#p2.2) Sub-paragraph 2.2 of this Regulation.

21. The project may be implemented as a cooperation project, ensuring the fulfilment of the following conditions:

21.1. the cooperation partner has been registered in the relevant register in Latvia or abroad, and it may be:

21.1.1. the scientific institution;

21.1.2. the performer of economic activity;

21.2. at least two partners participate in the development of the cooperation project, contribute to its implementation and share the risk and results of the project.

22. The following projects not related to economic activity may be implemented within the scope of the measure, which include research and transfer of research results in the form of know-how and technology transfer:

22.1. a project individually implemented by the research organisation within the framework of which independent research is carried out in order to obtain more knowledge and better understanding. Intellectual property rights resulting from the research results obtained within the framework of the research organisation's project shall be fully allocated to the research organisation which derives all the economic benefits from those rights;

22.2. a cooperation project of at least two independent parties, if the research organisation engages in effective cooperation and the project conforms to the following criteria:

22.2.1. the rights to the research results arising from the activities performed within the scope of the project, including to intellectual property and access rights related thereto, shall be granted to different parties of the cooperation project in direct proportion to the contribution to the project implementation, including in proportion to the tangible and intangible assets and financing, the contribution made in kind and human resources (hereinafter - the investment), as well as according to the distribution of risks and liability;

22.2.2. the parties to the cooperation project are the performer of economic activity and the research organisation which ensures that the research results which are not protected by intellectual property rights may be widely disseminated, and any intellectual property rights in relation to the research results arising from the activities of the research organisation are fully allocated to the research organisation;

22.2.3. the provisions of the cooperation project in relation to the allocation of investments, risks and results, dissemination of results, access to intellectual property and the provisions regarding granting, alienation or granting of the right of first refusal of such intellectual property rights shall be included in  [the cooperation contract referred to in Sub-paragraph 30.5](https://m.likumi.lv/doc.php?id=353061#p30.5) of this Regulation, which shall be entered into prior to the commencement of the project implementation.

23. The following projects related to economic activity may be implemented within the scope of the measure:

23.1. a project individually implemented by the scientific institution or performer of economic activity within the framework of which the project applicant obtains intellectual property rights and economic advantages arising from the research results obtained within the scope of the project;

23.2. a project or a part of a project implemented in the interests of the performer of economic activity - the commissioning party of contract research - within the framework of which the commissioning party of the contract research obtains intellectual property rights and economic advantages arising from the following research results obtained within the scope of the project or part of the project:

23.2.1. from contract research implemented by the scientific institution determined in accordance with [Sub-paragraph 2.11 of this Regulation](http://eur-lex.europa.eu/eli/reg/2014/316/oj/?id=353061#p2.11);

23.2.2[.](http://eur-lex.europa.eu/eli/reg/2014/651/oj/#n2) from research which is implemented by the commissioning party of the contract research within the scope of the project or part of the project;

23.3. a cooperation project of at least two parties in order to achieve a common goal.

24. Within the framework of the measure, the national indicators defined [in Sub-paragraph 7.4](https://m.likumi.lv/doc.php?id=353061#p7.4) of this Regulation shall be accumulated in the management system . The beneficiary of financing shall submit the information and documents certifying  [the achieved project results referred to in](https://m.likumi.lv/doc.php?id=353061#p7.4) Sub-paragraph 7.4 of this Regulation together with the payment request.

25. The beneficiary of financing shall justify in the project application the expected sustainability of the  [national indicators referred to in Sub-paragraph 7.4](https://m.likumi.lv/doc.php?id=353061#p7.4) of this Regulation during the implementation of the project and for at least five years after receipt of the final payment according to one or several of the following investments in increasing the capacity of the innovation system:

25.1. the know-how and technology transfer created within the scope of the project, including scientific articles, registered technology rights, commercialisation of technology rights;

25.2. improvement of the prototype developed within the scope of the project in order to introduce it into production or provision of services.

26. A project applicant shall prepare and submit a project application to the Cooperation Institution in accordance with the requirements specified in the project application selection regulations.

27. In the first and second rounds of selection of project applications, the project application shall be submitted using the management system. The following annexes shall be appended to the project application:

27.1. a curriculum vitae (Curriculum vitae) of each of the principal investigators involved in the implementation of the project or a person who performs the duties of the principal investigator in the institution of the performer of economic activity;

27.2. translation into English of the project application and annexes thereto in accordance with that specified in the selection regulations;

27.3.  [in the case referred to in](https://m.likumi.lv/doc.php?id=353061#p23) Paragraph 23 of this Regulation:

27.3.1. the calculation of the weighted average intensity of public financing of a project related to economic activity ([Annex](http://eur-lex.europa.eu/eli/reg/2014/651/oj/?id=353061));

27.3.2. a declaration on the conformity of the project submitter and cooperation partner with the category of the small (micro), small or medium-sized performer of economic activity, which has been prepared in accordance with the laws and regulations regarding the procedures for declaring small (micro), small or medium-sized commercial companies;

27.4.  [in the case referred to in](https://likumi.lv/ta/id/353061-eiropas-savienibas-kohezijas-politikas-programmas-2021-2027-gadam-1-1-1-specifiska-atbalsta-merka-petniecibas-un-inovaciju?id=353061#p23.2.1) Sub-paragraph 23.2.1 of this Regulation - a certified copy of the contract referred to [Paragraph 29](https://likumi.lv/ta/id/353061-eiropas-savienibas-kohezijas-politikas-programmas-2021-2027-gadam-1-1-1-specifiska-atbalsta-merka-petniecibas-un-inovaciju?id=353061#p29) of this Regulation regarding the performance of the contract research;

27.5.  [in the case referred to in](http://eur-lex.europa.eu/eli/reg/2014/651/oj/?id=353061#p21)  [Paragraph](https://m.likumi.lv/doc.php?id=353061) 21 of this Regulation -  [the contract referred to in](http://eur-lex.europa.eu/eli/reg/2014/651/oj/?id=353061#p30.5) Sub-paragraph 30.5 of this Regulation.

28. In order to justify the socio-economic impact of the project, an opinion of such association registered in Latvia regarding the significance of the research for the development of the economic sector or performer of economic activity which:

28.1. represent the performers of economic activity from the sector in which the results of the research planned within the scope of the project may be used;

28.2. unite the performers of economic activity of the sector the total turnover of which in the last closed reporting year is at least EUR 150 000 000;

28.3. has been registered in the Register of Associations and Foundations of the Enterprise Register for at least five years.

29. In the case referred to [in Sub-paragraph 23.2.1 of this Regulation](https://m.likumi.lv/doc.php?id=353061#p23.2.1) , the commissioning party of the contract research and the performer of the contract research shall enter into a contract regarding the performance of the contract research, which shall include:

29.1. the  [criteria and conditions referred to in](https://m.likumi.lv/doc.php?id=353061#p2.11) Sub-paragraphs 2.11 [and](https://m.likumi.lv/doc.php?id=353061#p23.2) 23.2 of this Regulation;

29.2. the procedures for ensuring the financial flow of the project in accordance with  [the conditions of Paragraph 58](https://m.likumi.lv/doc.php?id=353061#p58) of this Regulation ;

29.3. the procedures by which the contract shall be amended or terminated;

29.4. sanctions if the obligations referred to in the contract are not fulfilled, and other conditions;

29.5. the conditions that the research organisation provides its service - contract research - at the market price. Where no market price can be determined, the research organisation shall provide its research services at a price which reflects the full cost of the service and which normally includes a mark-up which is determined by reference to mark-ups normally applied by undertakings active in the service sector concerned or is the result of arm's-length negotiations when the research organisation or research infrastructure, as a service provider, negotiates, to obtain the maximum economic benefit at the time of conclusion of the contract and at least its marginal costs shall be covered.

