Text consolidated by Valsts valodas centrs (State Language Centre) with amending laws of:

11 December 2008 [shall come into force on 6 January 2009];

11 February 2010 [shall come into force on 16 March 2010];

9 August 2010 [shall come into force on 9 September 2010];

9 June 2011 [shall come into force on 13 July 2011];

20 February 2014 [shall come into force on 27 February 2014].

If a whole or part of a section has been amended, the date of the amending law appears in square brackets at the end of the section. If a whole section, paragraph or clause has been deleted, the date of the deletion appears in square brackets beside the deleted section, paragraph or clause.

The *Saeima*1 has adopted and

the President has proclaimed the following law:

**Law on Management of European Union Structural Funds and the Cohesion Fund**

**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 and the State Chancellery that perform all or part of the functions of an intermediary body in accordance with the procedures laid down by the Cabinet;

2) **operational programme complement** – a planning document of the European Union Structural Funds and the Cohesion Fund (hereinafter – the European Union funds) of a national level which is subordinate to the relevant operational programme and determines implementation of the measures and activities indicated therein. The operational programme complement shall be approved by the Cabinet;

3) **activity of the European Union funds** – an aggregate of activities carried out in order to achieve the objectives and indicators specified in planning documents;

4) **applicant of a European Union fund project** – a State institution of direct or indirect administration, derived public person, another State institution, and also a natural person, a legal person registered in the Republic of Latvia or an association of such persons;

5) **European Union fund project application** – an application (a completed form and annexes thereof) submitted by the applicant of a European Union fund project in order to receive the funding necessary for the project from the European Union fund;

6) **criteria for the evaluation of European Union fund project applications** – the decisive indicators according to which applications of European Union fund projects are evaluated and a decision is taken to approve, approve conditionally, or reject them;

7) **European Union fund project** – a European Union fund project application which complies with the evaluation criteria of project applications and which has been approved by the authority involved in the management of the European Union fund;

8) **planning documents** – a national strategic reference framework, an operational programme or an operational programme complement;

9) **cooperation institution** – a State institution of direct administration or the Society Integration Fund that performs part of the functions of an intermediary body in accordance with the procedures laid down by the Cabinet.

[*11 December 2008; 11 February 2010*]

**Section 2. Purpose of the Law**

The purpose of the Law is to determine the management of the European Union funds in order to promote the efficient and transparent implementation of the European Union funds in Latvia which complies with the principles of financial management.

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

(1) The Law determines the rights and obligations of the authorities involved in the management of the European Union funds and the final beneficiary of the funding of the European Union fund, and also the procedures for taking, contesting, and appeal of decisions taken by the authorities involved in the management of the European Union funds.

(2) The Law shall apply to the management of the European Union funds in the planning period 2007–2013. The Law shall be applicable in the planning period 2014–2020 in so far as it is necessary in the period determined by the Cabinet to implement the specific objective, namely the objective which corresponds to the activity rate of the European Union funds specified in Section 1, Clause 3 of this Law.

(3) The Cabinet shall determine the procedures for ensuring implementation of the specific objective referred to in Paragraph two of this Section, including the criteria for the evaluation of project applications, the requirements for a project applicant, the responsible institution, and the cooperation institution, the division of competence between these institutions, and the cooperation procedures, and also the form of functional subordination of the responsible institution and the cooperation institution.

[*20 February 2014*]

**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, establishment of a management system of the European Union funds, development of the criteria for evaluation of European Union fund project applications, selection and approval of European Union fund project applications, implementation, control, auditing, monitoring, and evaluation of European Union fund projects.

**Section 5. Allocation of Funding of the European Union Funds**

Submitting of a European Union fund project application in accordance with this Law shall not create an obligation for the authority involved in the management of the European Union funds to grant funding to the applicant of a European Union fund project.

**Section 6. Selection of Applications of European Union Fund Projects**

Selection of applications of European Union fund projects may be:

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

2) restricted – if the range of applicants of European Union fund projects who are invited to submit a project application is previously known. In such case all applications of European Union fund projects which comply with the criteria for the evaluation of European Union fund project applications shall be approved and financed.

