Annex 2

*to the Project Application Selection Rules of the Call for Project Proposals*

*of the Small Grant Scheme "Support for Business Ideas in Latgale" of*

*the European Economic Area Financial Mechanism 2014-2021*

*programme “Local Development, Poverty Reduction and Cultural Cooperation”*

**METHODOLOGY FOR THE ASSESMENT OF THE PROJECT APPLICATIONS OF THE CALL FOR PROJECT PROPOSALS OF THE SMALL GRANT SCHEME**

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| Financial Mechanism | The European Economic Area Financial Mechanism 2014-2021 period |
| Title of the programme | Local Development, Poverty Reduction and Cultural Cooperation |
| Type of selection of the Project Applications | Open Call |
| Title of the Open Call | The Open Call for project proposals of the Small Grant Scheme “Support for Business Ideas in Latgale” |
| The Small Grant Scheme Operator | Latgale Planning Region |

**General provisions for applying the evaluation criteria to the Project Application:**

1. An indication of the location in the Project Application of the information required for the evaluation of the criterion (Project Application Form, its annexes and other documents to be submitted) is indicative and, in the case that the information is not available in the specific field, the Project Application and its annexes are to be reviewed in their entirety.
2. While evaluating the correspondence of the criteria of the Project Application, only the information indicated in the Project Application and its annexes is to be reviewed. The evaluation cannot be based on assumptions and other information that cannot be verified or proven, or that does not concern the Project Application in question. However, if the evaluator has any information that might affect the evaluation process of the Project, specific facts and sources must be indicated, confirming and substantiating the information provided by the evaluator.
3. While evaluating the Project, attention must be paid to the correspondence of the information provided in the Project Application Form and the all Project Application sections and annexes where it is mentioned. If the information to be found in the Project Application sections is contradictory, a condition must be made for providing additional explanation to the criteria to which the discrepancy applies.
4. To be used for the assessment of Project Applications:
   1. [Regulations on the Implementation of the European Economic Area Financial Mechanism 2014–2021](https://eeagrants.org/resources/regulation-implementation-eea-grants-2014-2021) with its annexes;
   2. [Law on the Management of the European Economic Area Financial Mechanism and the Norwegian Financial Mechanism for the Period 2014-2021](https://likumi.lv/ta/id/298840-eiropas-ekonomikas-zonas-finansu-instrumenta-un-norvegijas-finansu-instrumenta-2014-2021-nbsp-gada-perioda-vadibas-likums);
   3. [The Cabinet of Ministers Regulation No. 683 of 16 November 2018 “The Management rules of the European Economic Area Financial Mechanism and the Norwegian Financial Mechanism for the Period 2014-2020”](https://likumi.lv/ta/id/303045);
   4. [The Cabinet Regulation No. 700 of 24 November 2020 “General Regulations for the Implementation of the European Economic Area Financial Mechanism 2014-2021 programme “Local Development, Poverty Reduction and Cultural Cooperation” and the Pre-Defined Projects”;](https://likumi.lv/ta/id/319160-eiropas-ekonomikas-zonas-finansu-instrumenta-20142021-gada-perioda-programmas-vieteja-attistiba-nabadzibas-mazinasana-un-kulturas-sadarbiba-visparigie-un-ieprieks-noteikto-projektu-istenosanas-noteikumi)
   5. [The Cabinet Regulation No. 66 of 28 January 2021 “Regulations for the Implementation of the Call for Project Proposals of the Small Grant Scheme “Support for Business Ideas in Latgale” of the European Economic Area Financial Mechanism 2014-2021 programme “Local Development, Poverty Reduction and Cultural Cooperation”](https://likumi.lv/ta/id/320620-eiropas-ekonomikas-zonas-finansu-instrumenta-20142021-gada-perioda-programmas-vieteja-attistiba-nabadzibas-mazinasana-un-kulturas-sadarbiba-neliela-apjoma-grantu-shemas-atklata-projektu-iesniegumu-konkursa-atbalsts-biznesa-ideju-istenosanai-latgale-istenosanas-noteikumi)”;
   6. [The Cabinet Regulation No. 715 of 21 November 2018 “Regulations on the Procedure for Accounting and Granting of De Minimis Support and Model Forms of Accounting of the De Minimis Support”.](https://likumi.lv/ta/id/303512-noteikumi-par-de-minimis-atbalsta-uzskaites-un-pieskirsanas-kartibu-un-de-minimis-atbalsta-uzskaites-veidlapu-paraugiem)