30. In the cooperation project:

30.1. the part of the eligible costs of the project of each cooperation partner shall constitute at least 20 percent of the total eligible costs of the project, taking into account  [the conditions of Sub-paragraph 39.3](https://m.likumi.lv/doc.php?id=353061#p39.3) of this Regulation;

30.2. the cooperation partner may engage in the project implementation with property, intellectual property, financing or human resources in its possession or ownership. When making such investments, such legal relationships may not arise between the beneficiary and the cooperation partner which conform to the characteristics of a public procurement contract in accordance with the laws and regulations regarding public procurement or procurement for the needs of providers of public utilities;

30.3. the financing shall be granted in accordance with Regulation No of the European Parliament and of the Council of 24 June 2021. [2021/1060](https://m.likumi.lv/doc.php?locale=LV) laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy (hereinafter - Council Regulation No [2021/1060](https://m.likumi.lv/doc.php?locale=LV)), Article 108;

30.4. the beneficiary may partially alienate or grant the right of use to the intellectual property created within the scope of the project part of the particular beneficiary to another cooperation partner, ensuring that the remuneration (compensation) received is equivalent to the market price for the intellectual property rights. If the intellectual property rights arising from the activity performed within the scope of the project belong to only one cooperation partner, such project shall be implemented in accordance with  [Sub-paragraphs 2.11](https://m.likumi.lv/doc.php?id=353061#p2.11) and [22.2 of this Regulation](https://m.likumi.lv/doc.php?id=353061#p22.2);

30.5. include information in the contract in accordance with the laws and regulations regarding the procedures by which the institutions involved in the management of European Union funds ensure the introduction of these funds in the programming period of 2021-2027, and provide therein for the rights, obligations, and responsibility of the parties, including at least the following conditions for content and financial cooperation:

30.5.1. the objectives and principles of cooperation;

30.5.2. the criteria justifying the efficiency of cooperation in accordance with  [the conditions of Sub-paragraph 2.5](https://likumi.lv/ta/id/353061-eiropas-savienibas-kohezijas-politikas-programmas-2021-2027-gadam-1-1-1-specifiska-atbalsta-merka-petniecibas-un-inovaciju?id=353061#p2.5) of this Regulation;

30.5.3[.](https://m.likumi.lv/ta/id/353061#n3) the planned total financing of the cooperation project, the financing of the part of the project of each cooperation partner and the contribution of each cooperation partner in breakdown by types of investments;

30.5.4. the procedures for ensuring the financial flow of the project. In the case referred to [in Paragraph 23 of this Regulation](https://m.likumi.lv/doc.php?id=353061#p23) , after approval of the payment request and receipt of the financing intended for covering the corresponding project expenses, the beneficiary of financing shall reimburse to the cooperation partner the expenditure corresponding to the part of the project which is determined by applying to each item of expenditure the weighted average intensity of public financing corresponding to the part of the project of the cooperation partner, which has been calculated according to the  [the conditions](https://m.likumi.lv/doc.php?id=353061#p42) of Paragraphs 42[,](https://m.likumi.lv/doc.php?id=353061#p48) 48[,](https://m.likumi.lv/doc.php?id=353061#p49) 49 [and](https://m.likumi.lv/doc.php?id=353061) Annex to this Regulation;

30.5.5. the distribution of the rights to the project results (including intellectual property rights) in proportion to the contribution of each cooperation partner to the project implementation;

30.5.6. sanctions if the obligations referred to in the cooperation agreement are not fulfilled.

31. The following requirements have been specified for a project applicant and cooperation partner:

31.1. if it is a project related to economic activity, it is not a performer of economic activity in difficulty in accordance with Commission Regulation No  [651/2014 for the](https://m.likumi.lv/doc.php?locale=LV)  definition set out in Article 2(18). The project applicant must certify compliance with Commission Regulation No [651/2014](https://m.likumi.lv/doc.php?locale=LV) Article 2(18)(c);

31.2. the amount of its tax debts, mandatory State social insurance contributions and other mandatory payment debts stipulated by the State does not exceed EUR 150;

31.3. it has not provided false information to the Cooperation Institution, the Responsible Institution or another competent authority in relation to the implementation of projects cofinanced by the European Union Structural Funds;

31.4. it has not received and does not intend to receive financing from State or European Union funds or other financial resources for the same eligible costs or research results;

31.5. if it is a project related to economic activity, it shall not be subject to the recovery order referred to in Commission Regulation No [651/2014](https://m.likumi.lv/doc.php?locale=LV) in Article 1(4)(a);

31.6. the scientific institution has submitted public reports on scientific activity regarding the last three closed reporting years to the responsible institution (Register of Scientific Institutions) in accordance with the laws and regulations governing scientific activity. If the scientific institution has been founded less than three years ago, public reports on the closed reporting years have been submitted according to the registration thereof in the Register;

31.7. if the beneficiary performs both economic activities and activities of non-economic nature, it shall separate the types of activities and their costs, financing and revenues in such a way as to effectively prevent cross-subsidisation of economic activity;

31.8. during the implementation of the project, ensure the absence of a conflict of interests in accordance with Regulation (EU, *Euratom*) No 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union and amending Regulation (EU) No [1296/2013](https://m.likumi.lv/doc.php?locale=LV), (EU) No [1301/2013](https://m.likumi.lv/doc.php?locale=LV), (EU) No [1303/2013](http://eur-lex.europa.eu/eli/reg/2013/1303/oj/?locale=LV), (EU) No [1304/2013](http://eur-lex.europa.eu/eli/reg/2013/1304/oj/?locale=LV), (EU) No [1309/2013](http://eur-lex.europa.eu/eli/reg/2013/1309/oj/?locale=LV), (EU) No [1316/2013](https://m.likumi.lv/doc.php?locale=LV), (EU) No [223/2014](https://m.likumi.lv/doc.php?locale=LV), (EU) No [283/2014](http://eur-lex.europa.eu/eli/reg/2021/1060/oj/?locale=LV) and Decision No [541/2014/EU](http://eur-lex.europa.eu/eli/reg/2021/1060/oj/?locale=LV) and repealing Regulation (EU, *Euratom*) No 966/2012, subject to Article 61.

