Annex 3

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

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

*the European Economic Area Financial Mechanism 2014-2021*

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

**PROJECT CONTRACT No .\_\_\_\_**

on the Implementation of the Project < *project name* >

Riga \_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_ \_\_\_\_\_

**The Latgale Planning Region** as the Operator (hereinafter - the Operator) of the Call for Project Proposals of the Small Grant Scheme "Support for Business Ideas in Latgale" (hereinafter - the Grant Scheme) of the European Economic Area Financial Mechanism 2014-2021 programme Local Development, Poverty Reduction and Cultural CooperationRegion (hereinafter - the Programme), represented pursuant to the Regulation of the Latgale Planning Region by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, as one party, and

**\_\_\_\_\_\_\_\_\_\_\_\_** (hereinafter - **the Beneficiary of the Co-Financing"**), represented pursuant to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, as the other party, jointly - **the Parties**,

in compliance with the Programme Agreement, the Regulation on the Implementation of the European Economic Area Financial Mechanism in 2014-2021 approved by the European Economic Area Financial Mechanism Committee on 23 September 2016 (hereinafter - **the Donor Country Regulations**), the Cabinet Regulation No 66 of 28 January 2021 Regulations for the Implementation of the Open Project Application Call of the Small Grant Scheme "Support for Business Ideas in Latgale" of the European Economic Area Financial Mechanism 2014-2021 programme Local Development, Poverty Reduction and Cultural Cooperation” (hereinafter - the Grant Scheme Cabinet Regulation) and other laws and regulations of the Republic of Latvia,

pursuant to the decision of the Grant Scheme Operator on approving the Project Application (Subparagraph \_\_\_ of the Minutes of the Meeting of \_\_\_ \_\_\_\_\_ 202\_) conclude this Contract on Implementation of the Project No. <*project number*> <*project name*> (hereinafter - **the Project)** (hereinafter - **the Contract.**

