The *Saeima*1 has adopted and

the President has proclaimed the following law:

**Law on Management of European Union Funds for the 2021–2027 Programming Period**

**Chapter I**

**General Provisions**

**Section 1. Terms Used in the Law**

The following terms are used in the Law:

1) **responsible institution**– a sectoral ministry or the State Chancellery which as an intermediary body implements a part of the functions of the managing authority specified in Regulation (EU) No 2021/1060 of the European Parliament and of the Council of 24 June 2021 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 – Regulation No 2021/1060);

2) **eligible State budget co-funding**– a part of the State funding which is planned in addition to the funding of European Union fund to cover eligible expenditure of a project;

3) **beneficiary**–

a) an institution of direct or indirect administration, derived public person, another State institution the project application of which is approved in accordance with the procedures laid down in this Law;

b) a natural person who has not been registered as a performer of economic activity and does not intend to perform economic activity or a natural person or an association of such persons who or which has been registered as a performer of economic activity or intends to perform economic activity (hereinafter – the natural person) and whose project application has been approved in accordance with the procedures laid down in this Law;

c) a legal person registered in the Republic of Latvia according to the legal form and legal status of the person or an association of such persons (hereinafter – the legal person) the project application of which has been approved in accordance with the procedures laid down in this Law;

d) a legal person which implements financial instruments in accordance with Article 2(9)(e) of Regulation No 2021/1060;

4) **planning documents**– a partnership agreement and the European Union’s Cohesion Policy Programme for 2021–2027 (hereinafter – the Programme);

5) **project applicant**– an institution of direct or indirect administration, derived public person, another State institution, a natural person, and also a legal person submitting a project application;

6) **project application**– an aggregate of information and documents regarding the planned project submitted by the project applicant in the Cohesion Policy Funds Management Information System in order to apply for the funding necessary for the project from the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, or the Just Transition Fund (hereinafter collectively – the European Union funds, each separately – the European Union fund);

7) **file of a project**– a project application, evaluation documents of the project application, civil legal contract (hereinafter – the Contract) or agreement regarding project implementation and other documents related to the project;

8) **project**– a project application, which complies with the project application evaluation criteria and which is approved by the co-operation institution;

9) **project application selection**– a process from sending the notification of call for open project application selection or a call for submitting a project application in a restricted project application selection until the time when the decision on approving or refusing a project application or an opinion on performance of the conditions included in the decision has come into effect;

10) **project application selection methodology**– a document which contains a description regarding the types of project application evaluation criteria, development and evaluation principles, and also regarding the principles for project application selection;

11) **project application selection regulations**– an aggregate of documents where information on the procedures for the submission of project applications and the evaluation thereof, the project application evaluation criteria, the methodology for the application of such criteria, a draft contract or agreement regarding project implementation, and other information necessary for the project application selection is included;

12) **project application evaluation criteria**– conditions in accordance with which a project application is assessed and a decision is taken to approve it, to approve with a condition or to reject it;

13) **methodology for the application of the project application evaluation criteria** – a document which contains an explanation of the application of each criteria for the project application evaluation;

14) c**o-operation institution**– an institution of direct administration which, in the amount laid down in this Law, as an intermediate body implements a part of the functions of the managing authority specified in Regulation No 2021/1060;

15) **State budget co-funding rate**– eligible State budget co-funding in per cent against the total eligible expenditure of a project.

**Section 2. Purpose of the Law**

The purpose of this Law is to ensure efficient and transparent implementation of the European Union funds in Latvia in accordance with the principles of sound financial management.

**Section 3. Scope of Application of the Law**

(1) The Law prescribes the rights and obligations of the authorities involved in the management of the European Union funds and the beneficiary, the procedures for the taking, contesting, and appeal of the decisions taken by the involved authorities, and also the amount of the State budget co-funding rate.

(2) Chapter III of this Law shall not apply to financial instruments. Other provisions of this Law, when implementing financial instruments, shall be applied insofar as not laid down otherwise in Regulation No 2021/1060.

(3) The Ministry of Environmental Protection and Regional Development as the ministry of the respective sector shall ensure the methodological management for the planning and execution of investments in territorial development and coordination of the use of territorial tools, and also monitor and evaluate such investments in territories.

**Section 4. Management of the European Union Funds**

Management of the European Union funds shall be the preparation, harmonisation, and approval of the necessary planning documents, the establishment of a management and control system of the European Union funds, the implementation of financial instruments, the development of the project application evaluation criteria, the selection of project applications, the control, auditing, monitoring, and assessment of the management and control system of European Union funds and projects, the approval of expenditures made within the projects, the preparation and submission of reviews to the European Commission, and also the development and maintenance of the Cohesion Policy Funds Management Information System.

**Section 5. Rights to Receive Funding of European Union Funds**

Submission of a project application in accordance with this Law shall not impose any obligation for the authority involved in the management of the European Union funds to grant funding to a project application for the project implementation.

**Section 6. State Budget Co-funding Rate**

The State budget co-funding rate shall, when approving the project, not be higher than the minimum necessary one with which it is possible to ensure the national co-funding rate specified in the implementation conditions of the specific objective if the State budget co-funding is intended in the abovementioned implementation conditions of the specific objective. The maximum amount of the State budget co-funding shall, when approving the project, be calculated against the total eligible expenditures of a project.

