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

10 July 2008 [shall come into force on 1 August 2008];

12 June 2009 [shall come into force on 1 July 2009];

6 May 2010 [shall come into force on 2 June 2010];

16 December 2010 [shall come into force on 1 January 2011].

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 the Management of the European Economic Area Financial Mechanism and the Norwegian Financial Mechanism**

**Chapter I General Provisions**

**Section 1. Terms Used in this Law**

The following terms are used in this Law:

1) **European Economic Area Financial Mechanism** – a financial mechanism which has been established on the basis of the Agreement on the participation of the Czech Republic, the Republic of Estonia, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Republic of Hungary, the Republic of Malta, the Republic of Poland, the Republic of Slovenia and the Slovak Republic in the European Economic Area signed in Luxembourg on 14 October 2003, and the financing of which is ensured by the countries of the European Economic Area and the European Free Trade Association;

2) **Norwegian Financial Mechanism** – a financial mechanism which has been established on the basis of the Agreement on the participation of the Czech Republic, the Republic of Estonia, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Republic of Hungary, the Republic of Malta, the Republic of Poland, the Republic of Slovenia and the Slovak Republic in the European Economic Area signed in Luxembourg on 14 October 2003, and the financing of which is ensured by the Kingdom of Norway;

3) **European Economic Area Financial Mechanism Committee** – a committee established by the countries of the European Economic Area and the European Free Trade Association which manages the European Economic Area Financial Mechanism and takes the decision to grant co-financing of the European Economic Area Financial Mechanism to programmes, grant schemes, specific forms of grant assistance, and individual projects;

4) **Financial Mechanism Office** – a body established by the countries of the European Free Trade Association which ensures, from the part of the donor countries, the operation of the European Economic Area Financial Mechanism and the Norwegian Financial Mechanism (hereinafter – the financial mechanisms);

5) **management documents of the financial mechanisms**:

a) Memorandum of Understanding on the Implementation of the EEA Financial Mechanism 2004–2009 between the Republic of Iceland, the Principality of Liechtenstein, the Kingdom of Norway, and the Republic of Latvia, and approved by Cabinet Regulation No. 948 of 16 November 2004, On the Memorandum of Understanding on the Implementation of the EEA Financial Mechanism 2004–2009 between the Republic of Iceland, the Principality of Liechtenstein, the Kingdom of Norway, and the Republic of Latvia;

b) Memorandum of Understanding on the Implementation of the Norwegian Financial Mechanism 2004–2009 established in accordance with the Agreement of 14 October 2003 between the Kingdom of Norway and the European Community on a Norwegian Financial Mechanism for the Period 2004–2009 between the Kingdom of Norway and the Republic of Latvia, and approved by Cabinet Regulation No. 924 of 9 November 2004, On the Memorandum of Understanding on the Implementation of the Norwegian Financial Mechanism 2004–2009 established in accordance with the Agreement of 14 October 2003 between the Kingdom of Norway and the European Community on a Norwegian Financial Mechanism for the Period 2004–2009 between the Kingdom of Norway and the Republic of Latvia;

c) regulations and procedures developed by the Financial Mechanism Office (hereinafter – the Office) and approved by the European Economic Area Financial Mechanism Committee or the Norwegian Ministry of Foreign Affairs;

d) guidelines for the implementation of the financial mechanisms developed by the Office and approved by the European Economic Area Financial Mechanism Committee and the Norwegian Ministry of Foreign Affairs;

6) **focal point** – the Ministry of Finance which performs the obligations laid down in this Law in order to ensure the management of the financial mechanisms;

7) **intermediate body** – a sectoral ministry which is responsible for the priorities laid down in Annexes B to the documents referred to in Section 1, Clause 5, Sub-clauses “a” and “b” of this Law;

8) **operator** – a derived public person, an institution of direct or indirect administration approved by the European Economic Area Financial Mechanism Committee or the Norwegian Ministry of Foreign Affairs that is responsible for the implementation of a programme, a grant scheme or a specific form of grant assistance;

9) **individual project** – a project to be implemented at a local government, regional, or national level for which the co-financing of the financial mechanisms requested is not less than an equivalent of EUR 250 000 in lats according to the exchange rate set by Latvijas Banka;

10) **programme** – a set of sub-projects implemented at a local government, regional, or national level on the basis of which the co-financing of the financial mechanisms is granted to sub-project applicants for the implementation of a sub-project;

11) **grant scheme** – a set of several small-scale sub-projects on the basis of which the co-financing of the financial mechanisms is granted to sub-project applicants for the implementation of a sub-project. The co-financing of the financial mechanisms requested for one sub-project (except for sub-projects of specific forms of grant assistance) shall not exceed an equivalent of EUR 50 000 in lats according to the exchange rate set by Latvijas Banka;