**III. Eligible Activities and Eligible Costs**

32. Activities to be supported in the project:

32.1. a feasibility study, if the  [research referred to](https://m.likumi.lv/doc.php?id=353061#p32.2) in Sub-paragraph 32.2 of this Regulation is implemented;

32.2. research which includes at least one of the following research categories:

32.2.1. fundamental research in the cases referred to [in Paragraph 22](http://eur-lex.europa.eu/eli/reg/2014/651/oj/?id=353061#p22) of this Regulation, if industrial research is implemented within the scope of the project. The total public funding for fundamental research shall not exceed 20 percent of the total eligible costs of the project;

32.2.2. industrial research;

32.2.3. experimental development, if industrial research is implemented within the scope of the project. The total public funding for experimental development shall not exceed 20 percent of the total eligible costs of the project;

32.3.  [acquisition, approval and defence of the technology rights (intangible assets) arising from the activity performed in](https://m.likumi.lv/doc.php?id=353061#p32.2) Sub-paragraph 32.2 of this Regulation (hereinafter - the protection of technology rights);

32.4. dissemination of the knowledge created within the scope of the project in the form of training, publications or know-how and technology transfer, including public involvement in the project processes and informing regarding the project results which are not protected by intellectual property rights. The costs of the abovementioned activities in relation to projects which are related to economic activity shall be eligible in conformity with  [the conditions of Paragraphs 36](https://m.likumi.lv/ta/id/353061?id=353061#p36) and [51 of](https://m.likumi.lv/doc.php?id=353061#p51) this Regulation .

33. The following types of costs shall be planned within the scope of a project not related to economic activity:

33.1. direct eligible costs which are directly related to the implementation of the project and are necessary for the achievement of results, and this relation shall be clearly understood and verifiable;

33.2. indirect eligible costs which are not directly related to the achievement of the project results, but support and ensure appropriate conditions for the implementation of the activities to be supported and achievement of the results. The indirect eligible costs are:

33.2.1.  [the costs referred to](https://m.likumi.lv/doc.php?id=353061#p35) in Paragraph 35 of this Regulation;

33.2.2.  [the costs of implementation of the activities referred to in](https://m.likumi.lv/doc.php?id=353061#p32.4) Sub-paragraph 32.4 [and](https://m.likumi.lv/doc.php?id=353061#p60) Paragraph 60 of this Regulation.

34. The following costs directly related to research shall be eligible for a project not related to economic activity:

34.1. remuneration to scientific workers insofar as they are employed in the project, if the following conditions have been fulfilled:

34.1.1. the scientific employee is employed in person or remotely, if the specific nature of the work allows it and it is possible to fully perform work duties, at the employer registered in the relevant register in Latvia, and the remuneration within the scope of the project is received in conformity with the employment or enterprise contract;

34.1.2. the load of the scientific manager during the entire period of project implementation is at least 30 percent of the normal working time;

34.1.3. the part-time workload of the scientific employee per month is at least 30 percent of the normal working time;

34.1.4. if the scientific worker involved in the implementation of the project also performs other tasks which are not related to the project implementation, but for the fulfilment of which he or she receives remuneration in accordance with the main work contract, another employment contract or an enterprise contract, the scientific employee shall, upon request of the beneficiary of financing, keep records of the total working time and work performed in accordance with [Paragraph](https://m.likumi.lv/doc.php?id=353061#p62) 62 of this Regulation. The beneficiary shall ensure that the total working time of the scientific employee involved in the implementation of the project conforms to the laws and regulations governing employment legal relations and the work in the project is not performed at the time when, in accordance with the contract entered into, the person performs tasks not related to the project;

34.1.5. the tasks specified within the framework of the employment contract or the enterprise contract do not duplicate the duties to be performed in the project;

34.1.6. the scientific worker involved in the implementation of the project may concurrently also engage in other activities of the European Union Cohesion Policy Programme for 2021-2027, if the tasks to be performed within the scope of several measures do not overlap and remuneration for the same tasks within the scope of several measures is not received at the same time, as well as  [the norms of the Labour Law](http://eur-lex.europa.eu/eli/reg/2014/651/oj/) in relation to restrictions on employment are complied with;

34.1.7. the remuneration of the scientific employee involved in the project shall be calculated in accordance with the remuneration policy and remuneration rates of each beneficiary;

34.2. research costs, insofar as they are used within the scope of the research project, including:

34.2.1. tangible assets:

34.2.1.1. the costs of acquiring or creating new technological equipment (including installation, assembly and other costs to be capitalised), if the period of use of fixed assets in accordance with the laws and regulations governing accounting within the scope of the project covers the entire useful life of such fixed assets;

34.2.1.2. depreciation costs (applicable to the fixed assets acquired and at the disposal of the project which are used for research). If the period of use of fixed assets within the scope of the project does not cover the entire useful life of these fixed assets, only those depreciation costs that correspond to the term of implementation of the project shall be considered as eligible costs. The abovementioned costs shall be calculated in proportion to the time and intensity of use of fixed assets in accordance with the laws and regulations governing accounting, but not exceeding 20 percent per annum of the acquisition value of the fixed asset. If the initial acquisition of fixed assets was co-financed from public funds, the depreciation costs of fixed assets are eligible only for the private financing part;

34.2.1.3. lease payment if the lease is made on the basis of an agreement by which the lessor transfers to the lessee the right to use the asset for a certain period of time for one or more lease payments, not exceeding the term of implementation of the project and without transferring all the risks and rewards inherent in the ownership of the asset. Within the framework of the event, a lease agreement between cooperation partners of one project is not allowed;

34.2.1.4. the costs of acquisition and supply of the inventory, instruments and materials necessary for the implementation of the project (including physical, biological, chemical and other materials, experimental animals and plants, reagents, chemicals, laboratory vessels, medicinal products, refrigerants, heat carriers, electronic components and modules, carrier gases, oils, energy materials and electricity, insofar as it is used for research) in accordance with the laws and regulations governing the procurement procedure. The purchase of goods and services shall be performed in an open, transparent, non-discriminatory and competitive procedure in accordance with the laws and regulations in the field of public procurement, evaluating the possibilities to apply socially responsible public procurement and/or innovative public procurement to purchases;

34.2.2. intangible assets - the costs of acquiring technical knowledge, patents, technology rights or other licences for intellectual property rights acquired from external sources, if the transaction has been carried out under competitive conditions and there has been no collusion. If the time required for the use of intangible assets in a research project exceeds the period of operation of the intangible assets, only those depreciation costs which have been calculated in accordance with the laws and regulations regarding depreciation norms and conditions of use and in accordance with good accounting practice shall be considered as eligible costs;

34.3. costs of protection of the rights of technology;

34.4. costs of outsourced services, if the procurement of outsourced services is planned and performed in accordance with the laws and regulations governing the procurement procedure, implementing an open, transparent, non-discriminatory and competitive procedure, evaluating the possibilities to apply socially responsible public procurement and/or innovative public procurement to acquisitions:

34.4.1. Research outsourcing costs;

34.4.2. the costs of ensuring the research (inspection, testing, certification and other costs in order to ensure such study data which are comparable to the studies conducted in other countries);

34.5.  [the costs of publishing the scientific articles referred to in](http://eur-lex.europa.eu/eli/reg/2014/651/oj/?id=353061#p7.4.1) Sub-paragraph 7.4.1 of this Regulation;

34.6. the costs of official travels and work trips of the scientific employee involved in the research, which are related to the research to be implemented within the scope of the project, including the publication of the achieved results in accordance with the laws and regulations regarding the procedures by which expenditure related to official travels shall be reimbursed if the scientific employee is employed in the Republic of Latvia. The abovementioned costs shall also apply to such scientific manager of the project, the remuneration of which is financed from the beneficiary's own resources as ineligible costs of the project;

34.7. value added tax is eligible costs if it is not recoverable in accordance with the laws and regulations in the field of tax policy.

