The *Saeima*1 has adopted and

the President has proclaimed the following law:

**Law on the European Territorial Cooperation Goal (Interreg) Programme Management for 2021–2027**

**Section 1. Terms Used in the Law**

The following terms are used in the Law:

1) **beneficiary**– a legal person governed by public or private law as well as a natural person registered as a performer of economic activity or who intends to perform economic activity (hereinafter – the natural person), or an association of such persons to which the programme financing is granted for the implementation of a project;

2) **national sub-committee**– a collegial body established in the Republic of Latvia that ensures the advisory function for the national responsible authority in respect to the programme management and control;

3) **national responsible institution**– a national institution of the programme partner country that ensures the fulfilment of the obligations undertaken by the programme partner country in respect of the programme development, management, and control;

4) **irregularity**– an irregularity in accordance with Article 2(31) of Regulation (EU) 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 – the Common Provisions Regulation);

5) **programme**– a strategy for achieving specific objectives developed by the Republic of Latvia and the relevant programme partner country in compliance with Regulation (EU) 2021/1059 of the European Parliament and of the Council of 24 June 2021 on specific provisions for the European territorial cooperation goal (Interreg) supported by the European Regional Development Fund and external financing instruments (hereinafter – the Interreg Regulation) and approved by the decision of the European Commission, and also a description of its implementation and control mechanism that is binding on the authorities involved in ensuring the programme management and project implementation;

6) **programme partner country**– the European Union Member State or a country outside the territory of the European Union the regions of which are defined as an eligible territory of the programme;

7) **project**– a set of activities and conditions included in the project application which meets the evaluation criteria of project applications and which was approved by the managing authority for receiving the programme financing;

8) **project application**– a completed project application form, its annexes, and a set of other documents submitted by a potential beneficiary registered in the Republic of Latvia (hereinafter – registered in the Republic of Latvia) in accordance with the laws and regulations of the Republic of Latvia and according to the legal form and legal status of the person or a potential beneficiary registered outside the Republic of Latvia in order to apply for the relevant programme financing necessary for the planned project;

9) **project file**– a project application, project application evaluation documentation, a civil contract or agreement on the implementation of the project, and other project-related documents;

10) **State budget co-financing**– a part of the national financing which is planned in the State budget in addition to the programme financing for covering the total eligible expenditures;

11) **State budget co-financing rate**– the percentage of the State budget co-financing against the total eligible expenditures of the project;

12) **overcommitments**– additional commitments to make payments from the State budget for covering the total eligible expenditures that exceed the programme financing and the State budget co-financing share.

**Section 2. Purpose of the Law**

The purpose of the Law is to determine effective and transparent ensuring of the European Union’s cohesion policy objective “European Territorial Cooperation” (Interreg) for the 2021–2027 programme management in the Republic of Latvia which conforms to the principles of sound financial management, in so far as it is not determined by the directly applicable legal acts of the European Union.

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

(1) The Law determines management of the following Interreg programmes (hereinafter all together – the programmes):

1) Estonia–Latvia Cross-Border Cooperation Programme;

2) Latvia–Lithuania Cross-Border Cooperation Programme;

3) Central Baltic Cross-Border Cooperation Programme;

4) INTERREG Baltic Sea Region Transnational Cooperation Programme;

5) INTERREG EUROPE Interregional Cooperation Programme;

6) URBACT IV Interregional Cooperation Programme;

7) ESPON 2030 Interregional Cooperation Programme;

8) INTERACT IV programme for good governance of territorial cooperation programmes;

9) Latvia–Russia Cross-Border Cooperation Programme under the Neighbourhood, Development and International Cooperation Instrument;

10) Latvia–Belarus Cross-Border Cooperation Programme under the Neighbourhood, Development and International Cooperation Instrument;

11) other European Union’s cohesion policy objective “European Territorial Cooperation” (Interreg) programmes where the beneficiaries registered in the Republic of Latvia may participate in accordance with the relevant programme rules.