**Section 7. Horizontal Principles**

The authorities responsible for the coordination of the horizontal principle referred to in Article 9 of Regulation No 2021/1060, and also the principles of ‘energy efficiency first’ and ‘climate-proofing’, the rights and obligations thereof shall be determined by the Cabinet.

**Section 8. Legal Force of Documents**

If documents have been submitted, using the Cohesion Policy Funds Management Information System, irrespective of whether they contain the detail ‘signature’, the following documents shall have legal force:

1) a project application, contract, or agreement regarding the project implementation and the amendments thereto, and also other documents related to the project implementation;

2) documents related to the project application selection which need approval or harmonisation from the authorities involved in the management of the European Union funds, their delegated representatives, or experts involved in the project application selection.

**Chapter II**

**Provision of Management of European Union Funds and Project Implementation**

**Section 9. Institutions Involved in the Management of European Union Funds**

(1) Management of European Union funds shall be provided by the following institutions involved in the management of European Union funds:

1) managing authority;

2) responsible institution;

3) co-operation institution;

4) audit authority;

5) accounting authority;

6) monitoring committee.

(2) In order to achieve the objective of this Law, institutions involved in the management of European Union funds shall develop methodology materials and co-operate with other institutions in accordance with the procedures laid down in the State Administration Structure Law.

(3) In order to perform efficiently the obligations referred to in Section 11, Paragraph three and Section 12, Paragraph three of this Law, especially in cases when the co-operation institution requires support in sectoral policy issues, the co-operation institution and the responsible institution or another institution of direct administration may enter into an interdepartmental agreement, harmonising it with the managing authority.

**Section 10. Managing Authority, Obligations and Rights Thereof**

(1) The functions of the managing authority shall be fulfilled by the Ministry of Finance.

(2) The managing authority has the following obligations:

1) to ensure efficient management of the implementation of the European Union funds;

2) to ensure the development of planning documents, by taking into account partnership and multilevel management principle;

3) to develop and submit a description of management and control system to the audit authority;

4) to monitor the activity of responsible institutions and the co-operation institution in accordance with Article(72)(1)(d) of Regulation No 2021/1060;

5) to ensure management of technical assistance of the European Union funds and efficiency of the implementation thereof, including performing the obligations of the responsible institution referred to in this Law for the implementation of this task;

6) to ensure performance of the management information, publicity and communication measures of the European Union funds, including to carry out the functions of the coordinator responsible for communication in accordance with Article 48 of Regulation No 2021/1060;

7) to provide information to the responsible institutions, the co-operation institution, and the accounting authority according to the competence thereof;

8) to provide information on projects of strategic importance to the European Commission in accordance with Article 72(1)(a) of Regulation No 2021/1060;

9) to develop methodology for the project application selection in accordance with Article 72(1)(a) of Regulation No 2021/1060, to submit it for approval to the monitoring committee on the basis of Article 40(2)(a) of Regulation No 2021/1060;

10) to develop the procedures referred to in Article 69(6) of Regulation No 2021/1060 according to the competence thereof;

11) to develop a strategy for combating fraud and corruption in accordance with Article 72(1)(b) of Regulation No 2021/1060;

12) to ensure the assessment of investments of the European Union funds in accordance with the requirements of Article 44(1) of Regulation No 2021/1060;

13) to provide the information at the disposal thereof to the accounting authority for the preparation of the payment application and closure of accounts and to approve that the expenditures to be included in the closure of accounts are eligible in accordance with Article 72(1)(b) of Regulation No 2021/1060;

14) to develop the management declaration in accordance with Article 72(1)(b) of Regulation No 2021/1060 according to the competence thereof;

15) to perform the functions referred to in Article 42(1), Article 43(1), Article 69(10) and (11), and Article 72(1)(c) of Regulation No 2021/1060;

16) to develop the project application evaluation criteria and also the methodology for the application of such criteria in accordance with the procedures and in the amount laid down by the Cabinet in accordance with Article 72(1)(a) of Regulation No 2021/1060;

17) to ensure the management of the programme in accordance with Article 72(1) of Regulation No 2021/1060;

18) to carry out other obligations laid down in this Law.

(3) The managing authority has the following rights:

1) to propose and conduct control and auditing of the implementation of the European Union funds;

2) to request information, which is necessary for the provision of the management of European Union funds, from institutions involved in the management of European Union funds and beneficiaries;

3) to temporarily suspend further declaration of the expenditures made within the scope of the programme, priority, specific objective, or project to the European Commission.

(4) The Ministry of Finance shall ensure that the functions fulfilled thereby as the managing authority in accordance with this Law are separated from the other functions thereof, including from those which are fulfilled thereby as the beneficiary.

**Section 11. Responsible Institution, Obligations and Rights Thereof**

(1) The functions of the responsible institution shall be fulfilled by the Ministry of Economics, the Ministry of Education and Science, the Ministry of Culture, the Ministry of Welfare, the Ministry of Transport, the Ministry of Justice, the Ministry of Health, the Ministry of Environmental Protection and Regional Development, and the State Chancellery.

(2) The responsible institution, when performing the obligations laid down in Paragraph three of this Section, shall be under functional subordination of the Minister for Finance which is implemented in the form of supervision. The Minister for Finance shall implement the supervision with the intermediation of an authorised official (the head of the managing authority).