35. For a project not related to economic activity, the indirect eligible costs referred to [in Sub-paragraph 33.2](http://eur-lex.europa.eu/eli/reg/2014/651/oj/?id=353061#p33.2) of this Regulation shall be planned as one cost item, applying a flat rate of indirect costs in the amount of 25 percent of the total amount of direct eligible costs referred to [in Paragraph 34](http://eur-lex.europa.eu/eli/reg/2013/1296/oj/?id=353061#p34) of this Regulation, except for direct eligible costs in relation to subcontracting and costs in relation to resources which have been ensured by third parties and which are not used on the premises or research objects of the beneficiary, as well as financial support to third parties (in accordance with Regulation No of the European Parliament and of the Council of 28 April 2021). [2021/695](http://eur-lex.europa.eu/eli/reg/2013/1301/oj/?locale=LV) establishing Horizon Europe – the Framework Programme for Research and Innovation, laying down its rules for participation and dissemination, and repealing Article 35 of Regulations No 1290/2013 and No 1291/2013).

36. Commission Regulation No [651/2014](http://eur-lex.europa.eu/eli/reg/2014/651/oj/?locale=LV) shall be applicable to the project related to economic activity,   research costs referred to in Article 25(3)(a), (b), (d) and (e) but for the activities carried out by the beneficiary referred to in point (49.1), the costs referred to in Article 28(2)(a).

37. The activities referred to [in Paragraph 32 of this Regulation](https://m.likumi.lv/doc.php?id=353061#p32)  shall be supported and costs shall be eligible if they have been commenced in conformity with the following conditions:

37.1. the activity referred to [in Sub-paragraph 32.1 of this Regulation](https://m.likumi.lv/doc.php?id=353061#p32.1)  has been performed starting from the day of announcement of the particular open round of selection of project applications, if a project not related to economic activity is implemented;

37.2. the activity referred to in Sub-paragraphs [32.2](http://eur-lex.europa.eu/eli/reg/2013/1316/oj/?id=353061#p32.2), [32.3,](http://eur-lex.europa.eu/eli/reg/2021/695/oj/?id=353061#p32.3) and [32.4 of this Regulation](http://eur-lex.europa.eu/eli/reg/2014/283/oj/?id=353061#p32.4)  has been performed after the submission of the project application to the Cooperation Institution during the specific open project application selection round.

**IV. General Financing Conditions**

38. In the cases referred to [in Paragraph 23 of this Regulation,](http://eur-lex.europa.eu/eli/reg/2014/283/oj/?id=353061#p23)  the project submitter and cooperation partner (if applicable) regardless of its legal status (a body governed by public or private law) or the type of economic activity (a profit-making or non-profit-making institution) shall be qualified as a performer of economic activity for the receipt of public financing in accordance with Commission Regulation No  [651/2014](https://m.likumi.lv/doc.php?locale=LV) for the definition set out in Article 2(24) and Annex 1.

39. Determination of the amount of the national financing:

39.1. in the case referred to [in Paragraph 22 of this Regulation, the](https://m.likumi.lv/doc.php?id=353061#p22)  national financing necessary for the implementation of the project in the amount of 8.6 percent of the total eligible costs of the project shall be ensured from the resources at the disposal of the project applicant or cooperation partner (if applicable):

39.1.1. from the private financing at the disposal of the beneficiary from the funds of his or her economic activity, credit resources, other financial resources or financing which is granted in accordance with the laws and regulations regarding the procedures by which state budget resources are expected for the implementation of the main activities of the State scientific institution;

39.1.2. from in-kind contributions the value of which can be independently audited and assessed in accordance with the methodology developed by the Managing Authority regarding in-kind contributions for the co-financing of projects in the programming period 2021-2027 and  [the conditions referred to in Paragraph 40](https://m.likumi.lv/doc.php?id=353061#p40) of this Regulation. The total in-kind contribution shall not exceed five percent of the total eligible costs of the project. The conformity of the percentage limit shall be verified and determined in absolute numbers by the Cooperation Institution when approving the project application;

39.2. in the cases referred to [in Paragraph 23 of this Regulation the](https://m.likumi.lv/doc.php?id=353061#p23)  national co-financing necessary for the implementation of the project shall be ensured from the private financing of the project applicant and the cooperation partner (if applicable) (the funds at the disposal of the project applicant and cooperation partner (if applicable), credit resources or other financial resources for which no public support has been received, including financing for which no State or local government guarantee has been received; or state or municipal credit on preferential terms). The amount of the national financing shall be determined, taking into account the amount of the public financing which has been determined in conformity with  [the conditions of Paragraphs 42](https://m.likumi.lv/doc.php?id=353061#p42), [48,](https://m.likumi.lv/doc.php?id=353061#p48)  and [49 of this Regulation](https://m.likumi.lv/doc.php?id=353061#p49)  and [the](https://m.likumi.lv/doc.php?id=353061) Annex;

39.3. within the framework of the cooperation project  [in the case referred to in Sub-paragraphs 22.2](https://m.likumi.lv/doc.php?id=353061#p22.2) and [23.3 of this Regulation](https://m.likumi.lv/doc.php?id=353061#p23.3) , if the cooperation partner is a foreign scientific institution which is not registered in the Register of Scientific Institutions of Latvia, or is not a legal person registered in the Commercial Register of Latvia, the financing necessary for the implementation of the project part of the cooperation partner shall be ensured from the funds at the disposal of the cooperation partner.

40. If the project referred to in Paragraph 22 [of this Regulation is implemented](https://m.likumi.lv/doc.php?id=353061#p22) , contributions in kind for which public support has not been received and the value of which can be independently audited and assessed in accordance with the following conditions may be formed:

40.1. fixed assets - technological equipment (equipment, measuring equipment, regulating devices, laboratory and medical equipment) and vehicles the total value in use of which is calculated by taking into account the minimum value of each fixed asset used within the framework of the project application (average costs of use of one working day during the entire useful life period of the fixed asset) and the time during which it is planned to use the fixed asset for the performance of the activities provided for in the project application. The total value in use of fixed assets is determined using the following formula: where

P - the total value in use of fixed assets, *in euros*;

Vi - initial value of the i-th fixed asset (acquisition cost or production cost), *in euros*;

i - variant of fixed asset (i = 1, 2, .., n; n - number of fixed assets);
ti - the time during which the fixed asset is planned to be used for carrying out the activities provided for in the project, on working days;
tki - the total useful life of the fixed asset, in working days;

40.2. the allocated materials (physical, biological, chemical and other materials, experimental animals, reagents, chemicals, laboratory vessels, medicinal products for research, land areas, electronic components and modules), the value of which is calculated in proportion to the quantity of materials consumed within the scope of the project application and the market price of the materials;

40.3. work of professional nature related to research within the scope of the project application:

40.3.1. which is performed by the scientific staff or scientific technical staff;

40.3.2. if research or professional work is performed without remuneration and it is performed by the staff referred to [in Sub-paragraph 40.3.1 of this Regulation](http://eur-lex.europa.eu/eli/reg/2014/651/oj/?id=353061#p40.3.1)  with whom a contract or agreement regarding the performance of specific work or provision of services within the scope of the project has been entered into, without receiving remuneration for it;

40.3.3. the value of which is determined by taking into account the time spent on research and the  [principles for the calculation of remuneration and salary specified](https://m.likumi.lv/doc.php?id=353061#p34.1.7) in Sub-paragraph 34.1.7 of this Regulation.