1. **Subject of the Agreement**
   1. Pursuant to on the Grant Scheme Operator's decision No. \_\_\_\_\_.\_\_\_\_\_\_\_\_\_\_ 2021 on the positive evaluation of the Project, the Grant Scheme Operator shall grant co-financing from the Programme financing to the Beneficiary of the Co-Financing for the Project pursuant to the conditions and requirements set forth in this Contract, and the Beneficiary of the Co-Financing shall receive the co-financing for the implementation of the activities set forth in the Project Application submitted within the Grant Scheme.
   2. The Beneficiary of the Co-Financing shall implement the Project < *project implementation address> in* accordance with the provisions of the Project Application and its annexes, which are integral parts of the Contract, and pursuant to the requirements of the Grant Scheme laws and regulations.
   3. Disbursement of the co-financing and supervision of the Beneficiary of the Co-Financing shall take place pursuant to the requirements of the Grant Scheme laws and regulations.
2. **Procedure for Receiving Co-Financing**
   1. The total eligible costs of the Project shall be EUR \_\_\_\_\_\_, consisting of the Programme co-financing in the amount of \_\_% - **EUR \_\_\_\_\_\_** *(\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_)* and the co-financing of the Beneficiary of the Co-Financing in the amount of \_\_% - EUR **\_\_\_\_\_\_** *(\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_).*
   2. The Project implementation term shall be from the date of concluding this Contract until \_\_\_\_ \_\_\_\_\_\_\_ 202\_ inclusive, but not later than 30 April 2024.
   3. Pursuant to the laws and regulations of the Republic of Latvia and this Contract, the Grant Scheme Operator shall make a payment to the Beneficiary of the Co-Financing to the account set forth in the Contract and separately opened for the Project with the Treasury or a credit institution registered in the Republic of Latvia. If the Beneficiary of the Co-Financing is a natural person, the payment referred to in this paragraph shall be made by the Grant Scheme Operator to the account, specified in the Contract, separately opened for the Project with a credit institution registered in the Republic of Latvia.
   4. Eligible costs incurred by the Beneficiary of the Co-Financing shall be reimbursed in *euros* from the Programme funding on the basis of the approved Final Project Report and the Conclusion on Approval of Costs, which shall be approved by the Latgale Planning Region signatory.
   5. If additional costs arise during the implementation of the Project, and the actual costs of the Project are higher than the planned costs of the Project, the Beneficiary of the Co-Financing shall ensure timely attraction of additional funding to ensure the implementation of Project activities in the planned time and amount.
   6. The Beneficiary of the Co-Financing for the implementation of the Project may request an advance payment in the amount of \_\_\_% [not exceeding 40%] of the amount of co-financing of the Programme set forth in Paragraph 2.1 of the Contract, subject to the following conditions:
      1. The project implementation term does not exceed <*indicate 12 or 24*> months;
      2. The Beneficiary of the Co-Financing shall submit a request for an advance payment, attaching a guarantee (hereinafter - guarantee) from the credit institution registered in the European Union, not later than within 15 (fifteen) working days after the conclusion of the Contract;
      3. The Grant Scheme Operator shall make an advance payment to the Beneficiary of the Co-Financing within 20 working days from the conclusion of the Contract, if a request for advance payment is submitted pursuant to the procedure set forth in Subparagraph 2.6.1 of the Contract.
   7. The Beneficiary of the Co-Financing shall cover the paid advance with the actual costs incurred within 12 months from the date of the payment of advance, but not later than by the submission of the Final Project Report.
   8. If the Beneficiary of the Co-Financing finds that it will not be possible to use the advance payment based on the deadline set forth in Subparagraph 2.7, he/she shall inform the Grant Scheme Operator no later than 10 working days before the deadline, and the Grant Scheme Operator shall evaluate the usefulness of repaying the advance payment, taking into account the planned Project activities of the Beneficiary of the Co-Financing, reasons for inability to use the advance payment granted, the Project risks and may decide on reimbursement of the unused advance payment by the Beneficiary of the Co-Financing.
   9. If the Grant Scheme Operator decides on the refund of the advance payment not used by the Beneficiary of the Co-Financing (the repayment deadline of the unused advance payment shall be set forth in the decision), the Grant Scheme Operator shall submit a request to the credit institution that issued the advance guarantee for repayment of the advance payment to the account set forth by the Grant Scheme Operator.
   10. If the Beneficiary of the Co-Financing wishes to repay it on its own initiative, the Beneficiary of the Co-Financing shall repay the unused advance payment to the account set forth by the Grant Scheme Operator.
3. **Eligibility of the Project Costs**
   1. In assessing the eligibility of the Project costs, the conditions specified in Paragraphs 10, 11 and 12 of the Grant Scheme Cabinet Regulation and the conditions included in the Cabinet Regulation No. 683 of 16 November 2018 "Regulations for the management of the European Economic Area Financial Mechanism and the Norwegian Financial Mechanism for 2014-2021" shall be taken into account.
   2. The costs incurred within the term set forth in Subparagraph 2.2 of the Contract shall be considered as eligible if they have been incurred after the coordination of the procurement plan, pursuant to the requirements of the laws and regulations and this Contract, as well as the Project Application. The costs invoiced in the last month of the Project shall be considered to have been incurred during the implementation of the Project if they are paid within 30 (thirty) days after the end date of the Project, but not later than by the submission of the Final Project Report to the Grant Scheme Operator pursuant to Paragraph 6.1 of the Contract.
   3. The Grant Scheme Operator shall reduce the amount of eligible costs included in the Project Report if the costs have not been incurred pursuant to the Project Application, this Contract, laws and regulations of the Republic of Latvia, laws and regulations of the European Union and the Donor country regulations, as well as if the documents supporting the costs have not been submitted.
   4. Eligible costs of the Project Partner shall be subject to the same rules that would apply if these costs were incurred by the Beneficiary of the Co-Financing.
4. **Procurement requirements for the Project implementation needs**
   1. Within 10 (ten) working days after concluding the Contract, the Beneficiary of the Co-Financing shall submit to the Grant Scheme Operator a procurement plan for all supplies and services for which procurement contracts are concluded within the Project pursuant to the form of Annex 1 to the Cabinet Regulation No. 683 of 13 November 2018 Regulations of the European Economic Area Financial Mechanism and the Norwegian Financial Mechanism 2014-2021 Management (hereinafter - the Cabinet Regulation No. 683).