(3) The responsible institution has the following obligations:

1) to participate in the development of planning documents;

2) in conformity with the planning documents, to ensure achievement of the results of a specific objective, including supervision of achievement of the output and result indicators;

3) to develop the conditions for the implementation of the specific objective referred to in Section 19, Clause 13 of this Law;

4) to develop the project application evaluation criteria, and also the methodology for the application of such criteria in accordance with the procedures and in the amount laid down by the Cabinet in accordance with Article 72(1)(a) of Regulation No 2021/1060;

5) on the basis of Article 40(2)(a) of Regulation No 2021/1060, to submit the criteria referred to in Clause 4 of this Paragraph for approval to the monitoring committee;

6) to develop the procedures referred to in Article 69(6) of Regulation No 2021/1060 according to the competence thereof;

7) according to the competence, to provide information to the responsible institutions involved in the management of the European Union funds which is essential in the performance of the obligations of these institutions;

8) in accordance with Article 72(1)(e) of Regulation No 2021/1060, to enter data in the Cohesion Policy Funds Management Information System regarding result indicators of the specific objective if they do not directly arise from data entered in the system in accordance with Section 12, Paragraph three, Clause 6 of this Law;

9) to develop the methodology for simplified costs if the total costs of the project do not exceed the amount of the costs specified in Article 53(2) of Regulation No 2021/1060;

10) to use the Cohesion Policy Funds Management Information System for supervision of the achievement and implementation of the specific objective;

11) to develop an aid programme or *ad hoc* aid project and to submit it for initial assessment to the Ministry of Finance in accordance with the procedures laid down in the Law on Control of Aid for Commercial Activity;

12) according to the competence, to ensure the thematic assessment of the investments of the European Union funds;

13) to carry out other obligations laid down in this Law.

(4) The responsible institution has the right to request and receive information from the authorities involved in the management of the European Union funds which is necessary for the implementation of the specific objective and for the performance of other obligations of the responsible institution.

(5) The responsible institution shall ensure that the functions fulfilled thereby as the responsible institution in accordance with this Law are separated from the other functions thereof, including from those which are fulfilled thereby as the beneficiary.

**Section 12. Co-operation Institution, Obligations and Rights Thereof**

(1) The functions of the co-operation institution shall be fulfilled by the Central Finance and Contracting Agency.

(2) The co-operation institution, when performing the obligations laid down in Paragraph three of this Section, shall be under functional subordination of the Minister for Finance which is implemented in the form of supervision. The Minister for Finance shall implement the subordination with the intermediation of an authorised official (the head of the managing authority).

(3) The co-operation institution has the following obligations:

1) according to the competence, to provide information to the authorities involved in the management of the European Union funds which is essential in the performance of the obligations of these authorities;

2) to carry out the function referred to in Article 46 of Regulation No 2021/1060, including to provide consultations to project applicants regarding the submission and updating of project applications according to the conditions included in the decision to approve the project application with a condition;

3) to carry out the functions of the project application selection in accordance with Article 72(1)(a) of Regulation No 2021/1060, except for that laid down in Section 10, Paragraph two, Clause 8 and 9 and Section 11, Paragraph three, Clause 4 of this Law;

4) to enter into an agreement regarding the implementation of financial instruments;

5) to consult beneficiaries regarding project implementation;

6) to perform the functions referred to in Article 72(1)(e) of Regulation No 2021/1060, except for that laid down in Section 11, Paragraph three, Clause 8 of this Law;

7) to ensure supervision and control of project implementation, supervision of achievement of project objectives and output indicators, to analyse problems of the project implementation and to submit proposals to the responsible institution, managing authority and monitoring committee regarding improvement of project implementation;

8) to carry out random *ex-ante* controls of the procurement of projects;

9) to develop the procedures referred to in Article 69(6) of Regulation No 2021/1060 according to the competence thereof;

10) to verify and approve the expenditures included in the payment request of the beneficiary which is eligible;

11) to provide the information at the disposal of the co-operation institution to the accounting authority for the preparation of the payment application and closure of accounts;

12) to provide information to the community, to ensure publicity and communication in issues related to project implementation;

13) taking into account the legal form and the legal status of the project applicant, to enter into a contract or agreement with the beneficiary regarding project implementation in accordance with that laid down in Article 72(1)(a) of Regulation No 2021/1060;

14) to carry out the tasks of the programme management in accordance with Article (72)(1)(b) of Regulation No 2021/1060, except for that laid down in Section 10, Paragraph two, Clauses 11, 13, and 14 of this Law;

15) to carry out other obligations laid down in this Law.

(4) The co-operation institution has the right to request and receive information from the authorities involved in the management of the European Union funds, from the project applicant and the beneficiary which is necessary in order to enter into a contract or agreement regarding project implementation, and also to ensure the project supervision.

(5) The Central Finance and Contracting Agency has the right to request and receive direct access to the data in the State information systems in such amount which is necessary for the performance of the obligations of the co-operation institution.

(6) The Central Finance and Contracting Agency shall ensure that the functions fulfilled thereby as the co-operation institution in accordance with this Law are separated from the other functions thereof, including from these which are fulfilled thereby as the beneficiary.

**Section 13. Audit Authority, Obligations and Rights Thereof**

(1) The functions of the audit authority shall be fulfilled by the Ministry of Finance.

(2) The audit authority has the following obligations:

1) to perform the functions specified in Articles 77 and 78 of Regulation No 2021/1060;

2) to carry out the evaluation of the methodology for simplified costs in accordance with Article 94(2) of Regulation No 2021/1060 and other tasks assigned by the European Commission which are related to the implementation of the European Union funds;

3) to inform the Cabinet if it has information at its disposal on significant risks that may impact the implementation of the European Union funds.