**Section 7. Horizontal Policies**

The Cabinet shall determine the authorities responsible for the coordination of horizontal policies.

**Chapter II**

**Provision of Management of the European Union Funds**

**Section 8. Authorities and Persons Involved in the Provision of Management of the European Union Funds**

(1) Management of the European Union funds shall be provided:

1) by the following authorities involved in the management of the European Union funds:

a) the managing authority;

b) paying authority;

c) audit authority;

d) certifying authority;

e) responsible institution;

f) cooperation institution;

g) monitoring committee;

h) the Procurement Monitoring Bureau;

2) by the final beneficiary of the funding of the European Union fund.

(2) In order to achieve the objective of this Law, the authorities involved in the management of the European Union funds shall issue internal legal acts and cooperate with other authorities in accordance with the procedures specified in the State Administration Structure Law.

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

(1) The managing authority has the following obligations:

1) to ensure the management of the European Union funds and efficiency of implementation thereof;

2) to ensure the preparation of planning documents;

3) to ensure the implementation of information, publicity, and communication measures of the management of the European Union funds;

4) to ensure the management of technical assistance of the European Union funds and efficiency of implementation thereof;

5) to prepare a section regarding the investment of the European Union funds for the annual report on the implementation of the State reform programme;

6) to coordinate and submit to the European Commission an application of the major project in accordance with the provisions included in Council Regulation No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999;

7) to ensure measures for the evaluation of the implementation of the European Union funds;

8) to establish an information system of the management of the European Union funds for the monitoring of the operational programme and to ensure therein the accumulation of data related to the European Union funds.

(2) The managing authority has the following rights:

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

2) to request information from the authorities involved in the management of the European Union funds and the final beneficiaries of the funding of the European Union fund which is necessary for the provision of the management of the European Union funds.

(3) The functions of the managing authority shall be performed by the Ministry of Finance.

(4) The Ministry of Finance shall ensure that the functions which it performs as the managing authority in accordance with this Law are separated from the other functions thereof.

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

(1) The paying authority has the following obligations:

1) to make payments within the framework of the European Union funds;

2) to perform the financial accounting of payments.

(2) The paying authority has the right to request information from the authorities involved in the management of the European Union funds which is necessary for the performance of the financial accounting of payments.

(3) The functions of the paying authority shall be performed by the Treasury.

(4) The Treasury shall ensure that the functions which it performs as the paying authority in accordance with this Law are separated from the other functions thereof.

**Section 11. Audit Authority and Rights Thereof**

(1) The audit authority has the right to request information from the authorities involved in the management of the European Union funds and the final beneficiaries of the funding of the European Union fund which is necessary for the provision of control and audit of European Union funds.

(2) The functions of the audit authority shall be performed by the Ministry of Finance.

(3) The Ministry of Finance shall ensure that the functions which it performs as the audit authority in accordance with this Law are separated from the other functions thereof.

(4) The audit authority shall, via the Minister for Finance, inform the Cabinet of the results of the audit of the reporting year by 1 March of the current year. If the audit authority has information at its disposal that implementation of the European Union funds can be significantly affected, the audit authority shall immediately inform the Cabinet.

[*9 June 2011*]

**Section 12. Certifying Authority and Rights Thereof**

(1) The certifying authority has the following rights:

1) to conduct the control and audit of the implementation of the European Union funds which are necessary for approval of the expenditure declaration and payment applications;

2) to request information from the authorities involved in the management of the European Union funds and the final beneficiaries of the funding of the European Union fund which is necessary for the approval of the expenditure declaration and payment applications.

(2) The functions of the certifying authority shall be performed by the Treasury.

(3) The Treasury shall ensure that the functions which it performs as the certifying authority in accordance with this Law are separated from the other functions thereof.