(2) The Law applies to the 2021–2027 planning period.

**Section 4. State Budget Co-financing Rate**

(1) The State budget co-financing rate for the implementation of the projects approved within the programmes shall not be higher than the minimum possible rate specified for the Republic of Latvia in the relevant programme by which it is possible to ensure the programme financing rate specified for the relevant programme priority as defined in the European Commission programme approval decision, except for the case referred to in Paragraph two of this Section.

(2) The Cabinet is entitled to decide on the increase of the State budget co-financing rate above the limit specified in Paragraph one of this Section for the projects that are not selected within the regular open calls for projects and on the implementation of which all the programme partner countries have agreed, and also for the large infrastructure projects if the financing available in the relevant programme is not sufficient for the achievement of the project objective.

**Section 5. Overcommitments**

(1) The Cabinet may take a decision on the overcommitments if it is necessary for complete use of the programme financing without exceeding five per cent of the amount of the programme financing.

(2) The Cabinet may decide on the increase of overcommitments above the amount specified in Paragraph one of this Section provided that overcommitments have a neutral effect on the general State budget balance within the framework of the programme. Overcommitments shall be compensated from the programme financing until the end of the programme in accordance with the Cabinet decision.

**Section 6. Institutional Structure for Ensuring Programme Management**

(1) The programme management shall be ensured by the following authorities:

1) the national responsible institution;

2) the national sub-committee;

3) the managing authority and the joint secretariat;

4) the audit authority;

5) the monitoring committee;

6) the financial control authority.

(2) The Ministry of Environmental Protection and Regional Development shall perform the functions of the national responsible institution in all programmes, the functions of the financial control authority in all programmes (except for ESPON 2030 Interregional Cooperation Programme and INTERACT IV programme for good governance of territorial cooperation programmes) as well as the functions of the managing authority and the joint secretariat, the audit authority, and the accounting function referred to in Article 47 of the Interreg Regulation in respect of the Latvia–Lithuania Cross-Border Cooperation Programme, Latvia–Russia Cross-Border Cooperation Programme, and Latvia–Belarus Cross-Border Cooperation Programme.

(3) The Ministry of Environmental Protection and Regional Development shall ensure that the functions that it performs in accordance with Paragraph two of this Section are separated both from each other and from the other functions of the Ministry.

**Section 7. Rights and Obligations of the National Responsible Institution**

(1) The national responsible institution has the following obligations:

1) in cooperation with the partner countries of the relevant programme to ensure participation in the development of the programme, also by agreeing on its language, to ensure submission of the programme to the Cabinet for its approval, participation in the making of amendments to the programme, implementation, monitoring, and evaluation of the programme, and also in carrying out of the financial control and audit;

2) in respect of the programmes referred to in Section 3, Paragraph one, Clauses 2, 9, and 10 of this Law, in addition to the obligations referred to in Paragraph one, Clause 1 of this Section, to ensure also submission of the programmes to the European Commission for approval and to ensure negotiations with the European Commission and partner countries of the relevant programme on programme approval;

3) to approve in writing the consent of the Republic of Latvia to the content of each programme in accordance with Article 16(5) of the Interreg Regulation;

4) to ensure signing and execution of an agreement between the programme partner countries and the managing authority on the implementation of the relevant programme if the programme partner countries have agreed thereon;

5) to approve representatives of the Republic of Latvia for participation in the programme monitoring committee and participate in its work in accordance with Article 29 of the Interreg Regulation;

6) to establish the national sub-committee and ensure its functioning;

7) to ensure planning of the State budget co-financing and making the payments for the technical assistance budget of the programme or for the implementation of the programme;

8) to ensure planning and granting of the State budget co-financing as well as making the payments to the beneficiaries registered in the Republic of Latvia in accordance with the procedures laid down in Section 14, Clause 3 of this Law;

9) to determine the performer of functions of the national contact point for the programme in the Republic of Latvia if all partner countries of the relevant programme have agreed thereon;