(3) The audit authority has the following rights:

1) to request and receive information from the authorities involved in the management of the European Union funds and from other authorities, and also from the beneficiaries which is necessary for the performance of its obligations, including to receive, process, and store personal data of natural persons in accordance with Regulation (EU) No 2016/679 of the European Parliament and of the Council on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC;

2) in order to ensure the accuracy and reliability of the audit opinion and the annual control report provided to the European Commission, to carry out checks that are not directly related to the specific project, however, that may impact the conformity of the project with the legal acts of the European Union and the laws and regulations of the Republic of Latvia or the efficiency of the use of the European Union funds;

3) to request and obtain direct access to data in the State information systems in such amount which is necessary for the performance of the obligations of the audit authority.

(4) The Ministry of Finance shall ensure that the functions fulfilled thereby as the audit authority in accordance with this Law are separated from the other functions thereof, including these which are fulfilled thereby as the managing authority and the beneficiary.

**Section 14. Accounting Authority, the Obligations and Rights Thereof**

(1) The function of the accounting authority shall be fulfilled by the Treasury.

(2) The accounting authority has the following obligations:

1) on the basis of the decision of the managing authority referred to in Section 10, Paragraph three, Clause 3 of this Law, to temporarily suspend further declaration of the expenditures made within the scope of the programme, priority, specific objective, or project to the European Commission;

2) to perform the functions referred to in Article 76 of Regulation No 2021/1060.

(3) The accounting authority has the following rights:

1) to perform verifications of implementation of the European Union funds that are necessary for approval of reports to be submitted to the European Commission;

2) to request information from the authorities involved in the management of the European Union funds which is necessary for approval of the reports to be submitted to the European Commission;

3) to request and obtain direct access to data in the State information systems in such amount which is necessary for the performance of the obligations of the accounting authority.

(4) The Treasury shall ensure that the functions fulfilled thereby as the accounting authority in accordance with this Law are separated from the other functions thereof, including those which are fulfilled thereby as the beneficiary.

**Section 15. Monitoring Committee and Composition Thereof**

(1) The monitoring committee has an obligation to monitor the process of implementation of the European Union funds and to perform other obligations specified in Article 40 of Regulation No 2021/1060.

(2) The monitoring committee is a collegial authority and its institutional composition shall be approved by the Cabinet in conformity with what is laid down in Article 39 of Regulation No 2021/1060. The staff of the monitoring committee shall be approved by the chairman of the monitoring committee.

(3) The chairman of the monitoring committee shall be the head of the managing authority.

(4) The managing authority shall ensure the performance of the functions of the monitoring committee.

(5) The monitoring committee may establish one or several sub-committees for discussion of certain issues.

(6) The types of documents to be examined in the monitoring committee and sub-committees, the procedures for the submission and harmonisation thereof, the procedures for the preparation and course of the meetings, and other issues of internal procedures and operation of the monitoring committee and the sub-committee shall be determined in the regulations of the monitoring committee and the sub-committee to be developed by the monitoring committee. The regulations shall be approved by the monitoring committee in accordance with Article 38(2) of Regulation No 2021/1060.

**Section 16. Transparency of Operation of the Monitoring Committee**

(1) The monitoring committee shall inform the community regarding the operation thereof and decision taken. The meetings of the monitoring committee shall be open. The issuing of information shall be restricted in accordance with the laws and regulations regarding the issuing of information, the processing and protection of data.

(2) The procedures for applying for participation in the meetings of the monitoring committee, the restrictions for participation and the procedures for the course of the meetings, and also the procedures by which the public is informed of the decisions taken shall be determined by the regulations of the monitoring committee.

**Section 17. Obligations and Rights of the Procurement Monitoring Bureau**

(1) The Procurement Monitoring Bureau has the following obligations:

1) to ensure *ex-ante* control of the documentation of a public procurement and the course of the procurement procedure of the projects in accordance with the procedures stipulated by the Cabinet;

2) to develop methodology for the performance of *ex-ante* control of the public procurement documentation and process of procurement procedure of the projects (hereinafter – the *ex-ante* control methodology).

(2) The Procurement Monitoring Bureau has the right to request information from the authorities involved in the management of the European Union funds and the beneficiaries which is necessary for the performance of the obligations referred to in Paragraph one of this Section.

**Section 18. Obligations and Rights of the Beneficiary**

(1) The beneficiary has the following obligations:

1) to ensure project implementation in accordance with the laws and regulations of the European Union and the Republic of Latvia and contract regarding project implementation, if the beneficiary is a natural person or legal person;

2) to ensure project implementation in accordance with the laws and regulations of the European Union and the Republic of Latvia and agreement regarding project implementation, if the beneficiary is an institution of direct or indirect administration, derived public person or another State institution;

3) to ensure that funding granted for the project is used in accordance with the principle of sound financial management, by taking into account economy, usefulness and efficiency principles;

4) to ensure that the expenditures made within the scope of the project are directly related to achievement of the project objectives and conform to the conditions for the use of the funding granted for project implementation;

5) to inform the co-operation institution immediately of any changes and circumstances that may affect the project implementation;

6) to ensure retention and sustainability of the project results, taking into account and in accordance with the conditions and time periods specified in Article 65 of Regulation No 2021/1060 and Section 19, Clause 13 of this Law;

7) to ensure a separate accounting record for expenditure of each project or conforming accounting code system in respect of all transactions related to the project;

8) to provide reports, information on the project implementation, and other documents related to the project implementation, using the Cohesion Policy Funds Management Information System;

9) to ensure access to originals of all the documents related to the project implementation and to the accounting system, and also to the site of the relevant project implementation for the representatives of the authorities involved in the management of the European Union funds, the European Commission, the European Anti-fraud Office, the European Public Prosecutor’s Office, the European Court of Auditors, and the Procurement Monitoring Bureau;

10) to ensure timely provision of information;

11) to ensure the accumulation of the data and information on the implemented projects necessary for the assessment of investments.