**Section 13. Obligations and Rights of the Responsible Institution and Cooperation Institution**

(1) The responsible institution and the cooperation institution have the following obligations:

1) to participate in the development of planning documents;

2) to draw up the criteria for the evaluation of European Union fund project applications;

3) pursuant to planning documents, to ensure the relevant activities of the European Union funds and the implementation, monitoring, and control of the European Union fund projects, to analyse the problems in the implementation of the activities and projects of the European Union funds, and to submit proposals to the managing authority and the monitoring committee for the improvement of implementation of the activities and projects of the European Union funds;

4) to ensure the selection and evaluation of European Union fund project applications;

5) taking into account the legal status of the applicant of a European Union fund project, to determine the conditions for implementation of the project of European Union funds to the final beneficiary of the funding of the European Union fund in accordance with the requirements of the Cabinet;

6) to examine and to approve the payment request of the final beneficiary of the funding of the European Union fund and to prepare the expenditure declaration;

7) to provide information to society and to ensure publicity in the cases which are related to the European Union fund projects;

8) to draw up an aid scheme and to submit it for initial evaluation to the Ministry of Finance in accordance with the procedures specified in the Law on Control of Aid for Commercial Activity if the measure included in the operational programme is intended for aid for commercial activity;

9) in cases and in accordance with the procedures specified in the Law on Control of Aid for Commercial Activity, to submit a European Union fund project application to the Ministry of Finance for initial evaluation if the project is intended for aid for commercial activity;

10) to use the information system of the management of the European Union funds for monitoring of the operational programme and to accumulate data therein regarding the European Union fund project applications and projects of the European Union funds.

(2) The responsible institution and the cooperation institution have the right to request information from the authorities involved in the management of the European Union funds and final beneficiaries of the funding of the European Union fund which is necessary for the provision of the implementation, monitoring, and control of European Union fund projects.

**Section 14. Determination of the Responsible Institution and the Cooperation Institution and the Procedures for Cooperation**

(1) The responsible institution and the cooperation institution, and also the distribution of competence between them shall be determined by the Cabinet.

(2) Upon fulfilling the obligations referred to in Section 13, Paragraph one of this Law, the responsible institution may cooperate with several cooperation institutions.

(3) The obligations referred to in Section 13, Paragraph one, Clauses 1, 2, and 8 of this Law shall be fulfilled only by the responsible institution.

(4) Upon fulfilling the obligations referred to in Paragraph one of this Section, the cooperation institution shall be functionally subordinate to the member of the Cabinet to which the institution responsible for the fulfilment of the obligations referred to in Section 13, Paragraph one of this Law is subordinate.

(5) In order to fulfil the obligations referred to in Section 13, Paragraph one of this Law efficiently, the responsible institution, upon coordinating with an institutionally higher institution of the cooperation institution, may issue internal legal acts binding on the cooperation institution in relation to the fulfilment of the tasks assigned thereto. If the institutionally higher institution is the Cabinet, the internal legal act shall be issued without coordination with it.

(6) The functions which an institution performs as the responsible institution or the cooperation institution shall be separated from the functions which it performs as the final beneficiary of the funding of the European Union fund.

(7) The head of the responsible institution shall be appointed by the member of the Cabinet to whom such institution of direct administration is subordinate within the framework of which the responsible institution has been established. Upon appointing the head of the responsible institution, a rule shall be adhered to that the head of the respective institution of direct administration may not hold the position of the head of the responsible institution, and requirements of other laws and regulations shall be complied with.

[*11 December 2008*]

**Section 15. Final Beneficiary of the Funding of the European Union Fund and Obligations Thereof**

(1) A final beneficiary of the funding of the European Union fund shall be a State institution of direct or indirect administration, a derived public person, another State institution, and also a natural person, a legal person registered in the Republic of Latvia or an association of such persons, and the European Union fund project application submitted by them is approved in accordance with the procedures specified in this Law.