12) **specific form of grant assistance** – a type of assistance of the financial mechanisms laid down in Annexes C to the documents referred to in Section 1, Clause 5, Sub-clauses “a” and “b” of this Law and implemented in the form of grant scheme (hereinafter – the grant scheme), except for the Technical Assistance Fund;

13) **sub-project** – a project implemented within the framework of a programme or grant scheme;

14) **application for an individual project** – a written document by an individual project applicant submitted thereby to the intermediate body in order to qualify for the co-financing of the financial mechanisms necessary for the implementation of an individual project;

15) **application for a sub-project** – a written document by a sub-project applicant submitted thereby to an operator in order to qualify for the co-financing of the financial mechanisms necessary for implementation of a sub-project;

16) **individual project applicant** – an institution of direct or indirect administration, another public institution, a derived public person, or a legal person registered in the Republic of Latvia that submits an application for an individual project to the intermediate body;

17) **sub-project applicant** – an institution of direct or indirect administration, another public institution, a derived public person, legal person registered in the Republic of Latvia, and also – in case of the Scholarship Grant Scheme – a natural person that submits a sub-project application to the operator, unless the operator has limited the range of sub-project applicants upon an agreement with the Office;

18) **criteria for the evaluation of an application for an individual project** – decisive indicators according to which an application for an individual project shall be assessed and the decision to send it to the Office or to reject it shall be taken;

19) **criteria for the evaluation for an application for a sub-project** – decisive indicators according to which a sub-project application shall be assessed and the decision to approve or reject it shall be taken;

20) **beneficiary of co-financing for the individual project** – an individual project applicant whose application has been approved by the European Economic Area Financial Mechanism Committee or the Norwegian Ministry of Foreign Affairs;

21) **beneficiary of co-financing for the sub-project** – a sub-project applicant whose application has been approved by an operator;

22) **grant agreement** – an agreement on the terms and conditions of use of the co-financing of the financial mechanisms granted to a programme, the grant scheme, or an individual project entered into between the focal point and the European Economic Area Financial Mechanism Committee or the Norwegian Ministry of Foreign Affairs;

23) **cooperation agreement** – an agreement on the implementation of an individual project entered into between the Central Finance and Contracting Agency (hereinafter – the Agency), an intermediate body, and the beneficiary of co-financing for the individual project, or an agreement on the implementation of a programme or the grant scheme entered into between the Agency, the intermediate body, and an operator, or an agreement on the grant schemes laid down in Annexes C to the documents referred to in Section 1, Clause 5, Sub-clauses “a” and “b” of this Law entered into between the Agency and the operator;

24) **agreement on the implementation of a sub-project** – an agreement on the implementation of a sub-project entered into between an operator and beneficiary of co-financing for the sub-project;

25) **interim project review** – a report which includes a summary section, a section of progress and indicators of the project, and also a section of horizontal priorities and risk analysis (a progress section) in the last interim project review of the current year, and a request for funds and financing certification of the beneficiary of co-financing for the individual project or the operator (a financial section), and which is prepared by the beneficiary of co-financing for the individual project or the operator in accordance with the guidelines referred to in Section 1, Clause 5, Sub-clause “d” of this Law;

26) [10 July 2008];

27) **project completion report** – a report which includes a summary of finances (a financial section) and results of completion (a section of results) and which is prepared by the beneficiary of co-financing for the individual project or the operator in accordance with the guidelines referred to in Section 1, Clause 5, Sub-clause “d” of this Law;

28) **annual monitoring report** – a report prepared by an intermediate body responsible for a relevant priority which includes information on the course of implementation of the programmes, grant schemes, and individual projects co-financed by the financial mechanisms over the year;

29) **annual financial statement** – a report which includes information on the progress towards implementation of the financial mechanisms over the year and which is prepared by the focal point in accordance with the guidelines referred to in Section 1, Clause 5, Sub-clause “d” of this Law;

30) **non-compliance** – an infringement of the European Union law or laws and regulations of the Republic of Latvia, management documents of the financial mechanisms, a grant agreement or a cooperation agreement which affects or may affect implementation of an individual project, a programme, a grant scheme or a sub-project in conformity with to the regulations laid down.

[*10 July 2008*]

**Section 2. Purpose of the Law**

The purpose of the Law is to prescribe efficient and transparent management of the financial mechanisms in Latvia in line with the principles of financial management.

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

This Law prescribes:

1) the authorities involved in the management of the financial mechanisms, and the rights and obligations thereof;

2) the procedures by which the authorities involved in the management of the financial mechanisms take decisions and the procedures for appealing thereof;

3) other issues related to the management of the financial mechanisms.