(2) The beneficiary has the following rights:

1) to receive project funding from sources of funding which have been determined in accordance with the contract or agreement regarding project implementation if the project is implemented in accordance with the legal acts of the European Union and the laws and regulations of Republic of Latvia and a contract or agreement regarding project implementation, taking into account the laid down procedures and time periods;

2) to implement the project together with a co-operation partner in conformity with the procedures and conditions laid down in accordance with Section 19, Clauses 2 and 13 of this Law;

3) to receive information necessary for the project implementation from the institutions involved in the management of European Union funds and Procurement Monitoring Bureau.

**Section 19. Competence of the Cabinet in the Ensuring of Management of the European Union Funds**

In order to ensure the management of the European Union funds, the Cabinet shall determine:

1) the requirements for the establishment of the management and control system of the European Union funds;

2) the procedures for ensuring implementation of the European Union funds by the authorities involved in the management of the European Union funds, including the project application selection, the content of the project application selection regulations, the amount of the development of the project application evaluation criteria and the methodology for the application thereof and the procedures for the assessment of conformity of the project applicant with the exclusion provisions referred to in Section 22 of this Law, the content of contracts and agreements regarding project implementation, the procedures for entering into and amending, including the procedures for carrying out unilateral declaration and unilateral notice, and also the conditions for the attraction of project co-operation partners;

3) the procedures for planning of resources in the State budget, and also procedures for examination of payment requests, performance of payments and drawing up of payment application and closure of accounts to be submitted to the European Commission;

4) the procedures for provision and examination of information regarding application of value added tax within the framework of projects and taking of a decision to include the value added tax in the eligible costs of projects;

5) the procedures for ensuring functions of the audit authority in the management of the European Union funds;

6) the provisions and procedures for application of simplified costs;

7) the procedures for performance of on-the-spot verification of a project;

8) the procedures for the performance of random *ex-ante* control of the procurement documentation and the course of the procurement procedure of the project by the co-operation institution and the procedures for the performance of random *ex-ante* control of the documentation of the public procurement and the course of the procurement procedure of the project by the Procurement Monitoring Bureau, and also for the development and updating of *ex-ante* control methodology;

9) the procedures for reporting irregularities established in the implementation of the European Union funds, for writing-off, withholding, or recovery of the expenditures made incorrectly, and also for the application of proportional financial correction;

10) the procedures for publication of information regarding projects and ensuring of compliance with the requirements of publicity, communication and of visual identity European Union funds;

11) the procedures for monitoring and evaluation of the implementation of the European Union funds;

12) the procedures for developing and maintaining the Cohesion Policy Funds Management Information System, including the electronic data exchange system;

13) the objective of the specific objective, the available funding, the national co-funding rate, the requirements for a project applicant, the requirements for the project co-operation partners (if any are invited), the conditions for the activities to be supported and for eligibility of costs, including the conditions for granting aid for commercial activity (if applicable), and the procedures for implementing the specific objective of the European Union fund indicated in the programme;

14) the procedures for the implementation of financial instruments, the available funding, the conditions for the activities to be supported and for eligibility of costs;

15) the procedures for the implementation of technical assistance of the European Union funds;

16) the procedures for the examination and approval of information by the co-operation institution on the indicators related to project participants in accordance with Regulation (EU) No 2021/1057 of the European Parliament and of the Council of 24 June 2021 establishing the European Social Fund Plus (ESF+) and repealing Regulation (EU) No 1296/2013.

**Chapter III**

**Project Application Selection and Taking a Decision on a Project Application**

**Section 20. Project Application Selection**

(1) Project application selection may be:

1) open – if an equal competition among project applications takes place for approval of the project application and granting of the funding of the European Union fund;

2) restricted – if the range of project applicants who are invited to submit project applications is previously known. In such case all project applications shall be approved and financed which comply with the project application evaluation criteria, if none of the exclusion provision referred to in Section 22 of this Law apply to the project applicant.

(2) Co-operation institution shall carry out project application selection in accordance with project application selection methodology and project application selection regulations. Project application selection regulations shall be developed and after co-ordination with the responsible institutions and the managing authority approved by the co-operation institution.

(3) Only such project application evaluation criteria shall be included in the project application selection regulations which have been approved in accordance with Article 40(2)(a) of Regulation No 2021/1060 by the monitoring committee.

(4) A notification of a call for open project application selection and an indication to the website on which the project application selection regulations have been published, and also a notification regarding extension, discontinuation, or termination of the project application selection shall be submitted by the co-operation institution for the publication in the official gazette *Latvijas Vēstnesis*.

(5) A project applicant shall draw up and submit a project application in accordance with the requirements of the project application selection regulations.

(6) A decision of the monitoring committee on approval of project application evaluation criteria and decision of the co-operation institution on approval of project application selection regulations may not be contested and appealed.