(2) A final beneficiary of the funding of the European Union fund has the following obligations:

1) to ensure implementation of the European Union fund project in accordance with the conditions of the civil legal contract – if the final beneficiary of the funding of the European Union fund is a natural person, a legal person registered in the Republic of Latvia or an association of such persons;

2) to ensure implementation of the European Union fund project in accordance with an agreement regarding implementation of the European Union fund project – if the final beneficiary of the funding of the European Union fund is a State institution of direct or indirect administration, a derived public person or another State institution;

3) to ensure separate accounting for each European Union fund project;

4) to provide information on the implementation of the European Union fund project and to ensure that the representatives of the European Commission and authorities involved in the management of the European Union funds have access to the originals of all documents related to the implementation of the European Union fund project, and also to the place of implementation of the relevant project.

**Section 16. Monitoring Committee**

(1) The monitoring committee is a collegial authority involved in the management of the European Union funds which operates pursuant to the by-laws approved by the Cabinet.

(2) The composition of the monitoring committee shall be determined by the Cabinet.

(3) The monitoring committee shall take administrative decisions in accordance with this Law and other laws and regulations governing the management of the European Union funds.

**Section 17. Procurement Monitoring Bureau, Obligations and Rights Thereof**

(1) The Procurement Monitoring Bureau has an obligation to ensure selective pre-examination of the procurement documentation and the process of the procurement procedure of the European Union fund projects.

(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 final beneficiaries of the funding of the European Union fund which is necessary in order to ensure the selective pre-examination of the procurement documentation and the process of the procurement procedure of the European Union funds.

**Chapter III**

**Competence of the Cabinet**

**Section 18. 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 procedures by which the authorities involved in the management of the European Union funds ensure the preparation of planning documents and implementation of the European Union funds, including the selective pre-examination of the procurement documentation and the process of the procurement procedure;

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

3) the procedures for notification regarding non-conformities detected in the implementation of the European Union funds, the taking of administrative decisions regarding the use of the funding granted and the recovery of non-conforming expenditure;

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

5) the procedures by which the managing authority, the certifying authority, the cooperation institution or the responsible institution conducts an inspection at the place of implementation of the project financed by the European Union fund;

6) the procedures by which resources in the State budget are intended for the implementation of projects co-financed by the European Union funds, and also the procedures by which payments are made and an expenditure declaration is prepared;

7) the procedures for the publication of information on the European Union fund projects;

8) the procedures by which publicity of the European Union funds and compliance with the requirements of visual identity are ensured;

9) the procedures for the establishment and use of the information system for the management of the European Union funds;

10) the procedures for implementing the activities of a European Union fund indicated in an operational programme complement, for determining the selection criteria of applications, the requirements to an applicant of a project, the responsible institution and the cooperation institution, distribution of the competence between these institutions and the procedures for cooperation, and also the form of functional subordination of the responsible institution and the cooperation institution;

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

12) the procedures for providing and verifying information on the application of value added tax within the framework of the projects co-financed by the European Union Structural Funds and financed by the EQUAL Community Initiative, and for taking the decision to include the value added tax in the eligible costs.

[*11 December 2008*]

**Chapter IV**

**Decisions of the Responsible Institution and the Cooperation Institution, Contesting and Appeal Thereof**

**Section 19. Decisions of the Responsible Institution and the Cooperation Institution**

(1) The head of the responsible institution or the cooperation institution shall take the decision to approve, approve conditionally, or reject a European Union fund project application, and also the decision to recover the funding granted.

(2) The decision to approve a European Union fund project application shall be taken if it conforms to the criteria for the evaluation of European Union fund project applications and funding is available for the implementation of the project within the framework of the selection round of applications for European Union fund activity projects.

(3) The decision to reject a European Union fund project application shall be taken if it does not conform to the criteria for the evaluation of European Union fund project applications and elimination of non-conformity would, in accordance with Paragraph five of this Section, affect the European Union fund project application on the merits, and also if the European Union fund project application conforms to the criteria for the evaluation of European Union fund project applications but funding is not available for the implementation of the project within the framework of the selection round of applications for European Union fund activity projects.

(4) The decision to recover the funding granted shall be taken if the funding granted has been disbursed to the final beneficiary of the funding of the European Union fund but it has not been used in compliance with the requirements of laws and regulations or terms and conditions of a contract.