**ADMINISTRATIVE CRITERIA**

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| **Criteria** | | **The impact of the criterion on making a decision** | **Verification source, clause of the Project Application Form** | **A description for determining correspondence** |
| 1.1. | The Project Application has been submitted within the deadline specified in the notification | N | [eeagrants@lpr.gov.lv,](mailto:eeagrants@lpr.gov.lv) the fixed Project Application submission time and date | **The evaluation is “Yes”** if the Project Application is submitted before the deadline specified in the Regulation (until the 11.59 p.m. of the last day of the deadline).  If the Project Application is submitted after the deadline specified in the Regulation, the evaluation is **“No”**, the Project Application is rejected. |
| 1.2. | All sections of the Project Application form have been completed | P | Project Application form | **The evaluation is “Yes”**, if a form that is attached to the regulation is used to fill the Project Application and all its relevant sections that are required for the full evaluation of the Project Application or for ensuring Project supervision are filled in. In case of insignificant deficiencies, the information to be clarified or the clauses of the form shall be indicated.  If the information provided in the Project Application partially differs from the aforementioned requirements or if some of the Project Application sections are not completed as required for the full evaluation of the Project Application or for ensuring the Project supervision, the evaluation is **“No”**, but the Project is not rejected. In this case, when submitting the Project Application for approval, a condition must be provided to supplement the Project Application form with the necessary information.  If a section of the form is not filled in, but the information is available in other sections of the form or in attached documents, or in case of small technical error or imprecision, conditions will not be set when submitting the Project Application for approval; however, the Small Grant Scheme Operator might ask that the Project Application is clarified or improved. |
| 1.3 | The financial data of the Project Application is provided in *euro* | P | Project Application Form and its annexes | The evaluation is “Yes” if the financial data of the Project Application is provided in *euro.*  If the Project Application does not correspond to the aforementioned requirements, the evaluation is “Yes, on the condition that”; a condition is set that the financial data is indicated in *euro.* |
| 1.4 | The Project Application shall be prepared in Latvian (except for the sections of the Project Application form, which are indicated in the form to be filled out in English) by attaching all the documents to be submitted specified in the Rules (prepared in Latvian or accompanied by a translation to Latvian prepared pursuant to the laws and regulations) | P | Project Application Form and its annexes | **The evaluation is “Yes”**, if:   * a form (prepared in Latvian, except for the sections in the Project Application Form that are intended to be completed in English) that is attached to the Regulation is used to fill the Project Application; * all attachments indicated in the Regulation are added to the Project Application Form.   Additional documents that justify the activities, their extent and financing within the Project might be attached to the Project Application.  If all required attachments indicated in Section 3 of the Project Application are not added to the Project Application, the evaluation is **“No”**, though the Project Application is not rejected. Considering that the information available within the attachments is relevant to the further evaluation of the Project Application, the evaluator may not be convinced that the Project meets the eligibility criteria not specified within the Project Application, therefore the Project may be rejected.  If the information provided in the Project Application or its annexes do not correspond to the aforementioned requirements, the evaluation is **“No”**, but the Project is not rejected. In this case, when submitting the Project Application for approval, a condition must be made to provide information in the Project Application in Latvian, to supply additional information, to provide the missing annexes, etc. |
| 1.5. | The Project Application is drawn up pursuant to the requirements of the regulatory enactments governing the circulation of electronic documents, including the Project Application signed with a secure electronic signature | N | The information from the Project Application and its annexes must be sent to [eeagrants@lpr.gov.lv](mailto:eeagrants@lpr.gov.lv) | **The evaluation is “Yes”**, if:   * the Project Application is submitted in the form of an electronic document and along with a safe electronic signature, and it is authenticated by a time stamp; * the additional documents attached to the Project Application that are prepared electronically include the electronic signature and timestamp made by the author of the document. If the additional submitted documents are copies that have not been prepared electronically, they are attached in a scanned format and contain the signature of the author of the document.   To verify the electronic signature (identity and validity) the website https://www.eparaksts.lv/lv/ must be used while evaluation the criterion.  If the project application does not meet the requirements specified in the criterion, the evaluation is **"No".** In this case, the Project Application is rejected and is not evaluated any further. |
| 1.6. | The Project Application form has been signed by a person with a power of representation or authorized by the Project Applicants | P | Section 4 of the Project Application or a corresponding attachment (power of attorney, internal regulatory enactment or another document that certifies the authorisation to sign all documents related to the Project Application), the data from the Register of Enterprises | **The evaluation is “Yes”**, if:   * the Project Application has been signed by a responsible official in charge with signatory power; * an authorisation (power of attorney, internal regulatory enactment) signed by the responsible official on behalf of the Project Applicant is attached to the Project Application, in the case that the Project Application is signed by another person.   If the Project Application does not meet the requirements specified in the criterion, the evaluation is **"No"**, but the project is not rejected. In this case, when submitting the Project Application for approval, a condition must be made to provide an appropriate authorisation. |