**Section 21. Project Application Assessment Committee**

The co-operation institution shall establish a project application evaluation committee for the project application evaluation, consisting of at least one representative from the responsible institution which supervises the relevant specific objective and of a representative from the relevant sectoral ministry (if applicable). The Cabinet may determine other additional conditions for the establishment of the project application evaluation committee if it arises from the legal acts of the European Union and the laws and regulations of Republic of Latvia. The representative of the managing authority may participate in the meeting of the project application evaluation committee in the capacity of observer.

**Section 22. Provisions for Exclusion of a Project Applicant**

(1) The co-operation institution shall refuse a project application if any of the following cases is applicable to a project applicant who is a natural person or legal person:

1) a project applicant or a person who is a member of the executive board or supervisory board or a general representative of the project applicant, or a person who is authorised to represent a project applicant in activities related to a subsidiary, has been found guilty of any of the following criminal offences by such prosecutor’s penal order or a court judgement that has come into effect and is non-disputable and not subject to appeal:

a) establishment or leading of a criminal organisation, involvement in such organisation or in an organised group included within such organisation, or in another criminal formation, or participation in criminal offences committed by such organisation;

b) accepting bribes, giving of bribes, misappropriation of a bribe, intermediation in bribery, unauthorised receipt of benefits or commercial bribery, unlawful requesting, receiving, and giving of a benefit, trading with influence;

c) fraud, misappropriation, or money laundering;

d) evading payment of taxes and payments equivalent thereto;

e) terrorism, financing of terrorism, establishment or organisation of a terrorist group, travelling for terrorism purposes, justification of terrorism, invitation to terrorism, terrorism threats or recruitment and training of a person for the committing acts of terrorism;

f) human trafficking;

2) a project applicant by such decision of the competent authority in the relevant field, a prosecutor’s penal order, or a court judgment which has come into effect and has become non-disputable and not subject to appeal has been found guilty of and punished for a violation manifesting as:

a) employment of one or several persons if they do not have the necessary work permit or they are not entitled to reside in a European Union Member State;

b) employment of a person without entering into a written employment contract, failing to submit an informative declaration regarding employees in respect of such person within the time period specified in the laws and regulations governing taxes which is to be submitted regarding persons who commence work;

3) a project applicant by such a decision of the competent authority in the relevant field or a court judgement which has come into effect and has become non-disputable and not subject to appeal has been found guilty of violating the competition rights which manifest as a vertical agreement aimed at restricting the opportunity of a purchaser to determine the resale price, or a horizontal cartel agreement, except for the case when the relevant authority, in determining violation of the competition rights, has released the project applicant from a fine or reduced the fine within the scope of the co-operation leniency programme;

4) insolvency proceedings of a project applicant have been declared, a matter of legal protection proceedings has been initiated, or legal protection proceedings are being implemented, economic activity of a project applicant has been suspended or discontinued, or a project applicant is being liquidated;

5) the decision of the co-operation institution referred to in Section 26 of this Law on the prohibition for participation in the project application selection has come into effect.

(2) The co-operation institution shall not exclude a project applicant from participation in project application selection, if from the day, when the following cannot be contested and appealed:

1) the court judgment, the prosecutor’s penal order, or the decision taken by another competent authority in relation to the violations referred to in Paragraph one, Clause 1 and Clause 2, Sub-clause “a” of this Section, three years have passed up to the date of submitting the project application;

2) the court judgment or the decision taken by another competent authority in the relevant field in relation to the violations referred to in Paragraph one, Clause 2, Sub-clause “b” and Clause 3 of this Section, 12 months have passed up to the date of submitting the project application.

**Section 23. Types of Decisions of the Managing Authority and the Co-operation Institution**

(1) If a project applicant is a natural or legal person, a decision of the managing authority and co-operation institution is an administrative act.

(2) If a project applicant is an institution of direct or indirect administration, a derived public person, or another State institution, the decision of the managing authority and the co-operation institution is not an administrative act.

(3) The decision referred to in Paragraph two of this Section shall be issued in writing and it shall contain the following parts:

1) the name and address of the managing authority or the co-operation institution;

2) addressee – a project applicant;

3) the finding of facts;

4) the justification of the decision;

5) a separate list of legal rules applied;

6) the rights assigned to the addressee and the rights rejected;

7) the conditions (if applicable);

8) the procedures for contesting a decision of the co-operation institution.

**Section 24. Approval of a Project Application, Approval with a Condition or Refusal in Open Project Application Selection**

(1) In the open project application selection, the co-operation institution shall, on the basis of the opinion provided by the project application evaluation committee, take the decision to approve, to approve with a condition, or to refuse a project application.

(2) The decision to approve the project application shall be taken if all of the following conditions are met:

1) none of the exclusion provisions referred to in Section 22 of this Law is applicable to a project applicant;

2) a project application complies with project application evaluation criteria;

3) funding is available for the project implementation within the framework of the project application selection round of a specific objective.

(3) The decision to refuse the project application shall be taken if at least one of the following conditions has set in:

1) at least one of the exclusion provisions referred to in Section 22 of this Law applies to the project applicant;

2) a project application fails to comply with project application evaluation criteria and rectification of deficiency in accordance with Paragraph four of this Section can affect a project application in fact;

3) funding is not available for the project implementation within the scope of the project application selection round of the specific objective;

4) the project applicant has created artificial conditions or provided information significantly inadequate for the factual circumstances in order to gain advantage over other project applicants or for the co-operation institution to take a favourable decision for it.