41. In  [the cases referred to in](https://m.likumi.lv/doc.php?id=353061#p23) Paragraph 23 of this Regulation:

41.1. the aid shall be provided in the form of transparent categories of aid (grant);

41.2. activities may be commenced from the moment when the beneficiary has submitted an application to the Cooperation Institution regarding project implementation in conformity with Commission Regulation No  [651/2014 the](https://m.likumi.lv/doc.php?locale=LV)  conditions on the incentive effect referred to in Article 6(2). If work on the project has been started before the project is submitted to the aid provider, the whole project shall be rejected;

41.3. the aid shall be granted from the day when the decision of the Cooperation Institution to grant the aid is taken.

42. Determination of the amount of the public financing and the weighted average aid intensity of the public financing  [in the cases referred to](https://m.likumi.lv/doc.php?id=353061#p23) in Paragraph 23 of this Regulation:

42.1. the amount of public financing permissible for the activity to be supported:

42.1.1. the  [amount of public funding permissible for each research category referred to](https://m.likumi.lv/doc.php?id=353061#p32.1)  in Sub-paragraphs 32.1 [and](https://m.likumi.lv/doc.php?id=353061#p32.2) 32.2 of this Regulation shall be determined separately in accordance with the conditions of Paragraphs [47](https://m.likumi.lv/doc.php?id=353061#p47) and [48 of](https://m.likumi.lv/doc.php?id=353061#p48) this Regulation;

42.1.2. the  [amount of public financing permissible for the activity for the protection of the rights of technology referred to in](https://m.likumi.lv/doc.php?id=353061#p32.3) Sub-paragraph 32.3 of this Regulation shall be determined in accordance with the conditions of [Paragraph 52](http://eur-lex.europa.eu/eli/dec/541/2014/oj/?id=353061#p52) of this Regulation;

42.2. the amount of the public financing of the project and the project part of the beneficiary shall be determined, taking into account the total eligible costs of the project and the weighted average intensity of the public financing permissible for each beneficiary, which has been calculated in accordance with  [the conditions of Paragraphs 42](https://m.likumi.lv/doc.php?id=353061#p42), [47](https://m.likumi.lv/doc.php?id=353061#p47), [48](http://eur-lex.europa.eu/eli/reg/2014/223/oj/?id=353061#p48), [52](https://m.likumi.lv/doc.php?id=353061#p52) and [Annex to](https://m.likumi.lv/doc.php?id=353061) this Regulation.

**V. Funding Conditions for Research**

43. Within the framework of the measure, when implementing projects not related to economic activity, the development of such prototype product or technology or other experimental object shall be financed, which will be used in further research, but will not be directly used for generating revenue by selling it or using it in production or provision of services. If revenue is obtained from the commercial use of prototypes or other experimental objects, the project submitter or cooperation partner has an obligation to reimburse to the Cooperation Institution the illegal aid for commercial activity received within the framework of the project together with interest from the funds that are free from the aid for commercial activity in accordance with  [the provisions of Chapter IV](https://m.likumi.lv/ta/id/267199-komercdarbibas-atbalsta-kontroles-likums) [or](https://m.likumi.lv/ta/id/267199-komercdarbibas-atbalsta-kontroles-likums#n4) V of the [Law on Control of Aid for Commercial Activity](https://m.likumi.lv/doc.php#n5).

44. Experimental production or testing of products, processes or services developed in projects not related to economic activity under production conditions shall be financed only if it is necessary for the approval and verification of research results and they will not be used directly or by modification for generating revenue through sales or use in production or provision of services.

45. Within the scope of the measure, activities for the development of a new product or technology in the service sector shall be financed if they conform to at least one of the following conditions:

45.1. a new product or technology is developed in cooperation with the research organisation;

45.2. doctors, applicants for a scientific degree or doctoral students are employed as personnel;

45.3. the research results shall be published in scientific journals or distributed at scientific conferences.

46. The following activities for the development of a new product or technology in the field of information technologies shall be financed within the scope of the measure:

46.1. research in order to develop new theoretical computer science theorems and algorithms;

46.2. development of information technologies at the level of operating systems, programming languages, data management, communication software and software development tools;

46.3. development of Internet technology (possibility of the Internet to transmit information and data through various servers and systems);

46.4. research of methods for the design, development, deployment or maintenance of software;

46.5. development of software which improves the acquisition and transmission of information from data storage systems, storage of information, as well as general methods of use and display;

46.6. experimental developments in order to obtain the missing technological knowledge necessary for the development of software or systems;

46.7. research and development of software tools or technologies in specialised fields of computer science (image processing, representation of geographical data, text recognition, artificial intelligence and other fields).

47. The permissible intensity of public funding for research in the cases referred to [in Paragraph 23](https://m.likumi.lv/doc.php?id=353061#p23) of this Regulation in accordance with Commission Regulation No [651/2014](https://m.likumi.lv/ta/id/26019-darba-likums?locale=LV) under the conditions of Article 25(5) and (6) reads as follows:

47.1. 85 percent for the conduct of fundamental research;

47.2. for the performance of a feasibility study:

47.2.1. 70 percent to the project submitter and beneficiary which conforms to the definition of a small (micro) or small performer of economic activity;

47.2.2. 60 percent for the project applicant and beneficiary which conforms to the definition of the average performer of economic activity;

47.2.3. 50 percent for the project submitter and beneficiary which conforms to the definition of a large performer of economic activity;

47.3. for the performance of industrial research:

47.3.1. 70 percent to the project submitter and beneficiary which conforms to the definition of a small (micro) or small performer of economic activity;

47.3.2. 60 percent for the project submitter and beneficiary which conforms to the definition of the average performer of economic activity;

47.3.3. 50 percent for the project submitter and beneficiary which conforms to the definition of a large performer of economic activity;

47.4. for the performance of experimental development:

47.4.1. 45 percent to the project submitter and beneficiary which conforms to the definition of a small (micro) or small performer of economic activity;

47.4.2. 35 percent for the project applicant and beneficiary which conforms to the definition of the average performer of economic activity;

47.4.3. 25 percent for the project submitter and beneficiary which conforms to the definition of a large performer of economic activity.

48. The intensity of the public financing referred to in Sub-paragraphs [47.3](https://m.likumi.lv/doc.php?id=353061#p47.3) and [47.4](https://m.likumi.lv/doc.php?id=353061#p47.4) of this Regulation may be increased by 15 percent, not exceeding 80 percent of the total eligible costs of the project, if at least one of the Commission Regulation No [651/2014](https://m.likumi.lv/doc.php?locale=LV) has been fulfilled   under the conditions of Article 25(6)(b).