(5) The decision to approve conditionally a European Union fund project application shall be taken if an applicant of a European Union fund project must carry out the activities specified by the responsible institution or the cooperation institution in order to properly prepare and implement the European Union fund project. Conditions shall be included in the decision and fulfilment thereof shall be controlled in accordance with the Cabinet regulations regarding a relevant activity of the European Union fund. If any of the conditions laid down in the decision is not fulfilled, the European Union fund project application shall be deemed rejected.

[*11 December 2008*]

**Section 20. Types of Decisions of the Responsible Institution and the Cooperation Institution**

(1) The responsible institution or the cooperation institution shall issue an administrative act or take an administrative decision according to the legal status of the applicant of a European Union fund project.

(2) If the applicant of a European Union fund project is a natural person, a legal person registered in the Republic of Latvia or an association of such persons, the decision of the responsible institution and the cooperation institution shall be the administrative act.

(3) If the applicant of a European Union fund project is a State institution of direct or indirect administration, a derived public person or another State institution, the decision of the responsible institution and the cooperation institution shall be an administrative decision; it may be contested in accordance with the procedures specified in Law but it may not be appealed to a court.

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

1) the name and address of the responsible institution or the cooperation institution;

2) the addressee – the applicant of a European Union fund project;

3) the finding of facts;

4) the justification of the administrative decision;

5) a separate list of the legal norms applied (indicating also the Section, Paragraph, Clause or Sub-clause of the law or regulation);

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

7) the procedures for contesting a decision.

**Section 21. Time Period for Taking a Decision**

The responsible institution or the cooperation institution shall take the decision to approve, approve conditionally, or reject a European Union fund project application not later than within three months after the end date for the submission of a European Union fund project application.

[*11 December 2008*]

**Section 22. Contesting and Appeal of the Decision of the Responsible Institution and the Cooperation Institution**

(1) The applicant of a European Union fund project may contest and appeal the decisions referred to in Section 19, Paragraph one of this Law in conformity with the provisions of Section 20, Paragraph three of this Law.

(2) A decision of the cooperation institution may be contested to the institution responsible for the management of the activity of the European Union fund. A decision of the responsible institution on the contested decision of the cooperation institution may be appealed to an administrative court.

(3) A decision of the responsible institution may be contested to the head of such institution of direct administration within the framework of which the responsible institution is established. The decision may not be contested to a member of the Cabinet. A decision of the head of the institution of direct administration on the contested decision of the responsible institution may be appealed to an administrative court if the extrajudicial examination procedures specified in this Law have been complied with.

(31) An opinion on the fulfilment of the condition included in the decision shall be contested and appealed in accordance with the same procedures and within the same time periods as the decision in respect of which the opinion has been prepared on the fulfilment of the condition included therein. The opinion on the fulfilment of the condition included in the decision may be contested and appealed separately from the decision in which the condition is included.

(4) Contesting or appeal of a decision shall not suspend operation thereof.

[*11 December 2008*]

**Chapter V**

**Procedures for Settling Disputes regarding the Funding Granted by a European Union Fund**

**Section 23. Procedures for the Settlement of Disputes**

A dispute regarding the funding granted by a European Union fund shall be settled in accordance with the procedures specified in the Administrative Procedure Law, the Civil Procedure Law, and other laws and regulations.

**Section 24. Decision on the Recovery of the Granted Funding**

A decision on the recovery of the granted funding shall be taken in the cases specified in Section 19, Paragraph four of this Law and in accordance with the procedures specified in the Administrative Procedure Law if a final beneficiary of the funding of the European Union fund may be the addressee of the administrative act pursuant to Section 20, Paragraph two of this Law and compulsory execution may be directed towards him or her.

**Section 25. Settlement of Disputes in Accordance with the Civil Legal Procedures**

(1) If application of the procedures for the recovery of the funding specified in Section 24 of this Law is not useful, and also in cases when the provisions of Section 19, Paragraph four and Section 24 of this Law are not applicable to the recovery of the granted funding, the granted funding shall be recovered or a dispute regarding disbursement or continuation of disbursement of financial resources shall be settled according to civil legal procedures.