**COMPLIANCE CRITERIA**

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| **Criteria** | | **The impact of the criterion on making a decision** | **Verification source, clause of the Project Application Form** | **A description for determining correspondence** |
| 2.1. | The Project Applicant shall comply with the type of the Project Applicant set forth in Cabinet of Ministers Regulations 66 of 28 January 2021 Regulation for the Implementation of the Project Call for Proposals of the Small Grant Scheme "Support for Business Ideas in Latgale" of the European Economic Area Financial Mechanism 2014-2021 programme "Local Development, Poverty Reduction and Cultural Cooperation" (hereinafter - the Regulations) | N | Section 1 and 2 of the Project Application Form, Project Application annexes | **The evaluation is “Yes”,** if the Project Applicant complies with the Small Grant Scheme Project Applicant type specified in Clause 13 of the Cabinet of Ministers Regulations.  If the Project Applicant does not comply with the Project Applicant type specified in Clause 13 of the Cabinet of Ministers Regulations, the evaluation of the criterion is **“No”**, and the Project is rejected. |
| 2.2. | The Project Applicant and its partner, if it is from the Republic of Latvia, do not have tax debts in the Republic of Latvia, including debts of mandatory state social insurance contributions, the total amount of which individually exceeds EUR 150. | P | Data base of the State Revenue Service | The Project Applicant and Cooperation Partner, if applicable, shall be checked for compliance with the criterion — each of them separately — in the database (hereinafter — SRS debtors database) [https://www6.vid.gov.lv/ NPAR](https://www6.vid.gov.lv/NPAR) of tax (fee) debtors, administered by the State Revenue Service (hereinafter — SRS), where the information is updated on the 7th (seventh) and 26th (twenty-sixth) date of every month.  The evaluation is determined based on the information available in the SRS debtor database on the nearest date before the submission of the Project Application or Project Application clarifications to the Small Grant Scheme Operator (hereinafter — GSO), for example, if the Project Application is submitted on April 21, the evaluation is based on the information available on April 7.  The date of inspection, and the established situation is indicated on the Project Application Form, and the inspection evidence is preserved.  **The evaluation is “Yes”, if:**  1) based on the information available on the SRS debtor database on the nearest date before the submission of the Project Application or the Project Application clarification to the GSO, the Project Applicant or their Cooperation Partner has no tax debts, including debts of mandatory state social insurance contributions (hereinafter — tax debts), which for each exceed EUR 150;  2) based on the information available on the SRS debtor database, if on the nearest date before the date of Project Application submission to the GSO the Project Applicant or their Cooperation Partner has tax debts, but on the nearest date before the conditional decision of the GSO whether to confirm/reject the Project Application no Project Applicant or Cooperation Partner tax debt does not appear on the SRS debtors database, which for each exceeds EUR 150, a condition for repaying the debt is not made, and the criterion is evaluated with “Yes”.  **The evaluation is “Yes, on the condition that”**, if, according to the information available on the database administered by SRS, <https://www6.vid.gov.lv/NPAR>, on the date of the previous published update before the submission of the Project Application and the conditional verdict of the GSO whether to accept/reject the Project Application the Project Applicant and their Cooperation Partner have tax debts, which for each exceeds EUR 150.  Upon establishing the said situation, a condition is set for the payment of all tax debts, ensuring that neither the Project Applicant, nor the Cooperation Partner in the Republic of Latvia on the day of the submission of the Project Application clarification has tax debts, each individually exceeding EUR 150 in total.  **The evaluation is “No”** if on the nearest date before the submission of the Project Application clarifications to the GSO the Project Applicant and/or Cooperation Partner has not paid their tax debt and the Project Applicant and/or Cooperation Partner has tax debt that for each exceeds EUR 150 in total.  In order to ensure a comprehensive examination of this criterion, the compliance of the Project Applicant and the Cooperation Partner, if applicable, with this criterion shall be repeated if the Project Application is approved with a condition, regardless of whether the condition is related to the fulfilment of this criterion. The GSO checks the SRS debtor database<https://www6.vid.gov.lv/NPAR> to find out whether in the nearest date before the submission of the Project Application clarifications the Project Applicant and Cooperation Partner, if applicable, have no tax debt that for each exceeds more than EUR 150 in total.  If, as a result of the GSO's inspection, a tax debt is discovered, the GSO rejects the Project Application on the grounds that it does not meet this criterion, even if the Project Application has been evaluated with "Yes" during the initial evaluation. |