**Section 4. Management of the Financial Mechanisms**

Management of the financial mechanisms shall constitute organisation of the implementation of the financial mechanisms, development of the criteria for the evaluation of applications for individual projects and sub-projects, selection of applications for programmes, grant schemes, and individual projects for sending thereof to the Office, selection and approval of of applications for sub-projects, implementation, control, audit of programmes, grant schemes (including sub-projects), and individual projects financed by the financial mechanisms, making of payments, reporting on the non-conformities established, monitoring, and evaluation.

**Section 5. Granting of the Co-financing of the Financial Mechanisms**

(1) Submission of an application for a programme, a grant scheme, or an individual project in accordance with this Law shall not impose an obligation on the authority involved in the management of the financial mechanisms to support sending of the programme, grant scheme, or individual project to the Office.

(2) Submission of an application for a sub-project in accordance with this Law shall not impose an obligation on the operator to grant a co-financing of the financial mechanisms to the applicant thereof.

**Chapter II Ensuring of the Management of the Financial Mechanisms**

**Section 6. Authorities and Persons Involved in the Management of the Financial Mechanisms**

(1) Management of the financial mechanisms shall be ensured by:

1) the following authorities involved in the management of the financial mechanisms:

a) the focal point;

b) the Agency;

c) the payment authority;

d) the intermediate body;

e) the competent sectoral ministry;

f) the operator;

g) the Monitoring and Management Committee;

h) [6 May 2010];

2) the beneficiary of co-financing for the individual project or sub-project.

(2) In order to ensure effective performance of the obligations laid down in this Law, the authorities involved in the management of the financial mechanisms shall issue internal laws and regulations and cooperate in accordance with the procedures laid down in the State Administration Structure Law.

(3) The authorities involved in the management of the financial mechanisms shall ensure management of the financial mechanisms in accordance with the management documents of the financial mechanisms.

[*10 July 2008; 6 May 2010*]

**Section 7. Obligations and Rights of the Focal Point**

(1) The focal point has the following obligations:

1) to ensure management of the financial mechanisms and effective implementation thereof;

2) to ensure implementation and monitoring of the assistance provided by the Technical Assistance Fund;

3) to ensure entering into grant agreements;

4) [6 May 2010];

5) [6 May 2010];

6) [10 July 2008];

7) to prepare the annual financial statement and submit it to the Office;

8) to ensure publicity of the implementation of the financial mechanisms in Latvia.

(2) The focal point has the following rights:

1) to propose and carry out control and audit of the financial mechanisms;

2) to request information that is necessary for ensuring the management of the financial mechanisms from the authorities involved in the management of the financial mechanisms and beneficiaries of co-financing for the individual project or sub-project.

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

[*10 July 2008; 6 May 2010*]

**Section 8. Agency, Tasks Thereof**

(1) The Agency shall have the following tasks of the focal point:

1) to develop draft cooperation agreements;

2) to enter into cooperation agreements;

3) to ensure monitoring, control, and audit of the implementation of programmes, grant schemes, and individual projects in accordance with cooperation agreements;

4) to examine the interim project reviews and documents supporting the request for the funds of the financial mechanisms submitted by the Operators or beneficiaries of co-financing for the individual project, and also examine project completion reports;

41) to send electronically the last interim project review of the current year and the project completion report submitted by the operator and the beneficiary of co-financing for the individual project approved in the priorities which have been laid down in Annexes B to the documents referred to in Section 1, Clause 5, Sub-clauses “a” and “b” of this Law to the intermediate body for coordination;

5) to approve the progress section of the interim project review, and also the project completion report after carrying out the examination referred to in Paragraph one, Clause 4 of this Section, and submit such reports to the payment authority.

6) [6 May 2010].

(2) The Agency shall ensure that the tasks which it carries out in accordance with this Law are separated from its other tasks.

[*10 July 2008; 6 May 2010*]

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

(1) The functions of the payment authority shall be performed by the Treasury.

(2) The payment authority has the following obligations:

1) to open and service accounts for the funds of the financial mechanisms;

2) to ensure that unused funds or expenditures made inappropriately are reimbursed;

3) to approve the financial section of the interim project review after receipt thereof from the Agency and submit the review to the Office;

4) after receipt of the project completion report from the Agency, to approve the financing certification section of the beneficiary of co-financing for the individual project or that of the operator referred to in this report, and submit the report to the Office;

5) to make payments after receipt of funds from the Office.

(3) The payment authority has the right to request that the focal point, the Agency, the intermediate body, the operator, the beneficiary of co-financing for the individual project or sub-project submits supporting documents necessary for approving the request for funds.