(4) The decision to approve the project application with a condition shall be taken if it is necessary for a project applicant to carry out the activities stipulated by the co-operation institution in order for the project application to completely conform to the project application evaluation criteria and in order that the project could be implemented appropriately. Conditions may be included in the decision and performance thereof shall be controlled by taking into account the project application selection regulations. If any of the conditions laid down in the decision are not fulfilled or are not fulfilled within the time period specified in the decision or if a project application does not conform to the project application evaluation criteria due to the information submitted by the project applicant, a project application shall be regarded as refused.

(5) If a project application is submitted after the end date for submission of the project application, it shall not be assessed. The co-operation institution shall inform a project applicant thereon. If the project application is rejected due to the reasons referred to in this Paragraph and the project applicant appeals the rejection to the court, the court judgment of the District Administrative Court on the relevant issue is not subject to appeal.

**Section 25. Approval of a Project Application, Approval with a Condition or Refusal in Restricted Project Application Selection**

(1) In a restricted project application selection, the co-operation institution shall, on the basis of the opinion of the project application evaluation committee, take the decision to approve, to approve with a condition, or to refuse the project application.

(2) The decision to approve the project application shall be taken if all of the following conditions are met:

1) none of the exclusion provisions referred to in Section 22 of this Law is applicable to a project applicant;

2) a project application complies with project application evaluation criteria.

(3) The decision to refuse the project application shall be taken if at least one of the following conditions has set in:

1) a project applicant is not invited to submit a project application;

2) at least one of the exclusion provisions referred to in Section 22 of this Law applies to the project applicant.

(4) The decision to approve the project application with a condition shall be taken if it is necessary for a project applicant to carry out the activities stipulated by the co-operation institution in order for the project application to completely conform to the project application evaluation criteria and in order that the project could be implemented appropriately. Conditions may be included in the decision and performance thereof shall be controlled by taking into account the project application selection regulations.

(5) If the project applicant does not fulfil the conditions laid down in the decision on the approval of a project application or does not fulfil them within the time period specified in the decision or if a project application does not conform to the project application evaluation criteria due to the information submitted by the project applicant, a project application shall be regarded as refused.

**Section 26. Decision to Prohibit to Participate Temporarily in Project Application Selection**

The co-operation institution is entitled to take a decision to determine prohibition for a natural or legal person or a person who is a member of the executive board or supervisory board or a general representative of the relevant legal person, or a person who is authorised to represent a project applicant in activities related to a subsidiary, to participate in project application selection for a time period which does not exceed three years from the day of coming into effect of the decision if such person:

1) has knowingly provided false information that is essential for the evaluation of the project application;

2) when implementing a project, has knowingly provided false information to the co-operation institution or acted otherwise ill-intentioned in relation to the project implementation that has served as the basis for deduction or recovery of expenditures made inappropriately and the co-operation institution has exercised the right to withdraw unilaterally from the contract regarding a project implementation;

3) has created artificial conditions or knowingly provided information significantly inadequate for the factual circumstances in order to gain advantage over other project applicants or for the co-operation institution to take a favourable decision for it.

**Section 27. Contesting and Appeal of Decisions**

(1) A project applicant may contest the decision of the co-operation institution referred to in Sections 25, 26, and 27 of this Law to the managing authority within one month after coming into effect thereof. The administrative act issued by the managing authority regarding contested decision of the co-operation institution may be appealed by submitting an application to the relevant courthouse of the District Administrative Court. The decision of the managing authority referred to in Section 23, Paragraph two of this Law is not subject to appeal.

(2) An opinion of the co-operation institution on the fulfilment of the condition included in the decision referred to in Section 24, Paragraph four and Section 25, Paragraphs four and five of this Law shall be contested and appealed in accordance with the same procedures and within the same time periods as a decision on the fulfilment of the condition included in which the opinion has been prepared.

(3) When contesting the decision, the applicant in the court may only request to declare this decision unlawful but it may not request to issue a favourable administrative act.

(4) The head of the managing authority shall take a decision on the basis of the opinion of the application examination committee.

(5) The managing authority shall establish the application examination committee consisting of at least one representative from the responsible institution which has the relevant specific objective under its supervision and a representative from the relevant sectoral ministry (if applicable) if they have not been members of the relevant project application evaluation committee.

**Section 28. Time Period for Taking a Decision**

(1) The co-operation institution shall take the decision to approve, to approve with a condition, or to reject the project application within three months after the end date for the submission of the project application.

(2) If the time period specified in Paragraph one of this Section cannot be conformed to due to objective reasons, the co-operation institution may extend it for a time period that is not longer than six months from the end date for the submission of the project application, notifying the project applicant thereof. The decision to extend the time period may be contested at the managing authority but is not subject to appeal.

**Section 29. Adjusting a Project Application**

Within the scope of an open project application selection, a project application after submission thereof until taking of the decision to approve, to approve with a condition, or to refuse it may not be adjusted. Within the scope of a restricted project application selection, the co-operation institution shall ensure consultancy advice for the preparation of a project application in accordance with the procedures stipulated by the co-operation institution without changing the substance of the project application.