| 2.3. | The purpose of the Project complies with that of the Grant Scheme — to promote employment in the Latgale Region by supporting merchants in the implementation of new ideas. | N | Section 2 of the Project Application Form | **The evaluation is “Yes”**, if the information provided in the Project Application regarding the activities planned within the Project indicates that the Project complies with the goals set in Clause 2 of the Regulations: to promote employment in the Latgale Region by supporting merchants in the implementation of new ideas.  According to the Cabinet of Ministers Regulation No. 66 of 28 January 2021 “Regulations for the Implementation of the Open Project Application Call of the Small Grant Scheme "Support for Business Ideas in Latgale" of the European Economic Area Financial Mechanism 2014-2021 programme “Local Development, Poverty Reduction and Cultural Cooperation” (hereinafter — the Cabinet of Ministers Regulations) developing a new idea means:   * developing new products or services; * improvement of existing products, significant increase of production capacity or significant change of production processes; * improving the efficiency of existing services.   The following activities shall be supported in the implementation of new ideas:  1. investments planned in the production of products:   * for increase in production capacity; * for diversification of products with the products that have not been previously produced within the framework of the existing business; * for significant change in production processes;   2. investments planned in the provision of services:   * for efficiency gain; * for diversification of services with services that have not been previously provided within the framework of the existing business;   3. increasing employee productivity.  If the goal of the Project does not comply with the GSO goal specified in Clause 2 of the Cabinet of Ministers Regulations, the evaluation of the criterion is **“No”**, and the Project is rejected. |
| 2.4 | The project creates at least one new job in the Latgale Region | N | Section 2 of the Project Application Form | **The evaluation is “Yes”,** if as a result of the Project it is planned to create at least one new job that meets the requirements specified in Clause 6 of the Cabinet of Ministers Regulations.  If as a result of the Project it is not planned to create new jobs in accordance with the requirements specified in Clause 6 of the Regulations, the evaluation of the criterion is **“No”**, and the Project Application is rejected. |
| 2.5 | Project activities are performed in the Latgale Region | N | Clause 2.2. of the Project Application Form | The evaluation is “Yes” if the Project is implemented within the administrative territory of Latgale Planning Region; otherwise, the evaluation is “No”, and the Project is rejected. |
| 2.6. | The results to be achieved in the Project Proposal are precisely defined, justified and measurable | P | Clause 2.4. and 2.8. of the Project Application | As part of the Small Grant Scheme, the following total result indicators are to be achieved — 40 new jobs are created in the Latgale region; 40 new products/services are developed.  **The evaluation is “Yes”**, if:   * the Project Application (Chapter 2) and its annexes indicate substantiated (depending on the Project objective), clearly defined and measurable Project indicators to be achieved, which provide an idea of the way towards reaching the Project goal;   If the Project Application does not meet the requirements mentioned previously, **the evaluation is “No”**, but the project is not rejected. In this case, when submitting the Project Application for approval, a condition must be made, such as:   * to clarify parts of the Project Application, indicating a justified, defined or measurable result for each Project activity;   to clarify parts of the Project Application, indicating substantiated, defined and measurable monitoring indicators (newly created jobs).  We draw attention to the fact that in accordance with the regulatory enactments related to the implementation of the Small Grant Scheme, the aim of the activities is to promote employment in the Latgale region by supporting entrepreneurs in implementing new ideas, and the achievable monitoring indicator is creating at least one new job. |
| 2.7. | The eligible activities and eligible costs included in the Project Proposal comply with the requirements of the Regulation, including do not exceed the cost limits specified in the provisions of the Regulation. | P | Section 2 of the Project Application Form, annexes | **The evaluation is “Yes”,** if:   * the eligible costs included in the Project Application are necessary for the implementation of the Project activities and achievement of the goal and the result-measuring indicators; * the eligible costs planned in the Project Application comply with the provisions of Chapter 2 of the regulations; * the costs outlined in the Project Application ensure the achievement of the goal and the results set for the Project; * the amount of costs planned in the project application does not exceed the cost restrictions specified in the regulations.   **The evaluation is “No”** if, for example:   * the information provided in the Project Application indicates that the eligible costs are not related to the implementation of the Project, and a condition is set to prove the connection of the eligible costs with the implementation of the project or to adjust the eligible costs; * if the costs planned within the project do not comply with those specified in Chapter 2 of the Regulations; * the information given in the Project Application indicates that the planned costs do not ensure the achievement of the goal and the indicators set for the Project;   If the evaluation is “No”, the Project is not rejected. In this case, when submitting the Project Application for approval, a condition must be made to clarify the information provided in the Project Application and the attached documents regarding the eligible costs, actions and cost items. |