   2. After receiving the procurement plan, the Grant Scheme Operator shall check whether it has been filled out pursuant to the Cabinet Regulation No. 683, whether the procurement subject complies with the activities planned in the Project and eligible costs, and whether the information included therein does not indicate possible violations of the laws and regulations in the field related to public procurement or procurement procedure and its application procedures for the projects financed by the customer.
   3. If the procurement plan submitted by the Beneficiary of the Co-Financing does not comply with the provisions of Subparagraph 4.2 of the Contract, the Grant Scheme Operator shall electronically send a notification to the Beneficiary of the Co-Financing regarding the specification of the procurement plan. The Beneficiary of the Co-Financing shall specify the procurement plan and resubmit the procurement plan electronically to the Grant Scheme Operator within 5 (five) working days from the day of sending the notification.
   4. If the Grant Scheme Operator fails to send a notice to the Beneficiary of the Co-Financing regarding the specification of the procurement plan within 10 (ten) working days, it shall be deemed that the procurement plan has been agreed.
   5. During the implementation of the Project, if necessary, the Beneficiary of the Co-Financing shall update the procurement plan and submit it to the Grant Scheme Operator within 5 (five) working days.
   6. The Beneficiary of the Co-Financing shall perform public procurement procedures pursuant to the requirements of the laws and regulations in the field of public procurement. When performing procurements to which the laws and regulations in the field of public procurement do not apply (Cabinet Regulation No. 104 of 28 February 2017 Regulations Regarding Procurement Procedure and Procedures for Application Thereof to Projects Financed by a Contracting Authority), as well as for feasibility study of the contract prices, the Beneficiary of the Co-Financing shall follow the Grant Scheme Operator's Guidelines for the Performance of a Feasibility Study for the Determination of the Estimated Contract Price, available on the website of the Grant Scheme Operator [www.eeagrants.lv](http://www.eeagrants.lv)[[1]](#footnote-2) and [www.lpr.gov.lv.](http://www.lpr.gov.lv)
   7. The Grant Scheme Operator, based on the procurement plan submitted by the Beneficiary of the Co-Financing shall develop the Project procurement pre-screening plan and send it electronically to the Beneficiary of the Co-Financing, informing about the deadline, amount and manner in which the procurement documentation must be submitted to the Grant Scheme Operator. Pursuant to the requirements of Chapter VII of the Cabinet Regulation No. 683, the Procurement Monitoring Bureau may also perform pre-procurement inspections and request the submission of procurement documentation.
   8. The Grant Scheme Operator, based on the Project procurement pre-screening plan, shall perform pre-screening of procurements by informing the Beneficiary of the Co-Financing in writing about the result of the screening.
   9. If the Procurement Monitoring Bureau or the Grant Scheme Operator carries out the pre-procurement inspection, the Co-financing Beneficiary shall conclude the procurement contract only after receiving the opinion on the pre-procurement inspection and elimination of the identified deficiencies, ensuring the implementation of the additions pursuant to the pre-inspection recommendation.
   10. The Beneficiary of the Co-Financing shall together with the Final Project Report submit to the Grant Scheme Operator the documentation of the procurements, the costs of the contracts concluded in the scope of which are included in the Final Project Report, but which have not been previously submitted to the Grant Scheme Operator for a pre-procurement inspection.
   11. The Beneficiary of the Co-Financing shall observe the principles of good economic practice, transparency and fair competition when procuring and concluding supply and service contracts, as well as ensure the efficient use of the allocated financing.
5. **Accounting of the Beneficiary of Co-Financing**
   1. Upon commencement of the Project implementation, the Beneficiary of Co-Financing and the Project Partner shall open a separate current account with a credit institution registered in the Republic of Latvia or the Treasury, from which all payments related to the Project implementation are made and received.
   2. The Beneficiary of the Co-Financing and the Project Partner shall ensure separate accounting or assign an appropriate code / index in the accounting system to all transactions related to the implementation of the Project. Accounting shall be performed pursuant to the requirements of the laws and regulations of the Republic of Latvia and generally accepted accounting principles.
   3. Investments made under the Project shall be included as depreciable long-term investments in the balance sheet asset item “Long-term investments”, indicating them in the relevant item (for example, “Technological equipment and devices”, “Other fixed assets and inventory”, “Intangible assets” or “Fixed assets”).
   4. If the Beneficiary of the Co-Financing operates in one of the non-supported sectors referred to in Paragraph 18 of the Grant Scheme Cabinet Regulation, but support under the Contract is provided in the supported sector, he/she shall ensure clear separation of the Project implementation financial flows from the financial flows of other sectors of operation of the Beneficiary of the Co-Financing during the Project implementation time and within 5 (five) years after receiving the final payment of the Project.
6. **Procedure for Submission and Approval of Project Reports**
   1. The Beneficiary of the Co-Financing shall submit the *Final Project Report* (pursuant to the form approved by the Grant Scheme Operator, which is available on the Grant Scheme Operator's website [www.lpr.gov.lv](http://www.lpr.gov.lv)) within 15 (fifteen) working days after the end date of the Project reporting period. The following information shall be included in *the Final Project Report*:
      1. summary of activities;
      2. publicity;
      3. concluded procurement contracts;
      4. creation of new jobs in the Project implementation process;
      5. information on the status of the Project objectives and achieved results;
      6. a report of eligible costs;
      7. a summary of eligible costs;
      8. annexes and certification of the Final Project Report.
   2. In order to certify the compliance of the costs incurred by the Project Partner not registered in the Republic of Latvia with the requirements of the laws and regulations, the Beneficiary of Co-Financing shall submit a signed report of an independent certified auditor or an independent competent State official of the Project Partner who is responsible for the control of budget and finances in the unit creating costs and not participating in the preparation of financial statements, filled in according to the form given in the annex and certifying the compliance of the costs incurred by the Partner with the requirements of the Donor State laws and regulations and generally accepted accounting principles, Donor State regulations and Programme conditions. An independent certified auditor shall provide an opinion pursuant to the International Standard on Related Services (ISRS) 4400, “Engagements to Perform Agreed-upon Procedures Regarding Financial Information” issued by the International Federation of Accountants (IFAC).
   3. If the documents substantiating the costs to be submitted are not in Latvian or English, the Beneficiary of the Co-Financing shall submit to the Grant Scheme Operator a translation of the documents to Latvian certified by the Beneficiary of the Co-Financing.