10) to provide information to the authorities involved in the programme management if there is a suspicion of fraud in the implementation of the relevant programme, and also inform the European Commission of any irregularities established in the implementation of programmes in the Republic of Latvia;

11) to provide information, upon request, to the authorities involved in the programme management which is necessary for ensuring the management of programmes, including information on the eligibility of the project applicants registered in the Republic of Latvia for participation in the project according to the project partner eligibility criteria specified in the relevant programme;

12) to facilitate participation of the potential beneficiaries registered in the Republic of Latvia in the programmes by providing information on them, and to publish information on the approved projects in which the beneficiaries registered in the Republic of Latvia participate in accordance with the procedures laid down in Section 14, Clause 2 of this Law;

13) to register in the system for accounting of de minimis aid the granting of the de minimis aid to the beneficiaries registered in the Republic of Latvia, except for the programmes referred to in Section 3, Paragraph one, Clauses 2, 9, and 10 of this Law.

(2) The national responsible institution has the following rights:

1) to consult the national sub-committee on the conformity with the national and regional planning documents and priorities thereof of the project applications submitted within the programme by the project applicants registered in the Republic of Latvia as well as to consult on the risk of overlap of the activities planned within the projects or additionality thereof with activities of other projects financed by other financial instruments;

2) to request and receive information from other authorities involved in the programme management as well as beneficiaries of the programmes in order to ensure taking the decisions related to the programme management and control;

3) to propose the authorities involved in the programme management to carry out project implementation inspections or other control measures;

4) to request and obtain access to the data of the State information systems in such amount which is provided for in the laws and regulations governing the relevant systems and which is necessary for the performance of the obligations of the national responsible institution.

**Section 8. National Sub-committee, Rights and Obligations Thereof**

(1) The national responsible institution shall establish the national sub-committee and approve the composition thereof. The composition of the national sub-committee shall include:

1) one representative from the Ministry of Defence, the Ministry of Foreign Affairs, the Ministry of Economics, the Ministry of Finance, the Ministry of the Interior, 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, the Ministry of Agriculture, the Cross-Sectoral Coordination Centre, and the Rural Support Service;

2) one representative from Kurzeme planning region, Zemgale planning region, Latgale planning region, Vidzeme planning region, and Rīga planning region.

(2) The national sub-committee has the obligation to consult the national responsible institution by providing its opinion on the conformity with the national and regional planning documents and priorities thereof of the project applications submitted within the programme by the project applicants registered in the Republic of Latvia as well as to consult on the risk of overlap of the activities planned within the projects or additionality thereof with activities of other projects financed by other financial instruments.

(3) The national sub-committee has the right to propose, on the basis of the information referred to in Paragraph two of this Section, that the national responsible institution lays down additional conditions in respect of the project application.

**Section 9. Managing Authority and Joint Secretariat, Rights and Obligations Thereof**

(1) The managing authority has the following obligations:

1) to ensure efficient programme management in line with the principle of sound financial management in accordance with Articles 49 and 72 of the Common Provisions Regulation and Articles 46, 47, and 52 of the Interreg Regulation;

2) in accordance with Article 59 of the Interreg Regulation, to ensure coordination and signing of the Financing Agreement on behalf of the Republic of Latvia for the programmes referred to in Section 3, Paragraph one, Clauses 9 and 10 of this Law;

3) on the basis of the selection of project applications carried out by the monitoring committee for the receipt of the programme financing, to take a decision to approve a project, to approve it with condition, or to reject a project application;

4) to register in the system for accounting of de minimis aid the granting of the de minimis aid to the beneficiaries registered in the Republic of Latvia for the programmes referred to in Section 3, Paragraph one, Clauses 2, 9, and 10 of this Law if the programme partner countries have agreed thereon, and also to ensure performance of the obligation specified in Section 10, Paragraph one of the Law on Control of Aid for Commercial Activity;