| 2.8. | The activities envisaged in the Project are planned to be completed by 30 April 2024 | P | Section 2 of the Project Application Form | **The evaluation is “Yes”,** if:  - the Small Grant Scheme Operator has gained confidence regarding whether the supported activities planned in the Project Application can be undertaken and completed within the timeframe set in Clause 11 of the Cabinet of Ministers Regulations;  - the Project implementation period shall not be longer than 12 (twelve) months from the conclusion of the agreement with the GS Operator, except for Article 18.3 of the Rules.  - - The Project implementation timeframe does not exceed 24 (twenty-four) months following the conclusion of the agreement with the GS Operator, if the eligible Project costs include the part of software and fixed asset depreciation corresponding to the Project cost eligibility period and actual use, according to Subparagraph 10.2 of the Cabinet of Ministers Regulations.  If the Project Application does not meet all the requirements mentioned previously, **the evaluation is “No”**, but the project is not rejected. In this case, when submitting the Project Application for approval, a condition must be made to specify the Project implementation period accordingly, and to ensure correspondence of the information in related Project Application sections and annexes. |
| 2.9. | The information provided in the Project Application confirms that the Project Applicant will ensure the sustainability of the project results and that the sustainability costs are appropriately planned | P | Section 2 of the Project Application Form, Project annexes | **The evaluation is “Yes”,** if, when examining the long-term competitive advantages of the product created (or improved) or service provided (hereinafter — the product) as a result of the Project, the product can be compared to other equivalent products on the market.  The competitive advantages are determined by the following factors:  1. the technological, organisational, physical, financial resources and factors, as well as the human resources belong to the merchant. The resources are divided into:  1.1. material resources (land, buildings, equipment, supplies, stocks, availability of raw materials, money, etc.);  1.2. non-material resources (employee know-how; experience, qualification; visibility of the merchant, etc.);  1.3 resources (directly or indirectly related to the product) may create special and/or different opportunities for the merchant.  2. The ability of the merchant is their skillset to use the resources available to them effectively. These capabilities of the merchant arise from the organisational structure; cooperation with other merchants; participation in the supply or production chain of resources; management and control systems — the way in which the merchant makes decisions and manages internal processes to achieve their objectives.  The competitive advantages are justified if the merchant has different and/or special capabilities and resources that allow them to (at least one condition must be met):  1) to produce different and/or special products in comparison with similar products offered in the markets of competitors;  2) to produce products for a significantly lower cost than that of similar products of competitors;  3) to sell the product at a higher price than competitors selling similar products due to the characteristics of it (including the exclusivity of the product).  If eligible costs for the acquisition of new fixed assets are planned within the Project, the Project Applicant has additionally indicated a commitment to comply with the sustainability condition in relation to the purchased equipment in accordance with Subparagraph 10.1 of the Cabinet of Ministers Regulation.  If the information indicated in the Project Application does not fully or partially comply with the requirements mentioned above, the Project Application is **evaluated with “No”,** but the project is not rejected. In this case, when submitting the Project Application for approval, a condition must be made to clarify the provided information. |
| 2.10. | The Project Applicant has sufficient Project implementation, administration and financial capacity | N | Project Application Form and its annexes | **The evaluation is “Yes”** if the Project Applicant has the necessary resources to implement the Project or if the Project Applicant has identified their possibilities to gather all the necessary resources.  The Project administration and implementation capacity is sufficient if in Sections 1 and 2 of the Project Application and/or in the documents attached to the Project Application:  1) information on existing managers and required specialists, employees, their number and main tasks, as well as experience and professional qualifications required for the performance of the work is included, or a reference to additional documents attached to the Project Application is included, where the information mentioned above is reflected;  2) information is included on how the Project Applicant intends to equip the said employees for the implementation of the project (employees of the Project Applicant or in the form of outsourcing);  The financial capacity of the Project Applicant is sufficient if information on the project financing sources is provided for the full amount required for the Project implementation — total eligible costs allocation. The availability of financing is confirmed by the publicly available reports, as well as documents attached to the Project Application, for example, an agreement with a credit institution on the allocation of resources necessary for the implementation of the Project.  If the information indicated in the Project Application does not fully or partially comply with the requirements mentioned above, the Project Application is **evaluated with “No”** and the Project Application is rejected. |