   4. In accordance with Paragraph 83 of Cabinet Regulation No. 683, the Conclusion on the Approval of Costs shall be signed, and the payment shall be made within 60 working days after receipt of the Final Project Report.
   5. If deficiencies are found in the Final Project Report, its annexes, the Beneficiary of the Co-Financing must eliminate these deficiencies within 5 (five) working days at the request of the Grant Scheme Operator and submit the specified or additional necessary documents to the Grant Scheme Operator. The period set forth in Subparagraph 6.4 of the Contract shall be extended by the time taken to deal with the clarification and the additional information requested or the opinion of the competent authorities / experts, but shall not exceed 15 (fifteen) working days from the date of receipt of the additional or clarified information requested. The time limit laid down in this paragraph shall not apply in cases where a payment is suspended.
   6. The Beneficiary of the Co-Financing together with the Project Final Report (Annex 2) shall submit to the Grant Scheme Operator a Report on the Value Added Tax Amounts, pursuant to Annex 3 of the Cabinet Regulation No. 683, which the Beneficiary of the Co-Financing during reporting period intends to include in the Project eligible costs (hereinafter - the VAT Report). The VAT Report shall be submitted if the Beneficiary of the Co-Financing or the Project Partner is registered with the State Revenue Service as a VAT payer. The documents of the Beneficiary of the Co-Financing and the Project Partner shall be indicated separately in the VAT Report.
   7. The Grant Scheme Operator shall review the VAT Report submitted by the Beneficiary of the Co-Financing, if necessary, ask the Beneficiary of the Co-Financing to make clarifications in the VAT Report and send it to the State Revenue Service for an opinion. The decision on the eligibility of costs shall be made only after receiving the opinion of the State Revenue Service.
7. **Project Implementation Control**
   1. To control the implementation of the Project, the Grant Scheme Operator may carry out inspections at the Project implementation site, including at the Project Partner’s place of operation (if applicable) and the inspection of compliance with the Project final conditions, by notifying the Beneficiary of the Co-Financing at least 5 (five) working days before the inspection.
   2. In exceptional cases, where it is necessary to verify in particular the eligibility of the costs incurred and the actual performance of activities, inspections may be carried out without prior warning, such as inspections:
      1. during the training (seminars, courses, etc.) to make sure that the persons included in the list of participants are at the training site;
      2. ascertain whether the equipment purchased within the Project is located at the Project implementation site and is used to achieve the Project objectives;
      3. ascertain whether the execution of the specific works takes place at the Project implementation site;
      4. when the authenticity of the activity performed within the Project after the completion of this activity would no longer be possible to identify.
   3. In order to verify the fulfilment of the final conditions of the Project, the Grant Scheme Operator may also request information from the Beneficiary of the Co-Financing without performing such inspection at the Beneficiary of the Co-Financing.
   4. The Grant Scheme Operator shall inform the Beneficiary of the Co-Financing about the results of the inspection at the Project implementation site within 20 working days from the date of inspection, indicating, if necessary, the improvements to be made and the shortcomings to be remedied, as well as setting a deadline for their implementation.
   5. The Beneficiary of the Co-Financing shall inform the Grant Scheme Operator about the improvements made and the measures taken to eliminate the deficiencies within the deadline set by the Grant Scheme Operator.
   6. At the request of the Grant Scheme Operator, the institutions involved in the management of financial mechanisms (or their authorized auditor), incl. Board of Auditors of the European Free Trade Association, the Beneficiary of the Co-Financing and the Project Partner (*if applicable)* shall immediately submit all requested information or documents, including evaluation information, and ensure presence of the representatives of the Beneficiary of the Co-Financing during the audit. The Beneficiary of the Co-Financing and the Project Partner (*if applicable)* shall ensure free access to the Beneficiary’s of the Co-Financing or Partner's premises, equipment, accounting and financial documents, other documents and information related to the Project, as well as the Project implementation location.
8. **Publicity Requirements**
   1. The Grant Scheme Operator and the Beneficiary of the Co-Financing shall cooperate in ensuring the publicity of the Project.
   2. Minimum communication publicity requirements for the Beneficiary of the Co - financing[[2]](#footnote-3):
      1. the support of the European Economic Area Financial Mechanism shall be emphasized in any communication activities regarding the Project, the implementation thereof and the results to be achieved;
      2. if the Beneficiary of the Co-Financing has a website or social media account that provides information on the economic activity of the Beneficiary of the Co-Financing, information on the Project to be implemented shall be posted pursuant to the publicity requirements;
      3. An informative sign shall be placed at the Project implementation site that the Project is implemented with the support of the European Economic Area Financial Mechanism.
   3. At the request of the Grant Scheme Operator, the Beneficiary of the Co-Financing shall provide information on the Project's publicity activities.
9. **Rights and Obligations of the Grant Scheme Operator and the Beneficiary of the Co-Financing**
   1. The Grant Scheme Operator may:
      1. request from the Beneficiary of the Co-Financing the necessary information and documents, access to the Project implementation site for ensuring the supervision and control of the Project implementation (including regarding the Project Partners) for ensuring publicity measures;
      2. handle information related to the Project in compliance with the restrictions set forth in the Law on Information Transparency;
      3. during the Project implementation, invite experts to evaluate the Project documentation;
      4. not accept the actually made investments presented in the Final Project Report submitted pursuant to the procedures set forth in Section 6 of the Contract as eligible costs, if they are not indicated in the Project Application, as well as in cases where such costs are not recognized as eligible;
      5. not to assume any liability to third parties for the damage caused as a result of acts or omissions of the Beneficiary of the Co-Financing, Project Partners or Project Contractors , including, but not limited to, the obligation to cover losses and pay compensation;
      6. carry out pre-inspection and post-inspection of procurements;
      7. contact the credit institution that has issued an advance guarantee to the Beneficiary of the Co-Financing on repayment of the advance payment to the account set forth by the Grant Scheme Operator.
   2. The Grant Scheme Operator shall:
      1. supervise and control the Project, evaluate the compliance of the Project implementation with the provisions of the Contract and the requirements of the laws and regulations, evaluate the reports submitted by the Beneficiary of the Co-Financing and take a decision regarding their approval;