5) in accordance with Article 46(2) of the Interreg Regulation, to establish a joint secretariat for the relevant programme;

6) in accordance with Article 54(2) of the Interreg Regulation, to establish branch offices of the joint secretariat abroad for the programmes referred to in Section 3, Paragraph one, Clauses 9 and 10 of this Law if the partner countries of the relevant programme have agreed thereon;

7) in accordance with Article 36 of the Interreg Regulation, to identify a communication officer for the programme for visibility, transparency, and communication activities in relation to the programme support;

8) in accordance with Article 19(1) of the Interreg Regulation, to prepare and submit to the European Commission amendments to the programme if the programme partner countries have agreed thereon;

9) in accordance with Article 32 of the Interreg Regulation, to submit to the European Commission cumulative data about the relevant programme;

10) in accordance with Article 33 of the Interreg Regulation, to submit to the European Commission the final performance report on the relevant programme;

11) in accordance with Article 35 of the Interreg Regulation, to carry out evaluation of the programmes;

12) to perform any other obligations specified in the Common Provisions Regulation and the Interreg Regulation.

(2) The managing authority and the joint secretariat have the right to request and receive from the authorities involved in the management of the relevant programme and beneficiaries the information which is necessary for the performance of obligations of these institutions.

**Section 10. Rights and Obligations of the Audit Authority**

(1) The audit authority has the obligation to perform the functions specified in Articles 48 and 49 of the Interreg Regulation.

(2) The audit authority shall, in accordance with Article 48 of the Interreg Regulation, manage a group of auditors composed of representatives from each partner country of the relevant programme. The Ministry of Environmental Protection and Regional Development shall delegate representatives of the Republic of Latvia to the group of auditors who perform functions of the group of auditors in the Republic of Latvia.

(3) The audit authority and representatives of the group of auditors have the right to request and receive from the authorities involved in the management of the relevant programme and beneficiaries the information at their disposal which is necessary for the performance of the obligations of the audit authority.

(4) The audit authority and representatives of the Republic of Latvia in the group of auditors have the right to request and obtain access to the data on the State information systems in such amount which is provided for in the laws and regulations governing the relevant system and which is necessary for the performance of the obligations of the audit authority.

**Section 11. Monitoring Committee**

(1) A monitoring committee shall be established for the relevant programme in accordance with Articles 28 and 29 of the Interreg Regulation.

(2) The monitoring committee shall perform the functions specified in Articles 22 and 30 of the Interreg Regulation and also approve by-laws for the implementation of the programme which lay down the procedures and conditions for the preparation and submission of project applications, the procedures and criteria for the evaluation of project applications, the procedures for the selection of project applications in accordance with Article 22(2) of the Interreg Regulation, the procedures for the implementation and control of the projects, and also the eligibility of the programme expenses and which are binding on the authorities involved in the management of the relevant programme, project applicants, and beneficiaries.

(3) The decisions taken by the monitoring committee shall be binding on the authorities involved in the programme management.

**Section 12. Rights and Obligations of the Financial Control Authority**

(1) The financial control authority has the following obligations:

1) to perform the functions specified in Article 74(1)(a) of the Common Provisions Regulation in accordance with Article 46 of the Interreg Regulation;

2) to carry out verification of eligibility of the expenditures associated with the financing used and activities implemented within the framework of the project of the beneficiary registered in the Republic of Latvia under conditions of the relevant programme in accordance with the procedures laid down in Section 14, Clause 5 of this Law.

(2) The financial control authority has the following rights:

1) to obtain all the necessary information and documents related to the implementation of the project from the relevant beneficiary registered in the Republic of Latvia or authorities involved in the management of the relevant programme which are necessary for the performance of the obligations of the financial control authority;

2) to request and obtain access to the data on the State information systems in such amount which is provided for in the laws and regulations governing the relevant systems and which is necessary for the performance of the obligations of the financial control authority.