(2) If a final beneficiary of the funding of the European Union fund is a State institution of direct or indirect administration, a derived public person or another State institution, a dispute regarding disbursement or continuation of disbursement of the granted financial resources shall be settled according to civil legal procedures, except for the possibility to settle the dispute by judicial process.

**Chapter VI**

**Final Provisions**

**Section 26. Updating of a European Union Fund Project Application**

A European Union fund project application may not be updated after submission thereof and until taking of the decision to approve, approve conditionally, or reject it.

[*11 December 2008*]

**Section 27. Restrictions on the Persons Involved in the Management of the European Union Funds**

Restrictions on commercial activity, earning of income, and combination of offices, and also other restrictions and obligations of persons involved in the management of the European Union funds shall be specified in the law On Prevention of Conflict of Interest in Activities of Public Officials.

**Section 28. Right of Access to a File**

(1) The applicant of a European Union fund project has the right to get acquainted with the file of the European Union fund project application submitted thereby at any stage of the process.

(2) The applicant of a European Union fund project is entitled to have access to the evaluation materials of the European Union fund project application submitted thereby only after the decision to approve, approve conditionally, or reject the European Union fund project application has come into effect.

(3) Information on the persons who evaluate or have evaluated the European Union fund project application, except for the members of the evaluation commission, shall not be disclosed to the applicant of a European Union fund project while he or she has access to his or her file of the European Union fund project application. Information on the members of the evaluation commission shall be available to the extent and in accordance with the procedures laid down in this Law and other laws and regulations.

[*11 December 2008*]

**Section 29. Freedom of Information**

(1) A file of the European Union fund project application shall be restricted access information, except for the case referred to in Paragraph 3.1 of this Section.

(2) At least the following information shall be deemed generally accessible:

1) the final beneficiary of the funding of the European Union fund (the given name and surname of a natural person or the name and legal address of a legal person);

2) the title of the European Union fund project;

3) the amount of funding of the European Union fund granted;

4) the activity intended in the planning document within the framework of which the European Union funding has been granted;

5) the place of implementation of the European Union fund project;

6) a summary of the activities to be carried out within the framework of the European Union fund project.

(3) The information referred to in Paragraphs one and two of this Section shall be available to the extent and in accordance with the procedures laid down in the Freedom of Information Law after the decision to approve, approve conditionally, or reject the project application has come into effect.

(31) If a European Union fund project application is submitted by a State institution of direct administration or the Society Integration Fund, the file of project application shall be generally accessible information, except for a summary of the project budget, including an indicative plan for project costs. Information on the abovementioned European Union fund project shall be available to the extent and in accordance with the procedures laid down in the Freedom of Information Law after the end date for the submission of the European Union fund project application.

(4) Information on the persons who evaluate or have evaluated the European Union fund project application shall not be disclosed, except for the information on the members of the evaluation commission. Information on the members of the evaluation commission shall be available to the extent and in accordance with the procedures laid down in this Law and other laws and regulations.

[*11 December 2008; 9 August 2010*]

**Section 30. State Fee for Referring to the Court**

The managing authority, the paying authority, the audit authority, the certifying authority, the responsible institution and the cooperation institution shall not pay a State fee for referring to a court of general jurisdiction regarding a contractual dispute.

**Transitional Provisions**

1. The Cabinet shall, by 1 May 2007, issue the regulations referred to in Section 18, Clauses 1, 2, 3, 4, 5, 6, 7, 8, 9, and 11 of this Law.

2. The Cabinet shall, by 31 December 2010, issue the regulations referred to in Section 18, Clause 10 of this Law.

2.1 The Cabinet shall, by 1 June 2010, issue the regulations referred to in Section 18, Clause 12 of this Law.

[*11 December 2008*]

3. The authorities involved in the management of the European Union funds and the final beneficiary of the funding of the European Union fund shall store the originals of all the documents related to implementation of the European Union fund projects until 31 December 2021.

The Law shall come into force on 1 March 2007.

The Law has been adopted by the *Saeima* on 15 February 2007.

President V. Vīķe-Freiberga

Rīga, 23 February 2007