      2. make a payment of the Programme co-financing to the Beneficiary of the Co-Financing pursuant to the procedures set forth in the Contract, if the Project is implemented pursuant to the requirements of the laws and regulations and the provisions of the Contract;
      3. keep records of the eligible costs approved for the Project and improperly incurred costs, take a decision regarding improperly incurred costs and the process of their recovery;
      4. check and, if applicable, submit to the Procurement Monitoring Bureau the procurement plans submitted by the Beneficiary of the Co-Financing;
      5. keep records of the *de minimis* aid granted to the Beneficiary of the Co-Financing for 10 fiscal years from the date on which the last individual aid was granted.
   3. The Beneficiary of the Co-Financing shall:
      1. implement the Project based on the deadlines set forth in Paragraph 2.2 of the Contract. In case, if due to objective reasons, it was not possible to implement all the activities planned in the Project by the deadline set forth in Paragraph 2.2 of the Contract, the implementation period may be extended, but not later than by 30 April 2024 by the decision of the GS Operator. For the extension of the deadline, the Beneficiary of the Co-Financing shall submit a written application to the GS Operator in accordance with the procedures specified in Chapter 11 of the Contract. The GS Operator is entitled not to approve the extension of the Project implementation deadline.
      2. start procurements only after coordination of the procurement plan with the Grant Scheme Operator pursuant to the procedures set forth in Section 4 of the Contract;
      3. ensure the implementation of the Project pursuant to the terms of the Contract, approved Project Application, concluded Partnership Contract[[3]](#footnote-4) and the laws and regulations governing the Grant Scheme;
      4. observe the principles of good economic practice, transparency and fair competition when entering in a supply or service contract;
      5. achieve the goals and results set forth in the Project;
      6. prevent double financing of the Project;
      7. eliminate the deficiencies and violations identified in the implementation of the Project pursuant to the procedures and based on the deadlines set forth by the Grant Scheme Operator;
      8. open a separate current account with a credit institution registered in the Republic of Latvia or the Treasury for payments within the Project,
      9. make all payments within the Project only in the form of non-cash payments, ensuring the traceability of the payments made;
      10. ensure separate accounting of the Project, observing the procedures set forth in Section 5 of the Contract;
      11. submit to the Grant Scheme Operator the Final Project Report and procurement plans based on the deadlines and pursuant to the procedures set forth in the Contract;
      12. take all necessary measures to avoid conflicts of interest and immediately inform the Grant Scheme Operator of any case where a conflict of interest has arisen or may arise;
      13. immediately inform the Grant Scheme Operator in writing about any changes affecting the legal status of the Beneficiary of the Co-Financing and the implementation of the Project, as well as inform about any changes in the basic data (contact information and bank details) of the Beneficiary of the Co-Financing or the Project Partner and other information set forth in this Contract;
      14. in case of acquisition of new fixed assets, during the implementation of the Project and within 5 years after receipt of the final payment of the Project:
          1. keep the relevant fixed asset in his/her ownership and indicate it in the accounting records for at least five years after the approval of the Final Project Report and during this period continue using it by promoting the achievement of the general Project objectives;
          2. insure the relevant fixed asset against losses, including fire, theft, other usually insurable risks both during the implementation of the Project and for at least five years after the approval of the Final Project Report;
          3. provide adequate resources for the technical maintenance of the fixed asset for at least five years after the approval of the Final Project Report. Resources must be sufficient to ensure the full operation of the fixed asset for the production or provision of services;
      15. ensure the number of jobs created as a result of the Project pursuant to the provisions of the approved Project Application (Annex 1) and the laws and regulations regulating the Grant Scheme;
      16. ensure that productive activity is not interrupted, i.e., the Beneficiary of the Co-Financing is not liquidated, reorganized (merged, transformed or divided) or its part is not transferred to another country or other administrative territory within the country, which is subject to different support conditions, as well as prevent the situation when the operation planned in the Project Application (Annex 1) is suspended;
      17. immediately inform the Grant Scheme Operator in writing of any circumstances that could affect the compliance of the Project implementation with the Contract, as well as in cases where it is established that any of the statements provided in the Project has become false, inaccurate, incomplete or misleading, or of any other material events and circumstances negatively affecting or endangering or considered as being able to adversely affect or endanger the performance of the Contract;
      18. upon the written request of the Grant Scheme Operator, repay the unreasonably received financing, as well as the improperly incurred costs, within the term and in the amount set forth by the Grant Scheme Operator. If the Beneficiary of the Co-Financing does not repay the unreasonably received funding within the specified term, the Grant Scheme Operator is entitled to determine that the Beneficiary of the Co-Financing must pay a late payment fee for each day of delay - 6% per annum of the outstanding amount;
      19. keep the originals of the documents related to the implementation of the Project and their derivatives for ten years from the moment of granting the support;[[4]](#footnote-5)
      20. provide the necessary information, including the information necessary for the evaluation of the Programme, within the term set forth by the Grant Scheme Operator;
      21. when implementing the Project, including the Project Partner, indicate the Project identification number in all documents related to the implementation of the Project, including in payment orders / instructions;
      22. submit them to the Grant Scheme Operator for approval prior to making amendments to the concluded Partnership Agreements;
      23. In case of an increase in Project costs cover the increase from own funds;
      24. submit the *Project Post-Monitoring Report* to the Grant Scheme Operator annually in a period of 5 (five) years / in a post-monitoring period, starting from the year following the final payment, according to the form published on the Grant Scheme Operator's website [www.lpr.gov.lv](http://www.lpr.gov.lv).
   4. The Beneficiary of the Co-Financing may:
      1. receive the co-financing of the Programme provided for within the Project, if the Project is implemented pursuant to the requirements of the laws and regulations and the provisions of the Contract;
      2. request and receive the information necessary for the implementation of the Project from the Grant Scheme Operator.
10. **Conditions for Granting Business Support**