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

[*10 July 2008*]

**Section 10. Intermediate Body, Obligations and Rights Thereof**

(1) The functions of the Intermediate Body shall be performed by the following:

1) the Ministry of Environmental Protection and Regional Development – in the priorities *Environmental protection*, *Sustainable development*, *Regional policy and development of economic activities*, and *Cross-border cooperation*;

2) the Ministry of Culture – in the priority *European heritage conservation*;

3) the Ministry of Health – in the priority *Health*;

4) the Ministry of Welfare – in the priority *Children who have special needs (disabled children)*;

5) the Ministry of Education and Science – in the priorities *Human resource development and education* and *Academic research*;

6) the Ministry of the Interior – in the priority *Schengen*;

7) the Ministry of Justice – in the priorities *Justice* and *Technical assistance* provided for implementation of the legal acts of (acquis communautaire) of the Community;

8) [16 December 2010].

(2) The intermediate body has the following obligations:

1) to develop regulations for an open tender for individual projects in cooperation with the competent sectoral ministries by including the criteria for the evaluation of applications for individual projects;

2) if the focal point agrees with the European Economic Area Financial Mechanism Committee and the Norwegian Ministry of Foreign Affairs on a limited tender for individual projects, to develop regulations for a limited tender to which the provisions of this Law apply regarding an open tender for the applications for individual projects;

3) to evaluate applications for individual projects in accordance with the criteria for the evaluation laid down in regulations for open tenders for the applications for individual projects and submit an opinion on evaluation of the abovementioned applications to the Focal Point;

4) to inform an individual project applicant within seven days of the decision of the focal point to reject or support the application for the individual project by indicating whether there is sufficient financing for the application for the individual project and whether it has been sent to the Office, and also of the final decision of the European Economic Area Financial Mechanism Committee or the Norwegian Ministry of Foreign Affairs to reject or approve the application for the individual project;

41) to inform the individual project applicant within seven days of sending of the application for the individual project to the Office in the case referred to in Section 20, Paragraph 2.3 of this Law;

42) if the final decision to approve all the applications for the individual projects sent to the Office is received from the Office before the time period referred to in Section 20, Paragraph 2.1 of this Law, to inform the individual project applicants thereof within seven days for the applications of which there was not sufficient financing;

5) to ensure monitoring and control of the implementation of programmes, grant schemes, and individual projects;

6) to enter into cooperation agreements;

7) to examine and coordinate the progress section of the last interim project review of the current year and the section of results of the project completion report submitted by the operator and the beneficiary of co-financing for the individual project approved in the priorities which have been laid down in Annexes B to the documents referred to in Section 1, Clause 5, Sub-clauses “a” and “b” of this Law;

8) to submit the annual monitoring report to the focal point;

9) to inform the public of the projects which have been implemented in a relevant priority by using the financial mechanisms.

(3) The intermediate body has the following rights:

1) to prepare applications for programme or grant scheme in a relevant priority;

2) to prepare applications for individual project in a relevant priority, and also ensure involvement of independent experts in the evaluation of applications for individual projects;

3) to suggest and carry out control and audit of programmes, grant schemes, and individual projects financed by the financial mechanisms in a relevant priority;

4) to request that the operator and the beneficiary of co-financing for the individual project provide information which is necessary for ensuring control and audit of the financial mechanisms.

(4) The intermediate body shall ensure that the functions which it performs in accordance with this Law are separated from its other functions.

[*10 July 2008; 12 June 2009; 16 December 2010*]

**Section 11. Competent Sectoral Ministry, Obligations and Rights Thereof**

(1) Within the meaning of this Law, the competent sectoral ministry shall be the ministry within the competence of which is to deal with the sub-priorities within the framework of the priorities laid down in Annexes B to the documents referred to in Section 1, Clause 5, Sub-clauses “a” and “b” of this Law and which does not perform functions of the intermediate body in the relevant priority.

(2) The competent sectoral ministry has the following obligations:

1) to participate in the development of regulations of a tender for individual project applications;

2) to delegate its representatives for the participation in the commission evaluating individual project applications or sub-project applications.

(3) The obligations of the competent sectoral ministry shall be fulfilled by the following institutions of direct administration:

1) the Ministry of Foreign Affairs;

2) the Ministry of Economics;

3) the Ministry of Justice;

4) the Ministry of Agriculture;

5) the institutions of direct administration referred to in Section 10, Paragraph one of this Law that do not perform functions of the intermediate body in a relevant priority.

(4) The competent sectoral ministry has the following rights:

1) to prepare programme or grant scheme applications in a relevant priority;

2) to prepare individual project applications in a relevant priority.

(5) The competent sectoral ministry shall ensure that the functions which it fulfils in accordance with this Law are separated from its other functions.