**Section 13. Rights and Obligations of the Beneficiary**

(1) The beneficiary has the following obligations:

1) to ensure implementation of the project, including to ensure preservation and sustainability of project results in accordance with legal acts of the European Union, laws and regulations of the Republic of Latvia, by-laws for implementation of the programme, a civil contract (if the beneficiary is a natural person, a legal person governed by private law or an association of such persons, or a legal person governed by public law of the partner country of the programme) or agreement (if the beneficiary is a direct or indirect administration institution, a derived public entity, or another public institution of the Republic of Latvia) concluded with the managing authority on implementation of the project;

2) to ensure that the programme financing granted to the project is used in accordance with the principle of sound financial management in line with the principles of economy, efficiency, and effectiveness;

3) to register in the system for accounting of de minimis aid the granting of the de minimis aid to the participants of the project activities from the Republic of Latvia if it is provided for in the concluded civil contract or agreement on project implementation;

4) to ensure that the expenditures incurred within the project are directly related to the achievement of the project objectives and correspond to the conditions for the use of the financing granted for the implementation of the project as well as that costs are eligible in accordance with the provisions of the Interreg Regulation;

5) to ensure accounting records separately for each project of the programme;

6) to immediately inform the joint secretariat of the programme, the managing authority, and, where necessary, the national responsible institution of any changes and circumstances which may have a negative effect on the project implementation;

7) to provide information, upon request, on the project implementation and to ensure that representatives of the authorities involved in the management of the programme have access to originals of all documents related to the implementation of the relevant project, and also to the place where the relevant project is implemented.

(2) The beneficiary has the following rights:

1) to request the State budget co-financing for the implementation of the projects approved within the framework of the programme in accordance with the procedures laid down in accordance with Section 14, Clause 3 of this Law;

2) to obtain information necessary for the project implementation from the authorities involved in the programme management;

3) to receive informative support from the joint secretariat of the programme for the implementation of the project measures.

**Section 14. Competence of the Cabinet in Ensuring the Programme Management**

In order to ensure the programme management, the Cabinet shall determine:

1) the procedures for reporting the irregularities established in the implementation of the projects financed by the European Union’s cohesion policy objective “European Territorial Cooperation” (Interreg) programmes and for recovering the programme financing, and also the amount of the information to be provided;

2) the procedures for publishing information on the European Union’s cohesion policy objective “European Territorial Cooperation” (Interreg) programmes approved in the Republic of Latvia by the European Commission and the projects approved within the framework thereof in which the beneficiaries registered in the Republic of Latvia participate, and also the amount of the information to be published;

3) the procedures and criteria for granting funds from the State budget to the beneficiaries registered in the Republic of Latvia for the European Union’s cohesion policy objective “European Territorial Cooperation” (Interreg) programmes;

4) the procedures for planning funds in the State budget for the implementation of the European Union’s cohesion policy objective “European Territorial Cooperation” (Interreg) programmes and projects and for making payments;

5) the procedures for carrying out financial control of the projects financed by the European Union’s cohesion policy objective “European Territorial Cooperation” (Interreg) programmes.

**Section 15. Contestation and Appeal of Decisions of the Managing Authority**

(1) Submission of a project application in accordance with this Law shall not establish an obligation to grant the programme financing to the project applicant for the implementation of the project.

(2) The managing authority shall issue an administrative act or take an administrative decision according to the legal status of the project applicant.

(3) If the project applicant is a natural person, a legal person governed by private law or an association of these persons, or a legal person governed by public law of the programme partner country, the decision by the managing authority to approve the project, to approve it with condition, or to reject the project application shall constitute an administrative act.

(4) If the project applicant is an institution of direct or indirect administration, a derived public entity, or another State institution of the Republic of Latvia, the decision of the managing authority to approve the project, to approve it with condition, or to reject the project application shall constitute an administrative decision.

(5) An administrative act or administrative decision of the managing authority to approve the project, to approve it with condition, or to reject the project application can be contested to the head of the direct administration institution within which the managing authority has been established if this institution is located in the Republic of Latvia.