10.1 The business support is granted pursuant to the Commission Regulation No [1407/2013](http://eur-lex.europa.eu/eli/reg/2013/1407/oj/?locale=LV)` of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid (Official Journal of the European Union of 24 December 2013, No L 352) (hereinafter - the Commission Regulation No 1407/2013);

10.2*.* The moment of granting *de minimis* support shall be the day when the Grant Scheme Operator makes a decision regarding the approval of the Project Application or issues an opinion regarding the fulfilment of the conditions set forth in the decision, if a decision regarding the conditional approval of the Project Application has been previously made;

10.3De minimis support shall be granted subject to the following conditions:

10.3.1 the amount of the support granted to the Beneficiary of the Co-Financing or the Project Partner at the level of one single undertaking pursuant to the definition of a single undertaking referred to in Article 2(2) of the Commission Regulation No 1407/2013, together with the de minimis support granted in the fiscal year concerned and in the previous two fiscal years, may not exceed the maximum amount of de minimis support provided for in Article 3(2) of Commission Regulation No [1407/2013](http://eur-lex.europa.eu/eli/reg/2013/1407/oj/?locale=LV);

10.3.2 taking into account Article 5(1) and (2) of the Commission Regulation No 1407/2013, de minimis support may be cumulated with other de minimis support until the limit values set forth in Article 3(2) of the Commission Regulation 1407/2013 or other de minimis regulations and may be cumulated with other State support in relation to the same eligible costs or other State support for the same risk finance measure, if the maximum support intensity or the amount of support set forth in another State support programme or decision of the European Commission is not being exceeded. In the case of cumulation of support with the State support in the form of direct financial mechanisms for the same eligible costs, the Beneficiary of the Co-Financing shall provide the Grant Scheme Operator with information on planned and granted support for the same eligible costs, indicating the date of granting the support, the donor, the support measure and the planned or granted amount of support;

10.3.3. if the Beneficiary of the Co-Financing also operates in the sectors referred to in Article 1 (1) (a), (b) or (c) of the Commission Regulation No 1407/2013, it shall ensure the segregation of activities or costs in those sectors pursuant to the information set forth in Article 1(2) of the Commission Regulation No 1407/2013;

10.3.4. in the case of a merger, acquisition or division of economic operators, the conditions referred to in Articles 3 (8) and (9) of the Commission Regulation No [1407/2013](http://eur-lex.europa.eu/eli/reg/2013/1407/oj/?locale=LV) shall be taken into account;

10.3.5 The Grant Scheme Operator shall take a decision on the granting of support until the expiration of the Commission Regulation No 1407/2013;

10.4 If the de minimis support granting requirements set out in this Regulation are violated, the Beneficiary of the Co-Financing shall reimburse to the Grant Scheme Operator all de minimis support received under the Project together with interest, the rate of which is published by the European Commission pursuant to Article 10 of the Commission Regulation No 794/2004 of 21 April 2004 implementing Council Regulation No 2015/1589 laying down detailed rules for the application of Article 108 of the EC Treaty, plus 100 basis points, from the date on which the de minimis support was paid to the Beneficiary of Co-Financing, until the date of its recovery, pursuant to the method for applying the interest rate laid down in Article 11 of the Commission Regulation No 794/2004 of 21 April 2004 implementing Council Regulation No 2015/1589 laying down detailed rules for the application of Article 108 of the EC Treaty.

10.5 The support granted under the Commission Regulation No 1407/2013, shall be listed and recorded in the de minimis support recording system by the Grant Scheme Operator.

1. **Amending the Contract and the Project Application**

11.1. Amendments to this Contract may be proposed by either Party.

11.2. If amendments to the Project Application or the Contract are proposed by the Beneficiary of the Co-Financing, he/she shall submit a proposal for amendments to the Grant Scheme Operator. The amendment proposal shall be made in the form of a table, indicating both the current and the proposed wording of the Project Application or the Contract clause and the justification for making the amendments, which explains the usefulness and necessity of the amendments.

11.3. If the proposed amendment to the Project Application provides for redistribution of financing between the Project budget lines, the Beneficiary of the Co-Financing shall indicate in the proposed amendment a separate justification for both reduction and increase of the Project budget and submit a revised Project budget.

11.4. As a result of the amendments, it is not permissible to increase the total amount of the Project financing set forth in Subparagraph 2.1 of the Contract.

11.5. Within 20 (twenty) working days after receipt of the proposal to amend the Contract, the Grant Scheme Operator shall evaluate the amendment proposal submitted by the Beneficiary of the Co-Financing and:

11.5.1. decide not to amend the Project Application or the Contract and inform the Beneficiary of the Co-Financing thereof, substantiating the refusal or indicating information on the necessary clarifications in the proposed amendment and the procedure and deadline for its re-submission, or

11.5.2. accept the amendment to the Project Application and prepare amendments to the Contract and send them to the Beneficiary of the Co-Financing for signature, or

11.5.3. inform the Beneficiary of the Co-Financing that in the specific case it will be necessary to coordinate the amendment proposal with other institutions involved in the management of financial instruments pursuant to the procedures set forth in Cabinet Regulation No. 683.

11.6. If other institutions involved in the management of financial instruments do not agree on the proposed amendment, the Grant Scheme Operator shall decide not to amend the Contract and inform the Beneficiary of the Co-Financing, justifying the refusal or providing information on necessary amendments to the proposed amendment and its re-submission procedure and deadline.