[*12 June 2009*]

**Section 12. Operator, Obligations Thereof**

(1) An operator has the following obligations:

1) to establish and maintain the internal control system in accordance with the laws and regulations governing establishment of the internal control system;

2) to develop draft agreements on implementation of sub-projects;

3) to enter into cooperation agreements;

4) to implement programmes or grant schemes in conformity with the requirements of the documents referred to in Section 1, Clause 5 of this Law, the grant agreement, and cooperation agreement;

5) to develop regulations of an open tender for sub-projects by including the sub-project application evaluation criteria therein;

6) to ensure announcement of an open tender for sub-projects;

7) to ensure selection and evaluation of sub-project applications;

8) to enter into agreements on implementation of sub-projects;

9) to collect, examine, prepare, and approve the requests for covering expenditure of sub-projects which have been submitted by beneficiaries of co-financing for sub-projects, supporting documents, and information on the progress towards implementation of sub-projects;

10) to prepare and submit to the Agency the interim reviews and project completion reports of programmes and grant schemes.

11) [10 July 2008];

12) [10 July 2008];

13) to ensure that the requirements for publicity of programmes and grant schemes are met;

14) to recover and reimburse expenditures made inappropriately.

(2) The operator shall undertake financial responsibility for the implementation of programmes and grant schemes in accordance with the documents referred to in Section 1, Clause 5, Sub-paragraphs “c” and “d” of this Law, grant agreements, and concluded cooperation agreements.

[*10 July 2008*]

**Section 13. Monitoring and Management Committee, Composition, Rights and Obligations Thereof**

(1) The Monitoring and Management Committee shall be a collegial authority involved in the management of the financial mechanisms. The Cabinet shall approve the by-laws thereof. The Monitoring and Management Committee has the following obligations:

1) to provide proposals for applications for programmes and grant schemes prior to sending them to the Office;

2) to coordinate regulations of an open tender for the applications for individual project;

3) to provide proposals for the applications for individual project prior to sending them to the Office;

4) to approve a sample draft cooperation agreement (also amendments to the agreement);

5) to monitor programmes, grant schemes, and individual projects;

6) to assess recommendations and take decisions on reallocation of funds for the priorities which are laid down in Annexes B to the documents referred to in Section 1, Clause 5, Sub-clauses “a” and “b” of this Law;

7) to approve the annual financial statements drawn up by the focal point;

8) to assess efficiency and effectiveness of the use of funds of the financial mechanisms.

(2) The Monitoring and Management Committee has the following rights:

1) to propose measures for the achievement of objectives of programmes, grant schemes, and individual projects;

2) to request that any authority and person involved in the management of the financial mechanisms provide additional information on the implementation of programmes, grant schemes, and individual projects.

(3) The head of the focal point shall approve composition of the Monitoring and Management Committee. A representative of the focal point shall chair the Monitoring and Management Committee. The focal point shall ensure performance of the functions of the Secretariat of the Monitoring and Management Committee.

(4) The composition of the Monitoring and Management Committee shall include representatives with voting rights from the following:

1) the focal point;

2) the Agency;

3) the intermediate bodies;

4) the competent sectoral ministries;

5) the planning regions.

(5) Representatives of the payment authority, the Office, an association or foundation, and also of social partners shall participate in the work of the Monitoring and Management Committee in an advisory capacity.

(6) A representative of the intermediate body or a representative of the competent sectoral ministry which has submitted an application for an individual project is not entitled to participate with voting rights in the Monitoring and Management Committee that examines the application for the individual project of the relevant intermediate body or competent sectoral ministry.

[*6 May 2010*]

**Section 14. Composition of the Monitoring Committee**

[6 May 2010]

**Section 15. Management Committee, Rights and Obligations Thereof**

[6 May 2010]

**Section 16. Composition of the Management Committee**

[6 May 2010]

**Section 17. Obligations of the Beneficiary of Co-financing for the Individual Project and the Beneficiary of Co-financing for the Sub-project**

(1) The beneficiary of co-financing for the individual project has the following obligations:

1) to ensure that the individual project is implemented in conformity with the grant agreement and cooperation agreement;

2) to ensure that each individual project has its separate accounting;

3) to provide information on the implementation of an individual project and ensure that representatives of the Board of Auditors of the European Free Trade Association, the European Economic Area Financial Mechanism Committee, the Norwegian Ministry of Foreign Affairs, the State Audit Office of the Republic of Latvia, and the authorities involved in the management of the financial mechanisms have access to all original documents related to the implementation of the individual project, and also the place where the relevant individual project is implemented;

4) to prepare and submit to the Agency the interim project review and the project completion report;

5) [10 July 2008];

6) to implement instructions of the authorities involved in the management of the financial mechanisms;

7) to ensure that the requirements for publicity of individual projects are met.

(2) The beneficiary of co-financing for the sub-project has the following obligations:

1) to ensure that the sub-project is implemented in conformity with the agreement on the implementation of the sub-project;

2) to ensure that each sub-project has its separate accounting (except for sub-projects of the Scholarship Grant Scheme);

3) to provide information on the implementation of a sub-project and ensure that representatives of the Board of Auditors of the European Free Trade Association, the European Economic Area Financial Mechanism Committee, the Norwegian Ministry of Foreign Affairs, the State Audit Office of the Republic of Latvia, and the authorities involved in the management of the financial mechanisms have access to all original documents related to the implementation of the sub-project, and also the place where the relevant sub-project is implemented;

4) to ensure that the requirements for publicity of sub-projects are complied with.