49. If a project related to economic activity violates Commission Regulation No [651/2014](http://eur-lex.europa.eu/eli/reg/2014/651/oj/?locale=LV) requirements or if, when implementing a project not related to economic activity, it is concluded that it is a project related to economic activity, the beneficiary and the cooperation partner (beneficiary) have an obligation to reimburse to the Cooperation Institution the illegal commercial aid received within the framework of the project in accordance with  [Chapter](https://m.likumi.lv/ta/id/267199-komercdarbibas-atbalsta-kontroles-likums)IV or V of the Law on Control of Aid for Commercial Activity together with a percentage of funds free from state aid.

**VI. Financing Conditions for the Protection of Technology Rights**

50. Within the scope of the project, financing may be received for the protection of  [the rights of the technologies referred to in Sub-paragraph 32.3](https://m.likumi.lv/doc.php?id=353061#p32.3) of this Regulation. Funding for the protection of technology rights may be received by a beneficiary who:

50.1. conform to the definition of a small (micro), small or medium-sized performer of economic activity if it implements a project related to economic activity;

50.2. implement a project not related to economic activity.

51. For the protection of technology rights, a beneficiary who conforms to [Sub-paragraph](https://m.likumi.lv/doc.php?id=353061#p50.1)  [50.1 of this Regulation](https://m.likumi.lv/doc.php?id=353061) shall be subject to Commission Regulation No  [651/2014](https://m.likumi.lv/doc.php?locale=LV) costs referred to in Article 28(2)(a).

52. The aid intensity of the public funding for the protection of technology rights shall be as follows:

52.1. 91.4 percent  [in the cases referred to](https://m.likumi.lv/doc.php?id=353061#p22) in Paragraph 22 of this Regulation;

52.2. 50 percent for a research applicant who conforms to the definition of a small (micro), small or medium-sized enterprise in accordance with  [Article 28(2)](https://m.likumi.lv/doc.php?locale=LV) of Commission Regulation No 651/2014.

53. If the project is not related to economic activity, the beneficiary - the research organisation - shall, during the implementation period of the project and after the final payment, when performing the commercialisation of the technology rights, comply with the laws and regulations governing the conditions for the commercialisation of technological rights.

**VII. General Conditions for Project Selection and Implementation**

54. The Cooperation Institution shall ensure the international scientific expert-examination in the selection of project applications in cooperation with the Latvian Council of Science.

55. In order to ensure the implementation of independent projects and to prevent the potential conflict of interests, the Latvian Council of Science shall involve not less than two foreign experts in the evaluation of each project proposal, as well as in the evaluation of the scientific quality of the mid-term and final results. With the involvement of foreign experts, the following conditions shall be met:

55.1. the foreign expert has a doctoral degree in science;

55.2. the scientific qualification of the foreign expert conforms to the field and topic of science of the particular project proposal;

55.3. the previous assessment competence and work experience of the foreign expert conforms to the scientific field and topic of the particular project application;

55.4. the foreign expert performs the evaluation independently and does not represent the institution of the submitter of the project application, there are no circumstances in his or her activities which cause a conflict of interests, including do not cause and will not cause personal or material interest to the foreign expert.

56. When implementing the international expert-examination of project applications, the Latvian Council of Science shall ensure that, upon evaluating project applications, their mid-term and final results, the procedures are developed by which compliance with the requirements for confidentiality and prevention of conflict of interests will be ensured during the evaluation process of project applications in accordance with Regulation (EU, Euratom) of the European Parliament and of the Council of 18 July 2018 ) 2018/1046 on the financial rules applicable to the general budget of the Union amending Regulation (EU) No [1296/2013](https://m.likumi.lv/doc.php?locale=LV), (EU) No [1301/2013](http://eur-lex.europa.eu/eli/reg/2013/1301/oj/?locale=LV), (EU) No [1303/2013](http://eur-lex.europa.eu/eli/reg/2013/1303/oj/?locale=LV), (EU) No [1304/2013](http://eur-lex.europa.eu/eli/reg/2013/1304/oj/?locale=LV), (EU) No [1309/2013](http://eur-lex.europa.eu/eli/reg/2013/1309/oj/?locale=LV), (EU) No [1316/2013](https://m.likumi.lv/ta/id/267199-komercdarbibas-atbalsta-kontroles-likums?locale=LV), (EU) No [223/2014](https://m.likumi.lv/doc.php?locale=LV), (EU) No [283/2014](http://eur-lex.europa.eu/eli/reg/2014/651/oj/?locale=LV) and Decision No [541/2014/EU](http://eur-lex.europa.eu/eli/reg/2014/651/oj/?locale=LV) and repealing Regulation (EU, *Euratom*) No 966/2012, Article 61, identify circumstances that cause or may lead to a conflict of interest that poses a threat or harm to the implementation of the project, define the measures to be taken and develop action plans for the prevention of conflicts of interest and cases where a conflict of interest is detected, as well as, when implementing the project, sign a declaration of the absence of a conflict of interest. The Latvian Council of Science shall ascertain that the employees of the Latvian Council of Science and the foreign expert involved in the selection of foreign experts have become acquainted with the relevant procedures and signed a certification regarding the absence of a conflict of interests.

57. The activities specified in Commission Regulation No [651/2014](https://m.likumi.lv/doc.php?locale=LV) Article 1(2)(c) and (d) and Article 1(3)(c) and (d) shall not be supported within the scope of the project.

58. The beneficiary of financing shall receive financing if the fulfilment of the following conditions is ensured:

58.1. for the receipt of payments (including advance payments) and making of payments, the beneficiary of financing shall open a separate account in the Treasury or credit institution in which all payments related to the implementation of the project shall be made and received;

58.2. ensure clear separation of the financial flow of the project implementation from other financial flows of the activity of the beneficiary and beneficiary during the implementation of the project;

58.3. when implementing the project, ensure separate accounting of revenues and expenditures of economic transactions related to the implementation of the project, as well as separation of activities and financial flows related to the implementation thereof in accordance with the laws and regulations regarding the procedures by which the financial support (financial assistance), donations and gifts in cash or in kind of the State, local governments, foreign states, the European Union, other international organisations and institutions shall be reflected in the financial statements;

58.4. the place of implementation of the project is the territory of the Republic of Latvia.

59. The measure shall finance only such eligible costs which are directly related to the activities carried out within the scope of the project, are proportionate, justified and comply with Regulation (EU) No 2018/1046 of the European Parliament and of the Council of 30 July 2018 on the financial rules applicable to the general budget of the Union and amending Regulation (EU) No  [1296/2013](http://eur-lex.europa.eu/eli/reg/2014/651/oj/?locale=LV), (EU) No  [1301/2013](http://eur-lex.europa.eu/eli/reg/2014/223/oj/?locale=LV), (EU) No  [1303/2013](http://eur-lex.europa.eu/eli/reg/2013/1303/oj/?locale=LV), (EU) No  [1304/2013](http://eur-lex.europa.eu/eli/reg/2013/1304/oj/?locale=LV), (EU) No  [1309/2013](http://eur-lex.europa.eu/eli/reg/2013/1309/oj/?locale=LV), (EU) No  [1316/2013](https://m.likumi.lv/doc.php?locale=LV), (EU) No  [223/2014](https://m.likumi.lv/doc.php?locale=LV), (EU) No  [283/2014](https://m.likumi.lv/doc.php?locale=LV) and Decision No  [541/2014/EU](https://m.likumi.lv/doc.php?locale=LV) and repealing Regulation (EU, *Euratom*) No 966/2012.