**Chapter IV**

**Procedures for Settlement of Disputes Regarding Implementation of a European Union Fund Project**

**Section 30. Procedures for Settlement of Disputes, if a Beneficiary is a Natural or Legal Person**

If a beneficiary is a natural or legal person, disputes referring to the performance of a contract regarding the project implementation, including the disbursement, continuation of disbursement, or recovery of the financial resources granted, shall be settled in accordance with the civil legal procedures. The documents and decisions which are prepared and taken for the performance of the activities referred to in the first sentence of this Section shall not be examined in accordance with the procedures of administrative proceedings.

**Section 31. Procedures for Settlement of Disputes, if a Beneficiary is an Institution of Direct or Indirect Administration, Derived Public Person or Other State Institution**

(1) If disagreements arise between a beneficiary which is an institution of direct or indirect administration, a derived public person, or another State institution and the co-operation institution regarding the decision taken within the scope of the agreement in relation to the disbursement of the funding granted, continuation of disbursement or another decision and an agreement has not been reached through negotiations, the beneficiary may appeal it in the managing authority.

(2) The managing authority shall evaluate an application of the beneficiary referred to in Paragraph one of this Section and take one of the following decision within a month after receipt of an application:

1) to leave a decision of the co-operation institution non-amended;

2) to revoke a decision of the co-operation institution entirely or in any part thereof and, where appropriate, to assign the co-operation institution to examine objections of the beneficiary repeatedly, by taking into account the indications of the managing authority;

3) to issue other decision in terms of content.

(3) If the time period specified in Paragraph two of this Section cannot be conformed to, it may be extended for a time period that is not longer than four months from the day of receipt of the application, notifying an applicant thereof.

(4) The managing authority shall acquire information that is necessary to take the decision referred to in Paragraph two of this Section by applying the procedures for the co-operation of institutions and for the acquisition of information in the administrative proceedings in the institution.

(5) The decision taken by the authority referred to in Paragraph two of this Section is not subject to appeal.

**Section 32. Time Period for Providing Objections in a Dispute Regarding the Financial Resources Granted**

If a dispute applies to the disbursement, continuation of disbursement, or recovery of the financial resources granted, the beneficiary may submit objections to the co-operation institution or, in the case referred to in Section 31 of this Law, to the managing authority within one month from the day of coming into effect of the decision of the managing authority. Upon a reasoned request from the beneficiary or due to other objective circumstances, the co-operation institution may extend the abovementioned time period.

**Section 33. State Fee for Referring to the Court**

The co-operation institution shall not pay a State fee in applying to a court of general jurisdiction regarding a contractual dispute.

**Chapter V**

**Availability of Information and Eligibility of Costs**

**Section 34. Rights to Become Acquainted with a Project File**

(1) A project applicant has the right to become acquainted with the project file submitted at any stage of the process, taking into account that laid down in Paragraph two of this Section.

(2) A project applicant is entitled to become acquainted with the evaluation materials of the project application submitted, including expert opinions, minutes and decisions of the evaluation committee, only after the decision to approve, to approve with a condition, or to reject the project application has come into effect. The issuing of information shall be restricted in accordance with the laws and regulations regarding the issuing of information, the processing and protection of data.

(3) The co-operation institution shall provide the information referred to in Paragraph two of this Section within 10 working days after the receipt of the request or within five working days after the receipt of the request shall invite an applicant of a project to get acquainted with the requested information on time mutually acceptable for the institution and applicant.

**Section 35. Freedom of Information**

(1) A file of a project of a natural or legal person shall be restricted access information until the time when a decision to approve an application or refuse it or an opinion regarding performance of the conditions included in the decision has come into effect. The project file shall be available in the amount and in accordance with the procedures laid down in Article 49 of Regulation No 2021/1060, and also other laws and regulations regarding the issuing of information, the processing and protection of data after coming into effect of the abovementioned decision or opinion.

(2) A project file of an institution of direct or indirect administration, a derived public person, or another State institution shall be generally accessible information, except for the summary of the project budget, including the plan for the indicative project costs. Information on the abovementioned project shall be available in the amount and in accordance with the procedures laid down in Article 49 of Regulation No 2021/1060, and also in other laws and regulations regarding the issuing of information, the processing and protection of data after the end date for the submission of a project application. The information referred to in Section 34, Paragraph two of this Law in relation to the evaluation of the project application shall be available after the decision to approve the project application, to approve it with a condition, or to reject it has come into effect.

**Section 36. Eligibility Time Period of Costs Incurred in the Project**

Costs incurred in the project may be regarded as eligible if they have incurred and have been paid after 1 January 2021 and another time period is not provided in the conditions for eligibility of the costs laid down in accordance with Section 19, Clause 13 of this Law.

**Transitional Provisions**

1. The Law on the Financial Instruments of the European Union PHARE Programme and Transitional Programme (*Latvijas Republikas Saeimas un Ministru Kabineta Ziņotājs*, 2006, No. 14) is repealed.

2. The Cabinet shall, by 31 August 2022, issue the regulations referred to in Section 7 and Section 19, Clauses 1, 2, 3, 4, 5, 7, 8, 9, 10, 11, 12, 15, and 16 of this Law.

3. The Cabinet shall, by 31 December 2026, issue the regulations referred to in Section 19, Clauses 6, 13, and 14 of this Law.

**Informative Reference to European Union Directives**

The Law contains legal norms arising from Directive 2009/52/EC of the European Parliament and of the Council of 18 June 2009 providing for minimum standards on sanctions and measures against employers of illegally staying third-country nationals.

The Law has been adopted by the *Saeima* on 7 April 2022.

President E. Levits

Rīga, 20 April 2022