[*10 July 2008*]

**Section 18. Competence of the Cabinet**

In order to ensure the management of the financial mechanisms, the Cabinet shall:

1) lay down the procedures by which the authorities involved in the management of the financial mechanisms ensure implementation, monitoring, evaluation, and audit of the the financial mechanisms;

2) lay down the procedures for the planning of funds in the State budget for the implementation of the programmes, grant schemes, and individual projects (including sub-projects) co-financed by the financial mechanisms and for making payments;

3) approve the regulations of open tenders for applications for individual projects which also include the criteria for the evaluation of applications for individual projects;

4) approve regulations of open tenders for applications for sub-projects which also include the criteria for the evaluation of applications for sub-projects;

5) lay down the procedures for reporting on the non-conformities established in the management of the financial mechanisms and for recovering expenditures made inappropriately;

6) lay down the procedures for providing and verifying the information on the application of the value added tax within the framework of programmes, grant schemes, and individual projects co-financed by the financial mechanisms.

**Section 19. Entering into the Grant Agreement**

(1) The focal point shall enter into the grant agreement with the European Economic Area Financial Mechanism Committee on the financing of each programme, grant scheme, and individual project approved by the European Economic Area Financial Mechanism Committee.

(2) The focal point shall enter into the grant agreement with the Norwegian Ministry of Foreign Affairs on the financing of each programme, grant scheme, and individual project approved by the Norwegian Ministry of Foreign Affairs.

**Chapter III Decisions and Appeal Thereof**

**Section 20. Decisions of the Focal Point, the Intermediate Body, and the Operator**

(1) The intermediate body shall take the decision on the conformity of an individual project application with the administrative evaluation criteria and taking it for further evaluation or on the non-conformity thereof with the administrative evaluation criteria, and rejection thereof.

(2) Having evaluated preliminary the suitability and conformity of a programme, a grant scheme, or an individual project with the documents referred to in Section 1, Clause 5, Sub-clauses “c” and “d” of this Law, and also having examined the opinions submitted by the intermediate bodies on the evaluation of applications for individual projects in accordance with the evaluation criteria laid down in the regulations of open tenders for applications for individual projects and the proposals of the Monitoring and Management Committee for applications for programmes, grant schemes, and individual projects, the focal point shall take the decision to support or reject the application for the programme, grant scheme, or individual project.

(21) When the decision to support an application for an individual project, the focal point shall send the applications for the individual project for the approval of which there is sufficient financing to the Office in order for the European Economic Area Financial Mechanism Committee or the Norwegian Ministry of Foreign Affairs to take the final decision to approve or reject it. The application for the individual project for the approval of which there is not sufficient financing shall be considered rejected if it has not been sent to the Office within 18 months from supporting it. If the time period for the granting of funds of the relevant financial mechanism expires in the abovementioned time period, the application for the individual project shall be considered rejected on the day of expiry of the time period for the granting of funds of the financial mechanisms.

(22) The focal point may, upon the request of the Office, send to the Office a supported application for an individual project for which there is not sufficient financing but which has obtained the next highest evaluation within the framework of a relevant priority. If the European Economic Area Financial Mechanism Committee or the Norwegian Ministry of Foreign Affairs has not taken the decision to approve the application for the individual project by the end of the time period referred to in Section 20, Paragraph 2.1 of this Law, it shall be considered to be rejected.

(23) If the focal point receives from the Office, within the time period referred to in Paragraph 2.1 of this Law, the final decision to reject the application of the individual project sent, it shall send to the Office the next supported application for an individual project. Prior to sending the application for the individual project to the Office, the focal point has the right to request that the individual project applicant provides additional information on the application for the project.

(3) The operator shall take the decision to approve, reject or approve conditionally an application for a sub-project. The condition shall be included in the decision and the fulfilment of the condition shall be controlled in accordance with the regulations of an open tender.

(4) If the co-financing granted is paid to the beneficiary of co-financing for the individual project but it has not been used in conformity with the requirements of laws and regulations, the terms and conditions of the grant agreement or cooperation agreement, the focal point shall take a decision to recover the co-financing granted to the beneficiary of co-financing for the individual project.

(5) If the co-financing granted is paid to the beneficiary of co-financing for the sub-project but it has not been used in conformity with the requirements of laws and regulations or terms and conditions of the agreement on the implementation of the sub-project, the operator shall take the decision to recover the co-financing granted to the beneficiary of co-financing for the sub-project.