| 2.11. | The Project Applicant complies with the requirements for de minimis support of the Commission Regulation No [1407/2013](http://eur-lex.europa.eu/eli/reg/2013/1407/oj/?locale=LV) | N | Project Application Form and its annexes | Commission Regulation No. 1407/2013 states that the total amount of *de minimis* aid granted to a single enterprise in accordance with the *de minimis* rules does not exceed the total allowable threshold. In Latvia, the procedure for accounting and granting *de minimis* aid using the *de minimis* aid accounting system, as well as samples of *de minimis* aid accounting forms are determined by the [Cabinet of Ministers Regulation No. 715 of 21 November 2018 “Regulations on the procedure for accounting and granting *de minimis* aid and *de minimis* samples of support accounting forms ”](https://likumi.lv/ta/id/303512)(hereinafter — Cabinet Regulation No. 715).  According to the Commission Regulation No. 1407/2013 the total amount of *de minimis* aid received during the relevant fiscal year and the two previous fiscal years, may not exceed EUR 200,000. The amount of the *de minimis* aid is accounted for at the level of a Single Joint Company. A Single Joint Company (hereinafter — SJC) includes all companies between which there is at least one of the following relationships:  a) one company has a majority of the shareholders or members' voting rights in another company;  b) one enterprise has the right to appoint or remove a majority of the members of the administrative, management or supervisory body of another enterprise;  c) one company has the right to exercise a dominant influence over another by virtue of an agreement concluded with that company or by a clause in its memorandum or statues;  d) one company, which is a shareholder in or a member of another company, has sole control over a majority of the shareholders or members' voting rights in that company in accordance with an agreement reached with the other shareholders or members of that company.  Companies in which one of the relationships referred to in points a) to d) of Subparagraph 1 exists with one or several other companies shall also be considered to be a single company.  While assessing the eligibility of a de minimis aid Applicant in regards to the definition of an SJC, account must be taken of the link via a natural person if the natural person qualifies as an economic operator at the time the aid is granted and if the natural person holds a majority of shares in two companies and they exercise control by directly or indirectly influencing the management of these companies. In cases where a participant is an institutional investor, if any of the characteristics listed in the definition of an SJC are relevant, the company (the Applicant for aid) is considered to be an SJC along with the relevant institutional investor. When assessing the Applicant's compliance with the definition of an SJC, all levels of commitment are assessed.  Whether the Project Applicant complies with the Commission Regulation No. 1407/2013 requirements for the reception of de minimis aid shall be determined by evaluating the data submitted in the Form on the information to be provided for the accounting and granting of de minimis aid. Data on *de minimis* aid received by the Applicant are checked in the *de minimis* aid accounting system. Data on the Project Applicant's relationship with other companies are checked in the Company Register database (Firmas.lv) available to the Grant Scheme Operator to determine the status of a Single Joint Company. If the Grant Scheme Operator finds shortcomings in the data submitted in the Form on the Information to be Provided for the Accounting and Granting of *de minimis* Support, the Project Applicant will be asked to submit an updated form.  Pursuant to Chapters 1 and 2 of the Paragraph 5 of the Commission Regulation No. 1407/2013 *de minimis* aid may be cumulated with other *de minimis* aid until the entry into force relevant thresholds set out in Chapter 2 of Paragraph 3 of Commission Regulation No. 1407/2013 or in other *de minimis* regulations, and may be cumulated with other State aid for the same eligible costs or other State aid for the same risk finance measure, if the relevant maximum aid intensity or aid amount specified in another State aid program or a decision of the European Commission is not exceeded. Where aid is cumulated with State aid in the form of direct financial instruments for the same eligible costs, the co-financing beneficiary shall provide the GS operator with information on planned and granted aid for the same eligible costs, indicating the date of granting, the aid provider, the aid measure and the planned or granted amount of aid. The information is included in the “Form on the information to be provided for the accounting and granting of *de minimis* aid” (or can be found in the *de minimis* aid accounting system with the identification number of the form created and approved by the applicant), as well as in the project application. The data submitted in the Project Application on the cumulation of aid are checked in the *de minimis* aid accounting system, as well as by contacting the specific aid providers.  **The evaluation is “Yes”,** if  the total amount of *de minimis* aid received by the Project Applicant as a Single Joint Company in the relevant fiscal year and in the previous two fiscal years together with the aid applied for in the Project Application does not exceed EUR 200,000.  the aid is cumulated with other State Aid in respect to the same eligible cost items, up to a maximum aid intensity or the amount of aid specified in another State Aid scheme or decision of the European Commission.  **The evaluation is “No”** and the Project Application is rejected, if:  the total amount of *de minimis* aid received by the Project Applicant as a Single Joint Company in the relevant fiscal year and in the previous two fiscal years together with the aid applied for in the Project Application exceeds EUR 200,000.  the aid is cumulated with other State Aid in respect to the same eligible cost items exceeds the maximum aid intensity or the amount of aid specified in another State Aid scheme or decision of the European Commission. |
| 2.12. | The Project Applicant is not a merchant in difficulty pursuant to Subparagraph 17.3 of this Regulation | N | Project Application Form and its annexes | Whether the Project Applicant is in difficulty is determined on the date of the decision to grant aid. When assessing the characteristics of a company in difficulty, information on the aid Applicant must be obtained.  **The evaluation is “Yes”** if the Project Applicant is not a merchant in difficulty.  **The evaluation is “No”** and the Project Application is rejected, if:   * the merchant has been declared insolvent, or a legal protection process has been implemented by a court judgment, bankruptcy proceedings have been initiated, their business has been terminated, or they comply with the criteria to request insolvency proceedings specified in the regulatory enactments at the request of creditors; * the merchant has lost more than a half of the subscribed capital due to the accumulated losses as of the day of submission of the Project Application (if the merchant is a capital company) (when the accumulated losses are deducted from reserves and all other items which are considered as a part of the subscribed equity, a negative result is achieved exceeding a half of the subscribed capital); * the merchant has not lost more than a half of the capital indicated in the accounting records as of the date of submission of the Project Application (if any of the participants has unlimited liability for the debts of the merchant); * the merchant has received rescue support and has not repaid the loan received under the rescue support, or has withdrawn the guarantee,or has received restructuring support, and the restructuring plan is still applicable thereto;   Data sources for determining the status of the company:  1. Firmas.lv (database of companies registered in Latvia): [www.firmas.lv](http://www.firmas.lv) (or equivalent data source)  2. European Business Register;  3. information request to the SRS;  4. various public sources of information. |
| 2.13. | It is not planned to implement the activities set forth in the Project Application in the sectors referred to in Paragraph 18 of the Regulation pursuant to the specified restrictions | N | Clause 1.3. and 2.3. of the Project Application Form;  Project budget;  Cash flow schedule | **The evaluation is “Yes”,**  if it is not planned to implement the activities set forth in the Project Proposal in the sectors pursuant to the restrictions specified in the regulations;  if the Project Applicant, who also operates in the sectors referred to in the Subparagraph “a”, “b” or “c” of Clause 1 of Section 1 within the Commission Regulation No. 1407/2013, provides for the separation of activities or costs in these sectors in accordance with Clause 2 of Section 1 of the Commission Regulation No 1407/2013, the separation of activities or costs is ensured in such a way that activities in excluded sectors do not benefit from the aid received.  It is verified whether the financial flow of the Project implementation is clearly separated from the financial flows of other sectors of activity during the Project implementation and in the post-monitoring period.  **The evaluation is “No”** and the Project Application is rejected if the activities of the Project are planned to be implemented:   * in accordance with the determined restrictions within Clause 1 of the Commission Regulation No. 1407/2013; * electricity, gas supply, heating (except for air conditioning); * fisheries and aquaculture; * mining of coal and lignite, mining, processing and agglomeration of coal; * construction and repair of ships and floating equipment; * mining, processing and manufacturing of steel products; * manufacture of synthetic fibres; * water supply and sewerage, waste management and remediation activities (except recycling); * wholesale and retail (except for motor vehicle and motorcycle repair); * financial intermediation; * real estate operations; * taxes and social insurance; * gambling and betting; * tobacco growing and manufacture of tobacco products; * activities of extraterritorial organisations and bodies; * manufacture and sale of explosives, weapons and ammunition; * manufacture and trade of alcoholic beverages; * transport sector services; * postal services; * airport or port management. |