60. If as a result of the implementation of a project not related to economic activity revenue is obtained from the transfer of know-how and technologies acquired within the scope of the project and the project conforms to Regulation 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 repealing Council Regulation (EC) No 1083/2006,  [Article 61(7)(](http://eur-lex.europa.eu/eli/reg/2014/651/oj/#p61)b), and [For the conditions of Article 65(](http://eur-lex.europa.eu/eli/reg/2013/1296/oj/#p65)8), the beneficiary shall carry out an analysis of the cost benefits or cost-effectiveness of the project in accordance with the procedures by which the institutions involved in the management of European Union funds ensure the implementation of these funds in the programming period 2021-2027.

61. During the implementation of the project referred to in Paragraph [22](https://m.likumi.lv/doc.php?id=353061#p22) or [23 of this Regulation, the beneficiary](https://m.likumi.lv/doc.php?id=353061#p23)  of financing may receive an advance payment which may be disbursed in instalments. The advance payment shall not exceed 30 percent of the total amount of public funding allocated to the project. After a contract on project implementation has been entered into, the Cooperation Institution, on the basis of an advance request submitted to the management system of the beneficiary of financing, shall ensure an advance payment to the beneficiary in accordance with the laws and regulations regarding the planning of State budget resources for the implementation of European Union funds and the making of payments during the programming period 2021-2027.

62. In order to ensure the fulfilment of the conditions laid down in Paragraphs [42](https://m.likumi.lv/doc.php?id=353061#p42), [47](https://m.likumi.lv/doc.php?id=353061#p47), [48](http://eur-lex.europa.eu/eli/reg/2013/1316/oj/?id=353061#p48) and  [Sub-paragraphs 34.1.7](http://eur-lex.europa.eu/eli/reg/2013/1301/oj/?id=353061#p34.1.7) and [52.2 of this Regulation](https://m.likumi.lv/doc.php?id=353061#p52.2)  and to prevent the risk of double financing, the beneficiary of financing and the cooperation partner shall ensure accounting of the total working time and work performed by the scientific employees involved in the project in accordance with the resource management system for accounting of financial, personnel and core business processes in the institution, subject to the following timekeeping conditions:

62.1. record-keeping of working time shall be performed for each scientific employee employed on the basis of an employment contract or an undertaking contract within the scope of the project according to the actual working time of the employed scientific employee;

62.2. the accounting of working time shall include information regarding all the tasks to be performed by the scientific employee involved in the project, including regarding tasks in the institution of the beneficiary;

62.3. the directly related research category shall be indicated for each activity related to the research.

63. The beneficiary of financing and the cooperation partner shall ensure that the implementation of the supported activities and the performance of procurements are commenced in the first quarter after the contract or agreement regarding project implementation has been entered into. Payments within the framework of the eligible activities and eligible expenditure shall start in the first half of the year after the conclusion of the contract or agreement on the implementation of the project.

64. When implementing a project, the beneficiary and the cooperation partner shall ensure compliance with the conditions for communication and visual identity in accordance with Council Regulation No [Articles 47 and 50 of 2021/1060](http://eur-lex.europa.eu/eli/dec/541/2014/oj/?locale=LV) and the laws and regulations laying down the procedures by which the institutions involved in the management of European Union funds shall ensure the introduction of these funds in the programming period 2021-2027.

65. The beneficiary of financing shall post up-to-date information regarding the project implementation on its website not less than once every three months.

66. The beneficiary shall accumulate data in the management system on the indicator "Number of women among beneficiaries" of the horizontal principle "Equality, inclusion, non-discrimination and respect for fundamental rights".

67. In the cases referred to [in Paragraph 23 of this Regulation,](http://eur-lex.europa.eu/eli/reg/2014/651/oj/?id=353061#p23)  the beneficiary shall submit the following to the Cooperation Institution:

67.1. the request for interim payment, which has been prepared by applying the weighted average intensity of the public financing corresponding to the project to each item of expenditure;

67.2. a request for final payment and:

67.2.1. recalculate the permissible weighted average intensity of the public financing and the amount of the permissible public financing (hereinafter - recalculation) for the project and each beneficiary (if applicable) in accordance with  [Paragraphs 42](http://eur-lex.europa.eu/eli/reg/2013/1296/oj/?id=353061#p42), [47](https://m.likumi.lv/doc.php?id=353061#p47), [48](https://m.likumi.lv/doc.php?id=353061#p48), [Sub-paragraph 52.2](https://m.likumi.lv/doc.php?id=353061#p52.2) and [Annex to](https://m.likumi.lv/doc.php?id=353061) this Regulation conditions, taking into account the distribution of actual project expenditure among the activities and research categories to be supported by each beneficiary (if applicable) within the scope of the project part;

67.2.2. the recalculation referred to in Sub-paragraph 67.2.1 of this Regulation  [and the application for amendments to the project, which provides for the adjustment of the public financing which is justified by recalculation, shall be appended to the coordination, if during the implementation of the project such changes in the distribution of costs have been made by the](http://eur-lex.europa.eu/eli/reg/2013/1316/oj/?id=353061#p67.2.1)  activities referred to in Paragraph 32 of  [this Regulation and in Paragraphs](http://eur-lex.europa.eu/eli/reg/2014/223/oj/?id=353061#p32) 47 [and](http://eur-lex.europa.eu/eli/reg/2014/283/oj/?id=353061#p47) 51 ofthis Regulation those eligible costs which, according to the recalculation, reduce the allowable intensity of public funding for the project.

68. After receipt of the request for final payment referred to [in Sub-paragraph 67.2](http://eur-lex.europa.eu/eli/reg/2013/1303/oj/?id=353061#p67.2) of this Regulation , the Cooperation Institution shall verify the data used for recalculation and the result in conformity with the conditions of  [Paragraphs 42](https://m.likumi.lv/ta/id/353061?id=353061#p42), [47](https://m.likumi.lv/doc.php?id=353061#p47), [Sub-paragraph 52.2](http://eur-lex.europa.eu/eli/reg/2014/651/oj/?id=353061#p52.2) and [Annex to this Regulation](https://m.likumi.lv/doc.php?id=353061)  . The beneficiary shall be provided with information on the results of the verification.

69. If during the implementation of the project ineligible expenses are incurred, costs become more expensive or  [as a result of the recalculation referred to in Sub-paragraph 67.2.1](https://m.likumi.lv/doc.php?id=353061#p67.2.1) of this Regulation the amount of the public financing initially granted is exceeded, the beneficiary of financing shall cover it from its own resources. The beneficiary shall ensure that the total amount of financing granted for projects related to economic activity is not exceeded and the  [aid intensity referred to](https://m.likumi.lv/doc.php?id=353061#p47) in Paragraph 47 [and](https://m.likumi.lv/doc.php?id=353061#p52.2) Sub-paragraph 52.2 of this Regulation is complied with.