11.7. If in accordance with Paragraph 11.5.1 of the Contract it is necessary to specify proposals for amendments to the Contract, the term for evaluation of amendments to the Contract shall be extended by the time required for submission and review of amendments, not exceeding 20 (twenty) working days from the date of submission.

11.8. If the basic data (contact information, address) of the Beneficiary of the Co-Financing or the Project Partner has changed after concluding the Contract, the Beneficiary of the Co-Financing shall inform the Grant Scheme Operator within 5 (five) working days and the Grant Scheme Operator shall take note of them after receipt thereof and incorporate them into the content of the Contract with the next amendments to the Contract.

11.9. Amendments shall enter into force only after their mutual signature and shall be annexed to the Contract.

1. **Entry into Force, Validity Term and Termination of the Contract**

12.1. The Contract shall enter into force on the day of its mutual signing and shall be valid until the Parties have performed their obligations in full.

12.2. The Grant Scheme Operator may unilaterally terminate this Contract and request the Beneficiary of the Co-Financing to reimburse all or part of the Grant Scheme co-financing already paid to it if the Beneficiary of the Co-Financing fails to perform or violates its obligations under this Contract or one of the following conditions occurs:

12.2.1. the Beneficiary of the Co-Financing does not fulfil the Project Contract, including does not follow the deadlines set forth in the Project Contract;

* + 1. the Beneficiary of the Co-Financing during the implementation of the Project and 5 (five) years after the approval of the Final Project Report no longer uses the values created or acquired within the Project for the purposes provided for in the Project;
    2. due to any violation by the Beneficiary of the Co-Financing, the circumstances which negatively affect or may affect the achievement of the objective of the Programme, its outcome or output indicators, have arisen.
    3. The Contract cannot be fulfilled because of international or national sanctions or sanctions imposed by a Member State of the European Union or a Member State of the North Atlantic Treaty Organization which has a significant effect on the financial and capital market interests.
  1. The Beneficiary of the Co-Financing may terminate this Contractby an agreement, notifying the Grant Scheme Operator in writing at least 1 month in advance and refunding all co-financing of the Programme received.

12.4. Pursuant to the procedure set forth in Clause 12.2 of the Contract, the Contract shall be terminated only on the condition that an approval has been received from the Ministry of Environmental Protection and Regional Development as the Programme Operator.

1. **Project Partnership Agreements**

*[Paragraph applies to Projects involving project partners]*

13.1. The Project Partners are:

* + 1. \_\_\_\_\_\_\_
    2. \_\_\_\_\_\_\_\_
  1. The Beneficiary of the Co-Financing shall conclude the Project Partnership Agreements with each Project Partner within 40 (forty) working days from the entry into force of the Contract, and within 15 (fifteen) working days after concluding the Partnership Agreement submit a copy thereof to the Grant Scheme Operator. The provisions of the Partnership Agreements may not conflict with the provisions of this Contractor binding laws and regulations.
  2. The Beneficiary of the Co-Financing shall monitor the implementation of the partners' activities in the Project to ensure that they comply with the Partnership Agreements concluded between the partner and the Beneficiary of the Co-Financing.
  3. Prior to making amendments to the Project Partnership Agreements, the Beneficiary of the Co-Financing shall submit a proposal for amendment to the Grant Scheme Operator for approval. The Grant Scheme Operator shall review the proposed amendment to the Project Partnership Agreement within 10 (ten) working days from the date of its receipt and inform the Beneficiary of the Co-Financing on:
     1. the need to clarify the proposed amendment, or
     2. a reasoned refusal to harmonize the proposed amendment, or
     3. harmonization of amendments.
  4. Prior to making amendments to the Project Application or the Contract affecting the Project Partner's obligations, the Beneficiary of the Co-Financing shall coordinate the proposal for amendment of the Contract with the Project Partner before submitting it to the Grant Scheme Operator and by submitting the proposal for amendment shall confirm that such coordination with the Project Partner has been carried out.

1. **Notices**

Any formal notice, request, demand or other information in connection with this Contract shall be made in writing and deemed to have been submitted or sent on the same day if sent to an official e-mail address or delivered in person to the other Party. If the notice is sent by registered mail, such item shall be deemed to have been received on the 7th (seventh) day after its submission in the post office. All notices of the Parties shall be sent to the addresses set forth in this Contract.