(6) The decision by the head of such direct administration institution within which the managing authority has been established regarding the contested administrative act of the managing authority can be appealed by submitting an application to a relevant courthouse of the District Administrative Court. The decision of the head of such direct administration institution within which the managing authority has been established regarding the contested administrative decision of the managing authority shall not be subject to appeal.

(7) Contestation and appeal of the decisions of the managing authority referred to in Paragraph two of this Section shall not suspend operation thereof.

(8) If the managing authority of a relevant programme is not located in the Republic of Latvia, contestation and appeal of decisions shall occur in accordance with the procedures laid down in the relevant programme or agreement on implementation of the programme which has been concluded between the managing authority and programme partner countries, or in the documents approved by the programme monitoring committee.

**Section 16. Settlement of Disputes Related to the Implementation of a Project**

(1) If the managing authority is located in Latvia, any disputes regarding execution of the civil contract or agreement on implementation of the project, including disbursement of the granted programme financing, continuation or recovery of the disbursement shall be settled:

1) in accordance with the civil procedures if the beneficiary is a natural person, a legal person governed by private law or association of these persons, or a legal person governed by public law of the programme partner country;

2) in accordance with the procedures laid down in the State Administration Structure Law by contesting a decision of the managing authority as an administrative decision to the head of such direct administration institution within which the managing authority has been established if the beneficiary is an institution of direct or indirect administration, a derived public entity, or another institution of the Republic of Latvia. The administrative decision which has been taken by the head of such direct administration institution within which the managing authority has been established may not be appealed to the court.

(2) If the managing authority is not located in the Republic of Latvia, any disputes regarding execution of the contract for the implementation of the project, including disbursement of the programme financing, continuation or recovery of the disbursement shall be settled in accordance with the concluded contract for the implementation of the project.

(3) The documents prepared and the decisions taken within the framework of the financial control process shall not be examined in accordance with the procedures of administrative proceedings.

**Section 17. Recovery of the Programme Financing for Non-conforming Expenditures**

(1) The programme financing for non-conforming expenditures shall be recovered in accordance with the procedures laid down in the relevant programme or in the agreement on implementation of the programme which has been concluded between the managing authority and programme partner countries, or in the documents approved by the programme monitoring committee.

(2) The programme financing shall be recovered from a natural person, a legal person governed by private law or association of these persons, or a legal person governed by public law of the programme partner country in accordance with the civil procedures.

(3) The programme financing shall be recovered from the beneficiary registered in the Republic of Latvia which is an institution of direct or indirect administration, a derived public entity, or another institution according to the procedures laid down in accordance with Section 14, Clause 1 of this Law.

**Section 18. State Fee upon Turning to the Court**

When referring a contract dispute to the court of general jurisdiction, the national responsible authority and the managing authority shall not pay the State fee.

**Section 19. Freedom of Information**

(1) A project file of a natural person, a legal person governed by private law or association of these persons shall constitute restricted access information until the moment when the decision to approve the project or reject the project application has entered into effect. After entry into effect of the respective decision, the project file shall be available in the amount and in accordance with the procedures laid down in the Freedom of Information Law and Article 49 of the Common Provisions Regulation.

(2) A project file of an institution of direct or indirect administration, a derived public entity, or another public institution shall constitute generally accessible information, except for the summary of the project budget, including the indicative plan for project costs. Information on the respective project shall be available in the amount and in accordance with the procedures laid down in the Freedom of Information Law and Article 49 of the Common Provisions Regulation after the end date of the submission of the project application.

**Transitional Provisions**

1. The authorities involved in the management of programmes shall commence implementation of the programmes from the day when the European Commission has taken the decision to approve the relevant programme.

2. The Cabinet shall, by 1 September 2022, issue the regulations referred to in Section 14 of this Law.

The Law has been adopted by the *Saeima* on 10 February 2022.

President E. Levits

Rīga, 16 February 2022