70. For the supervision of project implementation, the Ministry of Education and Science or an institution delegated by it together with the Cooperation Institution shall ensure the evaluation of the scientific quality of the mid-term and final results of the projects. The mid-term evaluation of scientific quality shall not be carried out for projects with a duration of less than 12 months for the implementation of activities. The time period for the implementation of activities shall be determined in conformity with the  [conditions for the commencement of the supported activities referred to in Paragraph 37](https://m.likumi.lv/doc.php?id=353061#p37) of this Regulation. The evaluation of the scientific quality of the mid-term and final results of projects shall be carried out under the following conditions:

70.1. evaluations shall be performed by the experts included in the database of scientific experts who, in accordance with [Paragraph 54 of this Regulation,](https://m.likumi.lv/doc.php?id=353061#p54)  are ensured by the Cooperation Institution jointly with the Latvian Council of Science;

70.2. the Cooperation Institution shall develop and coordinate standard forms of evaluations with the Ministry of Education and Science. For projects that are being implemented for 24 months or more, the mid-term evaluation is foreseen no later than 12 months before the end of the project implementation period. For projects lasting 13 months or more but not exceeding 23 months, the mid-term evaluation shall be foreseen in a proportionate manner at the mid-term of the project. Experts shall assess how the progress of the project execution is in line with the planned one and, if necessary, make suggestions for adjusting the work plan, and in the evaluation of the final results - evaluate and justify to what extent the planned results of the research applications have been achieved (also expressing the assessment as a percentage);

70.3. the Cooperation Institution and the beneficiary of financing shall become acquainted with the conclusions and recommendations of the evaluation of the mid-term results and, if necessary, agree on amendments to the project work plan. If the evaluation of the mid-term results is negative, the Cooperation Institution shall convene an interinstitutional meeting with the Ministry of Education and Science, the Responsible Institution and the beneficiary of financing. The participants of the interinstitutional meeting shall become acquainted with the  [opinions of the scientific experts referred to in Sub-paragraph 70.1](http://eur-lex.europa.eu/eli/reg/2021/1060/oj/?id=353061#p70.1) of this Regulation and agree on amendments to the work plan of the project or the necessity to terminate the contract or agreement on project implementation;

70.4. the cooperation institution shall use the evaluation of the scientific quality of the final results in taking a decision on the achievement of the objective of the project and the planned results. On the basis of a final assessment of the level of achievement of the project's planned results, the liaison body decides on the application of a financial correction in accordance with the guidelines for the application of financial corrections developed by the managing authority. The Cooperation Institution shall inform the Responsible Authority of the abovementioned decision.

71. The beneficiary capitalises the research costs and builds the intangible assets in all cases where this is permitted 38. International Accounting Standard "Intangible Assets" approved by Commission Regulation (EC) No 1126/2008 of 3 November 2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council.

72. A decision to grant public financing to projects related to economic activity shall be taken by  [the deadline laid down in Article 58(4) and Article 59](https://m.likumi.lv/doc.php?locale=LV) of Commission Regulation No 651/2014.

73. The project shall be implemented within 36 months from the date of commencement of the project, but not longer than until 30 September 2029.

74. The beneficiary of financing shall publish information on its website in accordance with Council Regulation No  [2021/1060](https://m.likumi.lv/doc.php?locale=LV) Article 50.

75. If the aid has been provided in accordance with Commission Regulation No [651/2014](http://eur-lex.europa.eu/eli/reg/2014/651/oj/?locale=LV), the aid provider shall make the information available for 10 years from the date on which the last aid was granted under the aid scheme. The beneficiary of financing and its cooperation partners shall ensure the availability of information for 10 years, counting from the date of granting the aid, in accordance with Commission Regulation No [651/2014](http://eur-lex.europa.eu/eli/reg/2014/651/oj/?locale=LV) to Article 12(1).

76. The Cooperation Institution shall ensure the publication of information in accordance with Commission Regulation No [651/2014](http://eur-lex.europa.eu/eli/reg/2014/651/oj/?locale=LV) Article 9(1) and (4).

77. The beneficiary of financing shall ensure the accumulation of the national indicators referred to [in Sub-paragraph 7.4](https://m.likumi.lv/doc.php?id=353061#p7.4) of this Regulation for two years after the end of the project implementation and shall submit the accumulated data within 10 working days after the request of the responsible authority.

78. The Cooperation Institution shall supervise the conformity with the conditions for the support of commercial activity in projects related to economic activity and the conformity with the conditions excluding aid for commercial activity in projects not related to economic activity.

Prime Minister *E. Siliņa*

Minister for Education and Science *A. Čakša*

[Annex to](https://m.likumi.lv/doc.php)
cabinet regulations No 407 of 25 June 2024

**Calculation of the weighted average public funding intensity of a project related to an economic activity under the specific support objective 1.1.1 "Strengthening research and innovation capacity and implementation of advanced technologies in the overall R&D system" of the European Union Cohesion Policy Programme 2021-2027**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Nop. k. | Beneficiary | Project activity | Eligible costs (in EUR) | Public funding intensity (IP%) |
| Name | Category of economic operator | [A] | [B] |
| 1. | project applicant *[name]* |   | Technical feasibility studies |   |   |
| 2. | fundamental research |   |   |
| 3. | industrial research |   |   |
| 4. | experimental development |   |   |
| 5. | Protection of technology rights |   | 50 |
| 6. | Project part No 1 | 0 | 0.000 |
| 7. | cooperation partner No1 *[name]* |   | Technical feasibility studies |   |   |
| 8. | fundamental research |   |   |
| 9. | industrial research |   |   |
| 10. | experimental development |   |   |
| 11. | Protection of technology rights |   | 50 |
| 12. | Project part No 2 | 0 | 0 |
| 13. | **Project** | 0 | 0 |
| 14. | Justification for increasing the intensity of public funding. Commission Regulation No  [651/2014](https://m.likumi.lv/doc.php?locale=LV) in Article 25(6): |
| (b)(i), first indent |   |
| (b)(i), second indent |   |
| point (b)(ii) |   |

Notes.

1. Cabinet Regulation No 407 of 25 June 2024, European Union Cohesion Policy Programmes for [2021-2027](https://m.likumi.lv/doc.php#p2021), [1.1](https://m.likumi.lv/doc.php#p1.1), shall be complied with [Specific](https://m.likumi.lv/doc.php#p1) objective 1 "Strengthening research and innovation capacity and implementation of advanced technologies in the overall R&D system" [1.1](https://m.likumi.lv/wwwraksti/2024/123/BILDES/MK_NOT_407/9C1842BB3C46_PIEL_1.DOCX#p1.1).[1.3](https://m.likumi.lv/ta/id/353061#p1.3). provisions for the implementation of the measure "Industry-driven research" under the provisions of paragraphs 41 and 46.

2. Information shall be provided on each cooperation partner which obtains intellectual property rights and economic advantages resulting from the activities carried out within the framework of its project.

3. Fundamental research shall not be supported in project application selection rounds in projects related to economic activity.