1. **Force Majeure**
   1. The Parties shall be released from liability for the partial or complete default of these obligations under the Contract, if these obligations could not be fulfilled due to force majeure circumstances, which the Parties can not foresee and prevent. Such circumstances include: natural disasters, state of war, fires, riots, riots, prolonged lack of electricity, laws and regulations adopted by state institutions, as well as any other circumstances that are not subject to reasonable control by the Parties.
   2. If any circumstances referred to in Subparagraph 15.1 of the Contract occur, the terms of implementation of this Contract may be amended by an agreement of the Parties, provided that the total duration of the Project does not exceed 30 April 2024.
   3. The Party unable to fulfil its contractual obligations due to the circumstances set forth in Subparagraph 15.1 of this Contract, shall inform the other Party in writing within two business days of the occurrence or ending of such circumstances. If the notice is not given within this period of time, the Party at fault shall lose the right to refer to force majeure circumstances.
2. **Other**
   1. Any amendments and supplements to this Contract shall be executed in written and become effective after signed by all Parties. Such amendments and/or supplements to this Contract shall become an integral part of this Contract as of the moment of signing thereof.
   2. Conditions not directly stipulated in the Contract shall be handled pursuant to the laws and regulations. In the event of a discrepancy between the provisions of the Contractand legal framework of the European Economic Area Financial Instrument 2014-2021, referred in the Paragraph 1.5. of the Donor Country Regulations, 1.5. in Article For the period 2014-2021, the legal framework of the European Economic Area Financial Instrument 2014-2021 has a higher legal force.
   3. With this Contract, the Beneficiary of the Co-Financing shall confirm that he/she has carefully read the general and economic aspects, financial and legal provisions related to the implementation of the approved Project, as well as risk factors and other circumstances relevant to the obligations of the Beneficiary of the Co-Financing and receipt of co-financing.
   4. By this Contract, the Beneficiary of the Co-Financing confirms that all information provided to the Grant Scheme Operator about the Beneficiary of the Co-Financing and the Project Partners, as well as all information provided by the Beneficiary of the Co-Financing in connection with the Project implementation or conclusion of this Contract, is true, complete and up-to-date, and the Beneficiary of the Co-Financing has not withheld or provided false information on such significant facts and circumstances that could negatively affect the decisions of the Grant Scheme Operator regarding the approval of the Final Project Report.
   5. By this Contract, the Beneficiary of the Co-Financing agrees that the information related to the Project is stored in the databases of the Latvian and donor country institutions involved in the management of the European Economic Area Financial Mechanism and is published on their websites.
   6. The Grant Scheme Operator may unilaterally amend the document forms set forth in the Contract without prior coordination with the Beneficiary of the Co-Financing. Information on the amendments made shall be immediately posted on the website of the Grant Scheme Operator [www.lpr.gov.lv](http://www.lpr.gov.lv) and be binding on the Beneficiary of the Co-Financing from the moment of their posting. The Grant Scheme Operator shall inform the Beneficiary of the Co-Financing of the changes within 5 working days after the information is posted on the website.
   7. Documents to be sent electronically, drawn up pursuant to the Electronic Documents Law, as well as other information submitted to the Grant Scheme Operator, shall be sent by the Beneficiary of the Co-Financing to the e-mail address [pasts@lpr.gov.lv](mailto:pasts@lpr.gov.lv)
   8. Documents to be sent electronically, drawn up pursuant to the Electronic Documents Law, as well as other information shall be sent by the Grant Scheme Operator to the Beneficiary of the Co-Financing to the e-mail address \_\_\_\_\_\_\_\_\_
   9. Disputes arising during the validity term of the Contract and relating to the performance of the Contract, including the payment of the co-financing granted or the recovery of funds, shall be settled in civil proceedings.
   10. In case an agreement is not reached, disputes shall be resolved pursuant to the procedures set forth in the laws and regulations of the Republic of Latvia.
   11. Should a provision of this Contract becomes ineffective, it shall not affect the validity of the remaining provisions of the Contract.
   12. The Parties have discussed and agreed on all the provisions of the Contract.
   13. The Contract is drawn up in two originals on \_\_ (\_\_\_\_) pages, one original for each Party. The Project Application (including annexes) on \_\_ (\_\_\_\_) pages is attached to the Contract. Both counterparts shall have the same legal effect.
   14. Annexes to the Contract:
       1. Project Application (including annexes);
       2. Final Project Report;
       3. Certification of costs claimed by the donor partner (Approved form - template of the Grant Scheme).
3. **Details of the Parties**

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| --- | --- |
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| Latgale Planning Region  Reg. No. 90002181025 | <Beneficiary of the Co-Financing>  Unified registration No.:\_\_\_\_\_\_\_\_\_\_ |
| Atbrīvošanas aleja 95, Rezekne, LV-4601 | <*address*> |
| Bank: Treasury  Swift code: TRELLV22  Account: | Bank:  Swift code:  Account:  Phone: +371 *xxxxxxxx* |
|  |  |
|  | E-mail [\_\_\_\_\_\_\_\_](mailto:lps@lps.lv) |
|  | Website address [\_\_\_\_\_\_\_\_\_](http://www.lps.lv) |
|  |  |
|  |  |
| Official in charge | Official in charge: |
| **<Name, surname>**  **<Job title>** | **<Name, surname>**  **<Job title>** |
|  |  |
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| Signature \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | Signature \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
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1. https://eeagrants.lv/regionala-attistiba-un-kultura/projektu-konkursi/ [↑](#footnote-ref-2)
2. The full description of the logo usage and publicity guidelines can be found by clicking on the link:

   [https://eeagrants.lv/files/EEA\_CommunicationAndDesignManual\_WEB.pdf](https://eeagrants.lv/wp-content/uploads/2020/10/EEA_CommunicationAndDesignManual_LV-4.pdf)  [↑](#footnote-ref-3)
3. The Beneficiary of the Co-Financing shall conclude a partnership agreement with the Project Partner. [↑](#footnote-ref-4)
4. the moment of granting de minimis support shall be the day when the Grant Scheme Operator makes a decision regarding the approval of the Project Application or issues an opinion regarding the fulfilment of the conditions set forth in the decision, if a decision regarding the conditional approval of the Project Application has been previously made; [↑](#footnote-ref-5)