**QUALITY CRITERIA**

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| --- | --- | --- | --- |
| **Criteria** | | **Verification source, clause of the Project Application Form** | **A description for determining correspondence** |
| 3.1 | The Project Applicant plans to implement the following activities: | Section 2 of the Project Application Form | 10 points are awarded to Applicants implementing the Project according to NACE: Statistical Classification of Economic Activities in the European Community, Redaction 2 (https://www.csb.gov.lv/lv/statistika/klasifikacijas/nace-2-red[) in Section C — Manufacturing as part of the specified activities, taking into account the sectoral restrictions in the regulations of the Grant Scheme. Applicants who plan to implement Projects in other types of activities will be awarded 5 points.](https://www.csb.gov.lv/lv/statistika/klasifikacijas/nace-2-red)  30 points are awarded if the Project Applicant intends to create a new service or product as a result of the Project implementation, which has not been previously provided or produced within the existing commercial activity  40 points are awarded if the Project Applicant plans to create two or more new services or products as a result of the Project implementation.  Significant increase of production capacity means that, as a result of the Project implementation, at least one product currently in production is produced/offered in a larger quantity compared to the production capacity indicators before the submission of the Project Application. In turn, a significant change in the production process means improvements that lead to changes in the product specification, its components, materials, design, packaging, user-friendliness, etc. |
| 3.1.1. | Increasing the efficiency of services — 5 points |
| 3.1.2. | Increasing the production capacity or making a significant change in the production process — 10 points |
| 3.1.3. | Creation of a new service or product — 30 points |
| 3.1.4. | Creation of two or more new services or products — 40 points |
| 3.2 | Tax contributions made by the Project Applicant1  *Mandatory state social insurance contributions made by the support Applicant in the last closed year on average per one employee in the last completed year, divided by 100. Maximum number of points to be awarded — 10* | Section 1 of the Project Application Form, data from the Register of Enterprises, the State Revenue Service | The information available to the SRS for the last closed year is used for the calculation:   * the State Social Insurance Mandatory Contributions made in the last closed year for those working in the company/farm (also the contributions made by the owner of the farm for himself//herself); * average number of employees.   According to Annex D3 of the Annual Income Declaration (AID) or the Annual Report (net turnover or balance sheet and their description), the State Social Insurance Mandatory Contributions made as a self-employed person are verified.  The criteria is calculated using the following formula:   |  |  |  | | --- | --- | --- | | A = | B | / 100, where | | C |   A — the number of points calculated taking into account the state social insurance contributions paid by the Applicant (for a farm — also the farm owner's own contributions) in the last completed year on average per one employee (including self-employed) in the last completed year;  B — state social insurance contributions paid by the Applicant in the last completed year;  C — average number of employees (including self-employed) in the last completed year.  The SRS database data is used in the calculation of the criterion.  For example, if there is 1 employee on the farm for whom the SSIMC has been paid in the amount of EUR 150 and the owner of the farm is a self-employed person who has paid the contributions in the amount of EUR 1200, then the total social insurance contributions (B) made by the applicant in the last closed year will be 150 +1200 = 1350. Total number of employees (C) = (1 + 1) = 2.  Criterion points (A) will be: (1350/2)/100 = 6.75.  If the applicant has no employees registered in the SRS database, as well as no contributions have been made as a self-employed person after the annual report or AID, no points will be awarded.  The maximum number of points to be awarded in the criterion does not exceed 10 points. |
| 3.3 | The amount of investments attracted for the implementation of the Project, which is not state support, compared to the planned co-financing of the Programme.  *The amount of investments attracted for the implementation of the Project, which is not State support, compared to the planned co-financing of the Programme (hereinafter — the Private Investment Ratio or PIR)*  *the provision of PiR offered by the Project Applicant is evaluated according to the following formula:*  *PIR/PiRmax\*65=P, where*  *PiRmax — the highest PIR offered among the Project Applicants*  *PiR — PiR offered by the Project Applicant*  *P — number of points acquired*  *The obtained coefficient is arithmetically rounded to whole numbers*  Maximum number of points to be awarded within the criterion — 65 | Project Application Form, Project Application annexes | The amount of investments attracted for the implementation of the Project, which is not state aid, in comparison with the planned programme support is determined on the basis of Clause 2.8 of the Project Application Form. *(Summary of Project costs)* the provided information, where the co-financing of the programme is deducted from the total Project costs (including the total amount of ineligible costs).  The provision of PiR offered by the Applicant is evaluated according to the following formula:  PIR/PiRmax\*65=P, where  PiRmax — the highest PIR offered among the Project Applicants  PiR — PiR offered by the Project Applicant  P — number of points acquired  The obtained coefficient is arithmetically rounded to whole numbers.  Maximum number of points to be awarded within the criterion — 65 |
| 3.4. | The Project Applicant plans to implement the project: | Clause 2.2. of the Project Application | If the Project is to be implemented in territories with up to 5000 (inclusive) inhabitants, then the Applicant is awarded 5 points. If the Project is to be implemented in cities with a population over 5,000 (currently available data at the time of evaluation), no points will be awarded. |
| 3.4.1 | in cities with more than 5,000 inhabitants — 0 points |
| 3.4.2 | in other areas with up to 5,000 (inclusive) inhabitants — 5 points |

Notes:

1. N - if a negative assessment is received, the Project Proposal is rejected.

2. P – if a negative assessment is received, a decision can be made on the conditional approval of the Project Application (the Project Applicant shall ensure compliance with the criteria before the deadline specified in the decision).

3. 1 The criterion is calculated using the following formula:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| |  |  |  | | --- | --- | --- | | A = | B | /100, where | | C | |  |  |
|  |  |

A - a number of points calculated taking into account the state social insurance contributions paid by the Project Applicant (for the farm - also the farm owner's own contributions) in the last completed year on average per one employee (including self-employed) in the last completed year;

B — state social insurance contributions paid by the Applicant in the last completed year;

C — average number of employees (including self-employed) in the last completed year.

The SRS database data is used in the calculation of the criterion.