[*10 July 2008; 6 May 2010*]

**Section 21. Types of Decisions of the Focal Point, the Intermediate Body, and the Operator**

(1) The focal point, the intermediate body, or the operator shall issue an administrative act or take an administrative decision in conformity with the legal status of the individual project applicant or sub-project applicant.

(2) If the individual project applicant or sub-project applicant is a legal person or a natural person (in the case of the Scholarship Grant Scheme) registered in the Republic of Latvia, a decision taken by the focal point, the intermediate body, or the operator shall constitute an administrative act.

(3) If the individual project applicant or sub-project applicant is an institution of direct or indirect administration, another public institution, or a derived public person, a decision taken by the Focal Point, the intermediate body, or the operator shall constitute an administrative decision.

(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 focal point, the intermediate body, or the operator;

2) the addressee – the individual project applicant or sub-project applicant;

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 decision to grant or refuse to grant the relevant right.

**Section 22. Time Period for Taking a Decision**

(1) The intermediate body shall take the decision on the conformity of an application for an individual project with the administrative evaluation criteria and taking it for further evaluation or on non-conformity thereof with the administrative evaluation criteria and rejection thereof not later than within four months from the day of submission of the application for the individual project.

(2) The focal point shall take the decision to support or reject an application for a programme, grant scheme, or individual project not later than within two months from the day when the application for the programme, grant scheme, or individual project is submitted to the focal point.

(3) The operator shall take the decision to approve or reject a sub-project application not later than within four months from the end date for the submission of applications for sub-projects laid down in the regulations of an open tender for the applications for sub-projects.

[*10 July 2008*]

**Section 23. Decision of the European Economic Area Financial Mechanism Committee or the Norwegian Ministry of Foreign Affairs**

(1) If the focal point has taken a decision and sent to the Office an application for programme, grant scheme or individual project, the European Economic Area Financial Mechanism Committee or the Norwegian Ministry of Foreign Affairs respectively shall take the final decision to approve or reject the application for the programme, grant scheme, or individual project.

(2) If the focal point has submitted to the Office a request for the application of financial correction to the programme, grant scheme, or individual project, the European Economic Area Financial Mechanism Committee or the Norwegian Ministry of Foreign Affairs respectively shall take the decision to apply the financial correction to the programme, grant scheme, or individual project.

[*6 May 2010*]

**Section 24. Appeal of Decisions**

(1) The decisions referred to in Section 20 of this Law may be appealed to the court if the decision is addressed to the person referred to in Section 21, Paragraph two of this Law. The appeal of the decision shall not suspend the operation thereof.

(2) The decision referred to in Section 21, Paragraph three and Section 23 of this Law may not be appealed to the court.

**Chapter IV Procedures for the Settlement of Disputes on the Granted Co-financing**

**Section 25. Procedures for the Settlement of Disputes**

Disputes on the granted co-financing shall be settled in accordance with the procedures laid down in the Administrative Procedure Law, the Civil Procedure Law, and other laws and regulations.

**Section 26. Decision to Recover the Granted Co-financing**

A decision to recover the granted co-financing shall be taken in the cases laid down in Section 20, Paragraph four or five of this Law and in accordance with the procedures laid down in the Administrative Procedure Law if the beneficiary of co-financing may be the addressee of the administrative act in accordance with Section 21, Paragraph two of this Law and compulsory enforcement may be directed against him of her.

**Section 27. Settlement of Disputes in Accordance with the Civil Legal Procedures**

(1) If the application of the procedures for recovering co-financing laid down in Section 26 of this Law is not useful, and also in the cases where the provisions of Section 20, Paragraph four or five and Section 26 of this Law are not applicable to the recovery of the granted co-financing, the granted co-financing shall be recovered or a dispute on the disbursement or continuation of the disbursement of financial resources shall be resolved in accordance with the civil legal procedures.

(2) If the beneficiary of co-financing for the individual project or the beneficiary of co-financing for the sub-project is an institution of direct or indirect administration, another public institution, or a derived public person, the granted co-financing shall be recovered or a dispute on the disbursement or continuation of the disbursement of the granted financial resources shall be settled in accordance with the procedures laid down by the Cabinet.

**Section 28. State Fee in Applying to the Court**

The focal point, the Agency, the payment authority, the intermediate body, and the operator shall not pay the State fee when applying to the court in respect of a contractual dispute.

**Chapter V Final Provisions**

**Section 29. Adjusting an Application for an Individual Project and Sub-project**

(1) If an application for an individual project does not comply with the administrative eligibility criteria laid down in the regulations of an open tender for individual projects, the intermediate body shall request once in writing that the individual project applicant adjusts the application for the project or submits additional information.

(2) A decision to request additional information may neither be contested nor appealed. Hearing of an individual project applicant within the meaning of the Administrative Procedure Law shall be performed by carrying out the activities referred to in Paragraph one of this Section.

(21) If the focal point establishes that an application for an individual project does not correspond to the documents referred to in Section 1, Clause 5, Sub-clauses “c” and “d” of this Law, the intermediate body shall, upon the request of the focal point, request once in writing that the individual project applicant adjusts the application for the project or submits additional information.

(3) If an application for a sub-project does not comply with the administrative eligibility criteria laid down in the regulations of an open tender for sub-projects, the operator shall request once in writing that the sub-project applicant adjusts the application for the sub-project or submits additional information.

(4) A decision to request additional information may neither be contested nor appealed. Hearing of a sub-project applicant within the meaning of the Administrative Procedure Law shall be implemented by carrying out the activities referred to in Paragraph three of this Section.

[*10 July 2008*]

**Section 30. Prevention of a Conflict of Interest**

Restrictions on commercial activities, earning of income, and combination of offices, and also other restrictions on and duties of the persons who perform office duties in the authorities involved in the management of the financial mechanisms shall be laid down in the law On Prevention of Conflict of Interest in Activities of Public Officials.

**Section 31. Right of Access to a File**

(1) An individual project applicant or a sub-project applicant has the right of access to a file of the application for the individual project or sub-project submitted by him or her at any stage of the process.

(2) An individual project applicant or a sub-project applicant has the right of access to the application evaluation materials only after entry into effect of the decision referred to in Section 20, Paragraph one on the conformity of the application for the individual project with the administrative evaluation criteria or rejection thereof, the decision referred to in Section 20, Paragraph two to support or reject the application for the individual project , or the decision referred to in Section 20, Paragraph three to approve or reject the application for the sub-project.

(3) When consulting a file of the application for the individual project or sub-project, the information on the persons who have evaluated the application for the individual project or sub-project shall not be disclosed to the applicant.

[*10 July 2008*]

**Section 32. Freedom of Information**

(1) A file of the programme, grant scheme, and individual project shall be restricted access information and available in accordance with the Freedom of Information Law.

(2) The following information shall be considered generally accessible:

1) the beneficiary of co-financing for the individual project or sub-project (for a legal person, the name and legal address; for a natural person – the given name and surname);

2) the name of the programme, grant scheme, individual project, or sub-project;

3) the amount of the granted co-financing of the financial mechanisms;

4) the place where the programme, grant scheme, individual project, or sub-project is implemented;

5) a summary of the measures to be taken within the framework of the programme, grant scheme, individual project, or sub-project.

(3) The information referred to in Paragraph two of this Section shall only be available after entry into force of the final decision to approve the application for the programme, grant scheme, individual project or sub-project.

(4) Information on the persons who evaluate or have evaluated the application for the individual project or sub-project shall not be disclosed.

[*10 July 2008*]

**Transitional Provisions**

1. The Cabinet shall issue the regulations referred to in Section 18, Clauses 1, 2, 3, 5, and 6 of this Law by 1 March 2008. Until the day of coming into force of these regulations but not later than until 1 March 2008, the following Cabinet regulations shall apply, insofar as they are not in contradiction with this Law:

1) Cabinet Regulation No. 852 of 8 November 2005, Regulations Regarding the System for the Management, Implementation, Monitoring, Control, and Evaluation of the European Economic Area Financial Mechanism and the Norwegian Financial Mechanism;

2) Cabinet Regulation No. 396 of 19 June 2007, Procedures for Planning the Funds in the State Budget for the Implementation of the Projects Financed by the European Economic Area Financial Mechanism and the Norwegian Financial Mechanism and for Making Payments.

2. The Cabinet shall approve the regulations of an open tender for sub-projects referred to in Section 18, Clause 4 of this Law and submitted by the operator within the time periods for the announcement of open tenders for sub-projects laid down in the grant agreement.

3. Until the day of coming into force of the by-laws of the Management Committee approved by the Cabinet but not longer than until 1 March 2008, the provisions for the approval of the by-laws included in the Cabinet Regulation No. 852 of 8 November 2005, Regulations Regarding the System for the Management, Implementation, Monitoring, Control, and Evaluation of the European Economic Area Financial Mechanism and the Norwegian Financial Mechanism, shall be applicable to the procedures for approving the by-laws of the Management Committee.

4. Until the day of coming into force of the by-laws of the Monitoring Committee approved by the Cabinet but not longer than until 1 March 2008, the provisions for the approval of the by-laws included in the Cabinet Regulation No. 852 of 8 November 2005, Regulations Regarding the System for the Management, Implementation, Monitoring, Control, and Evaluation of the European Economic Area Financial Mechanism and the Norwegian Financial Mechanism, shall be applicable to the procedures for approving the by-laws of the Monitoring Committee.

The Law shall come into force on 1 November 2007.

The Law has been adopted by the *Saeima* on 18 October 2007.

President V. Zatlers

Rīga, 31 October 2007